

# Cornhusker Economics

## International Migration

Market Report	Year Ago	4 Wks Ago	9-1-17
<b>Livestock and Products,</b>			
<b>Weekly Average</b>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight. . . . .	110.00	*	*
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb. . . . .	153.46	180.04	168.72
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb. . . . .	144.22	161.18	150.91
Choice Boxed Beef, 600-750 lb. Carcass. . . . .	195.67	206.96	191.65
Western Corn Belt Base Hog Price Carcass, Negotiated . . . . .	59.92	80.34	62.21
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean. . . . .	76.82	99.67	84.19
Slaughter Lambs, woolled and shorn, 135-165 lb. National. . . . .	163.13	177.67	166.77
National Carcass Lamb Cutout FOB. . . . .	353.73	430.71	414.52
<b>Crops,</b>			
<b>Daily Spot Prices</b>			
Wheat, No. 1, H.W. Imperial, bu. . . . .	2.70	3.70	3.09
Corn, No. 2, Yellow <b>Columbus</b> , bu. . . . .	2.84	3.37	3.15
Soybeans, No. 1, Yellow <b>Columbus</b> , bu. . . . .	9.03	9.19	8.67
Grain Sorghum, No.2, Yellow Dorchester, cwt. . . . .	4.35	5.64	5.27
Oats, No. 2, Heavy Minneapolis, Mn, bu. . . . .	2.28	3.14	2.77
<b>Feed</b>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton. . . . .	147.50	165.00	*
Alfalfa, Large Rounds, Good Platte Valley, ton. . . . .	72.50	85.50	92.50
Grass Hay, Large Rounds, Good Nebraska, ton. . . . .	*	90.00	97.50
Dried Distillers Grains, 10% Moisture Nebraska Average. . . . .	115.00	109.00	105.00
Wet Distillers Grains, 65-70% Moisture Nebraska Average. . . . .	33.51	39.00	39.00
* No Market			

*“Labor is the world’s most valuable commodity—yet thanks to strict immigration regulation, most of it goes to waste.” (Caplan & Naik, 2015)*

World economic output (currently about \$75 trillion) could double if people were allowed to move freely in response to economic opportunities in other countries (Caplan and Naik, 2015). Workers in developing countries have very low productivity because they lack the capital and technology available in high-income countries. In addition, they live in countries in which the rule of law is often absent. Moving to high-income countries would increase their productivity substantially leading to much greater world economic output. In addition to increasing global income, open borders would reduce poverty in low-income countries, lower global inequality and benefit the migrants by allowing them to escape poverty, war, or oppressive governments.

Destination countries also benefit from immigration. Immigrants are often willing to take on jobs that are considered by locals as unattractive or without career prospects (Dumont and Liebig, 2014). Some immigrants arrive with high levels of education and can fill the gap when skilled workers, such as engineers or doctors, are in short supply. There is also evidence that immigrants are more likely than natives to bring new ideas and start businesses some of which generate jobs for the local population (*The Economist*, 2017). In many high-income countries the natural rate of population growth (domestic births minus deaths) is low or negative so that net migration becomes an important source of labor-force growth which in turn contributes to overall economic growth (Peterson, 2017). Moreover, contrary to popular belief, immigrants generally

pay more in taxes than they take out in welfare and other social benefits (Dumont and Liebig, 2014).

One of the great advantages of a free-market economy is that resources such as labor can be re-allocated fairly easily in response to shifts in supply and demand. For example, when new petroleum deposits became accessible in North Dakota, demand for workers increased substantially, wages rose, and many workers from other states responded by moving to North Dakota, easing the labor shortages. The same types of benefits could be realized globally if there were fewer restrictions on international migration. Despite positive effects for both sending and recipient countries and for the migrants themselves, however, there is significant opposition to immigration in most high-income countries. Many argue that immigrants accept lower wages than native-born workers who are displaced by the influx of new workers. Borjas (2013) finds that immigration into the United States depresses the wages of low-skilled workers although it does contribute to economic growth. Other analysts believe that immigration generally has positive effects on income growth and productivity with limited displacement of low-skilled workers (Peri, 2012). In some cases, the work of immigrants complements that of more skilled native workers allowing them to increase their productivity by focusing their efforts more narrowly on activities that require their greater skill sets. These observations apply to both documented and undocumented immigrants as well as to those who arrive as refugees from foreign conflicts (Davidson, 2013).

In addition to worries about negative economic impacts, many fear that immigrants will bring crime, terrorism, and unwelcome customs. Most of the evidence does not support these fears. In the United States immigrants are only a fifth as likely to be incarcerated as the native population (*The Economist*, 2017). Since September 11, 2001, all terrorist attacks in the United States have been carried out not by immigrants or refugees but by native-born citizens. With respect to cultural clashes and objectionable customs, Ghiglione points out that the large number of immigrants who have moved to Lexington, Nebraska to take jobs in meatpacking plants have generally been well assimilated into the community and have contributed to maintaining local schools and businesses while adding diversity that makes the city more attractive (see also the *Cornhusker Economics* article of August 30, 2017 by Daniela Mattos for further information on Nebraska immigrants).

In 2012, about 15 million people migrated from developing to high-income countries (Table 1). Only about 3 percent of the world's population is made up of people born in a country that is different from the one in which they reside. In Western Europe and North America, about 14 percent of the total populations are foreign-born and the proportions are even higher in many of the oil-rich Gulf States.

The country experiencing the largest exodus is Syria as a result of its civil war. In 2012, net immigration in Norway was equal to 4.71 percent of the resident population compared to 1.59 percent for the United States and 5.88 percent in Saudi Arabia (authors' calculations based on data from World Bank, 2017).

U.S. agriculture is particularly dependent on immigrant labor. About half of the hired farm workers in the United States are unauthorized immigrants and the other half is split between citizens and foreign workers with work permits (Zahniser et al., 2012). Zahniser et al. (2012) find that reductions in the supply of unauthorized farmworkers would lead to lower agricultural output and exports and income losses for farm operators. Sectors that would be particularly hard hit include fruits, tree nuts, vegetables, and nursery production. In Nebraska, some 30,000 unauthorized immigrants work in construction, food processing and on farms (Soderlin, 2017). Soderlin (2017) also notes that: "Nebraska has resettled more refugees per capita than any other state, and many refugees have found jobs in meatpacking." Limiting the number of foreign workers whether undocumented immigrants, immigrants with legal status, such as those on H2-A visas, or refugees would have significant adverse effects on Nebraska's rural economy.

Most economists have concluded that easing restrictions on international migration would be of great economic benefit not only for U.S. agriculture but for the rest of the U.S. economy and both developing and high-income countries around the world as well. Recognizing the substantial political opposition to increased immigration, some have recommended the creation of intermediate statuses for new immigrants that would allow for greater immigration without according full citizenship rights to the new arrivals (Milanovic, 2016; *The Economist*, 2017). Such arrangements along with other measures to facilitate greater migration would reduce the substantial current waste of this valuable resource.

**Table 1. Net Migration (2012) and Foreign-born Population (total and percent, 2015), World Regions and Selected Countries.**

<b>Regions/Countries</b>	<b>Net migration (immigrants minus emigrants, 000) 2012</b>	<b>Total foreign-born Population (000), 2015</b>	<b>Foreign-born population as % of total population, 2015</b>
World	0.0	243,700.2	3.3
Low and moderate- income countries	-15,350.7	103,218.3	1.7
High-income countries	15,359.6	140,482.0	11.2
East Asia/Pacific	-1,457.5	25,565.3	1.1
South Asia	-6,280.8	14,103.7	0.8
Mid. East/N. Africa	-213.0	40,278.5	8.4
Latin America	-2,081.9	9,234.0	1.5
Sub-Saharan Africa	-1,689.0	18,994.0	2.0
North America	6,183.8	54,488.7	15.2
Europe/Central Asia	5,547.4	81,539.4	10.1
China	-1,800.0	4,159.4	0.3
India	-2,598.2	5,241.0	0.4
Pakistan	-1,081.9	3,629.0	1.9
Syria	-4,030.0	875.2	4.7
Turkey	2,000.0	2,964.9	3.8
Saudi Arabia	850.0	10,185.9	32.3
Brazil	15.9	713.6	0.3
Russia	1,117.9	11,643.3	8.1
South Africa	600.0	3,142.5	5.8
Japan	350.0	2,043.9	1.6
Germany	1,250.0	12,005.7	14.9
France	331.6	7,784.4	12.1
United Kingdom	900.0	8,543.1	13.2
Norway	235.7	741.8	14.2
United States	5,007.9	46,627.1	14.5

Sources: Migration from World Bank (2016); foreign-born population, United Nations (2017).

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