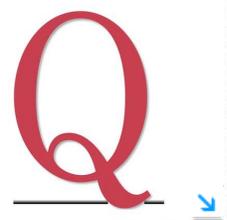


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A look at immigration and labor supply

KING BANAIAN and RICH MACDONALD

4:48 p.m. CDT June 13, 2015



(Photo: Times graphic)

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America has been described as "a nation of immigrants" ever since Alexis de Tocqueville's "Democracy in America"; John Kennedy chose to title a book with that quote before running for president. St. Cloud has had waves of immigration as well ever since northern European immigrants chose to mine the granite quarries of the area.

We do not have good data on immigration outside of the U.S. Census until the early 1980s. We know that in the 1920s 1 in 5 Minnesotans was foreign-born. As seen in the nearby graph, that ratio fell to about 1 in 35 in the 1970s, but rose to now be about 1 in 14. The composition of immigrants has certainly also changed as well. The period around the turn of the 20th century saw most immigration coming from Europe. Later waves came from Southeast Asia, Eastern Europe and the former Soviet Union, and most recently from east Africa. Many of the latter groups came from refugee placements: Minnesota has always had a much higher share of its immigrants come to the U.S. as refugees than states of similar immigrant in-flows.

More recent data from the American Community Survey has helped us understand the impact of immigration on our workforce. The state demographer's office indicates that the St. Cloud MSA can expect the total labor supply to rise 11 percent between 2015 and 2045, an average rise of 0.37 percent per year, about 710 persons at current levels. This is very small compared with growth rates over 1 percent a year over the previous 25 years. Immigration plays a significant role in adding to the labor force.

According to the ACS, in 2013 about 2.8 percent (representing 3,357 people) of the 122,003 in the 18-64 age range in the St. Cloud area had moved here from outside of the state. Of that total, 705 came from another country. Recent averages suggest we can expect about 800 people in the 18-64 age range to move to St. Cloud each year from another country. This represents about 0.7 percent of those in this age range. Increasing participation of immigrants in the labor force would enhance labor supply.

There is of course substantial debate of the impact of immigrant workers on the economy. We would point to a broad consensus among economists who research this question to say that the impact on the economy in the long-run is positive. There is less consensus about the short-run impact, but in the long run, as additional workers expand their skill sets and firms invest in more capital, the economy enjoys the productivity gains that are essential to improved living standards.

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