

The Labor Market of Immigrants and Non-Immigrants Evidence from the Venezuelan Refugee Crisis

Descargar Otros Borradores de Economía Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR Leonardo Bonilla-Mejía Leonardo Fabio Morales Didier Hermida-Giraldo Luz A. Flórez

The series Borradores de Economía (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc)

Publication Date: Wednesday, 1 of July 2020

The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

Abstract

Following Venezuela's economic collapse, millions have fled the country. This paper assesses the impact of this phenomenon on the labor market outcomes of immigrants and non-immigrants in Colombia, the major recipient of refugees. We address potential endogeneity problems using an instrumental variable approach that exploits the regional variation of migrant networks and the timing and intensity of the Venezuelan economic crisis. Migration flows increase unemployment among immigrants, but have no significant effect on nonimmigrants, partly because immigration significantly reduces labor participation, offsetting the negative impact on employment. Employment losses among non-immigrants are mostly driven by self-employed workers and are consistently larger for female, young, and low-skill individuals. The effect on immigrants is mostly driven by foreign immigrants, as the impact on returnees is smaller in magnitude and significance. We also find sizeable negative effects on internal migrants' labor outcomes and changes in internal migration flows.