

# Public Policy Effects on Labor Markets: Immigration Enforcement and Unemployment Insurance

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## Dissertation Chapters

### 1. Effects of Increased Immigration Enforcement on Citizens' Self-Employment (JMP)

The recent increase in interior immigration enforcement in the U.S. has reduced the number of low skilled workers by increasing deportations of undocumented immigrants. In this paper, I study how these immigration enforcement policies affect citizens' self-employment shares. I examine the impact of four immigration enforcement policies, each implemented with a staggered roll-out across the U.S. and different adoption levels. I implement a Difference-in-Differences strategy and an event-study specification using data from 2005 to 2014 from the American Community Survey. I find that increased immigration enforcement decreased male and female citizens' self-employment. This is evidence that undocumented immigrants have a level of complementarity to self-employed citizens. The reduction of citizens' self-employment is concentrated among high school graduates. The lower levels of self-employment are not accompanied by an increase in the wage and salary sector, suggesting no switching within sectors. However, self-employment shares among male Hispanic citizens increased, but decreased among

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females. This suggests that self-employed male Hispanics are closer imperfect substitutes for undocumented workers. To enable comparison with previous studies, I estimate the effects of immigration enforcement programs on citizens' employment. I find that employment verification mandates decrease employment shares, a finding not accounted for in previous studies.

## 2. Immigration Enforcement Spillover Effects on Citizens' Labor Market Decisions

The recent increase in U.S. interior immigration enforcement has led to a reduction of undocumented immigrants. In this paper, I examine how this decrease in labor supply affects citizens' self-employment decisions at the individual micro data level. I examine the impact of four immigration enforcement policies, each implemented with a staggered roll-out across the U.S. and different adoption levels. Using yearly data from 2005 to 2014 from the ACS I estimate non-linear Difference-in-Differences. Negative effects of the policies suggest that self-employed individual citizens are affected by restrictive immigration policies.

## 3. Unemployment Insurance and Unemployment Duration in Mexico City

This paper studies the impact of establishing an Unemployment Insurance (UI) in a developing country. Mexico City was the first city in Mexico to provide formal workers government funded unemployment benefits. With this setting I study the effects of establishing an UI program in a developing country with high informal activity levels and a weak safety net on unemployment duration. Does UI improves job search and decrease unemployment duration? Or does it incentivize longer unemployment spells? I estimate a Differences-in-Differences unemployment duration model, in which the reemployment probability can vary before and after introducing UI using other Mexican cities as a control group. I find no evidence of an effect on unemployment duration with the introduction of UI. Even workers with low levels of education, who might have the lowest reservation wages do not have a higher probability of staying unemployed with

the introduction of UI. The explanation to these null effects can be that UI the benefits levels are low and that the program requires users to prove they are looking for a job, increasing the probability of finding a job.