

Comments on "Immigrant assimilation beyond the labor market", by Joan Monras (UPF, CREI, BSE, and CEPR)

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Motivation and research question

- This paper investigates the consumption patterns of immigrants in Spain compared to natives.
- Most literature focuses on immigrants as workers, overlooking their roles as consumers.
- Using data from the Spanish Household Budget Survey (EPF, 2006-2015):
 - How do immigrants' consumption patterns differ from natives?
 - Can differences be explained by income or demographics?
 - Did the 2005 amnesty change immigrant consumption?

• Policy Context:

- Late 1990s-2000s: Large Migration boom in Spain
- 2005: Amnesty legalizes ~600,000 undocumented non-EU immigrants.
- Other studies show improvements in the labor market and fertility.



Key findings

- Consumption Differences: The most significant differences in consumption between immigrants and natives are observed in housing: immigrants, especially non-EU immigrants, are more likely to rent.
 - Conditioning only on renters reduces gaps significantly.
- "Tastes" vs. Income: "Tastes" (differences in preferences) account for most of the consumption differences between immigrants and natives, rather than income.
- Amnesty Program Impact: The 2005 amnesty had little effect on consumption, except a slight decline in the share of renters.



- Very interesting and valuable contribution to the literature.
- It addresses an area that has received relatively little attention: the role of immigrants as consumers.
- Most existing research focuses on labor market outcomes or the economic impact of immigration on wages and employment.
- This paper broadens the perspective by examining:
 - how immigrants' consumption patterns differ from those of natives, and
 - how these differences can be explained by income, demographics, or preferences.
- Essential to understand full economic integration.
- Highly relevant to current policy discussions, especially in light of Spain's proposed new amnesty:
 - The 2005 experience provides key insights for today's policy debates.



1. Data Limitations:

- a) The EPF started in 2006, one year after the 2005 amnesty:
 - There's no pre-amnesty data to establish a proper consumption baseline.
 - This makes it difficult to definitively attribute any observed changes (or lack thereof) to the amnesty itself.
- Is it possible to use comparable non-amnesty groups to mitigate this?
- b) Data 2006-2015: It does not analyze the most recent migration boom in Spain.
 - There has been a shift in the origin of migrants, with increasing arrivals from Sub-Saharan Africa and Asia, compared to earlier periods dominated by migration from Latin America and North Africa.
 - Are the patterns of consumption of these more recent migration flows different?



2. Aggregated Migrant Categories:

- Non-EU immigrants treated as one group (lack of data); origin heterogeneity ignored:
 - Cultural factors are likely intertwined with "tastes".
 - A more disaggregated analysis by country of origin would provide deeper insights into the drivers of consumption differences.



3. "Taste" Measurement:

- While the study concludes that "tastes" account for most of the consumption differences, "tastes" itself is a broad category and may include:
 - Cultural preferences
 - Social norms
 - Household structures not fully captured by "household size"
 - Unobserved economic factors specific to immigrant communities.
- Important to understand the underlying reasons for these "taste" differences.
 - Could they be related to **remittances**, different social safety nets, constraints in access to credit or formal markets, or consumption smoothing strategies not present among natives?
- Distinguish structural barriers from true preferences



4. Limited Policy Impact

- The finding of "no significant change" in consumption patterns post-amnesty, apart from a decline in renters, needs careful interpretation.
- It would be interesting to discuss why the amnesty might not have had a large impact on consumption patterns.
- Perhaps the economic benefits of the amnesty were primarily channeled into savings not fully captured:
 - Role of **remittances** -possible overestimation of immigrants' disposable income for domestic consumption.



5. Role of remittances in interpreting consumption preferences

- The paper does not explicitly account for remittances, which could be a relevant omission that biases the results:
- Remittances to the country of origin represent an important component of immigrant households' income allocation, especially for non-EU migrants.
 - If remittance outflows are not accounted for, the observed household income figures may overstate the actual disposable income available for consumption within Spain.



- According to data from the Boletín Económico Banco de España, 2025/Q2:
- In 2023, remittances sent from Spain abroad represented 0.7% of GDP, approximately €10.7 billion, which is 0.5 percentage points higher than in 2000.
- Latin America has historically been the main recipient region, accounting for around 60% of total remittances over the last decade.

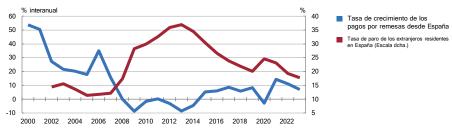
Gráfico 1

Evolución de las remesas mundiales y españolas. Población migrante y tasa de paro de los extranjeros residentes

1.a Evolución de las remesas y de la población migrante en España



1.b Pagos por remesas desde España y tasa de paro de los extranjeros residentes en España



FUENTES: Banco Mundial, Banco de España e Instituto Nacional de Estadística.



11

⁵ El presente artículo cubre todos los países de América Latina: México, Centroamérica, América del Sur y el Caribe.



• This omission has two potential implications:

1. Bias in the Decomposition Between Taste and Income:

 Part of the "taste" component may be absorbing the effect of lower disposable income after remittances.

2. Interpretation of Policy Effects:

- If legalization increased immigrants' labor market opportunities and earnings, it may have also influenced remittance behavior.
- An increase in remittances could offset expected increases in domestic consumption, masking some of the policy's impact in the observed data.