

Illegal immigration, labor market frictions and economic growth

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Abstract

This paper constructs an overlapping generations model of R&D-based economic growth with labor market frictions that analyzes how increasing costs of border crossing affects long run economic growth and employment in the destination country. In this model, tighter border control increases employment rates for natives and immigrants, decreases the expected profit of firms and may impede long-run growth.

Keywords illegal immigration, economic growth, labor market friction
JEL-Classification F22, O41, J61

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