

Discussion of “Prices and Immigration: Firm-Level Evidence”

Kim, Leung & Weinberger

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The paper

Two questions: Does immigration affect consumer prices? *If so, why?*

Data — an impressive linkage:

- NielsenIQ Retail Scanner + Consumer Panel (~55k households/yr, 2006–2018)
- GS1 → NETS: recovers each firm's **production** establishments
- Census / ACS: county immigration inflows and historical ancestry

Identification: Bartik-type IV using 100+ years of ancestry settlement patterns (Card 2001; Burchardi et al. 2019; Terry et al. 2026).

Main results

County level (reduced form)

- 10,000 immigrants \Rightarrow -0.58pp 4-year CPG price growth ($\approx 8\%$ of mean growth)
- Concentrated in low-income, less-educated immigrants; benefits low-income households more

Firm level — split exposure into:

- I^{demand} : immigration in the firm's **sales** counties \rightarrow prices \downarrow
- I^{supply} : immigration in the firm's **production** counties \rightarrow prices weakly \uparrow

Interpretation: immigrants search more \rightarrow higher demand elasticity \rightarrow markup compression.

What I like

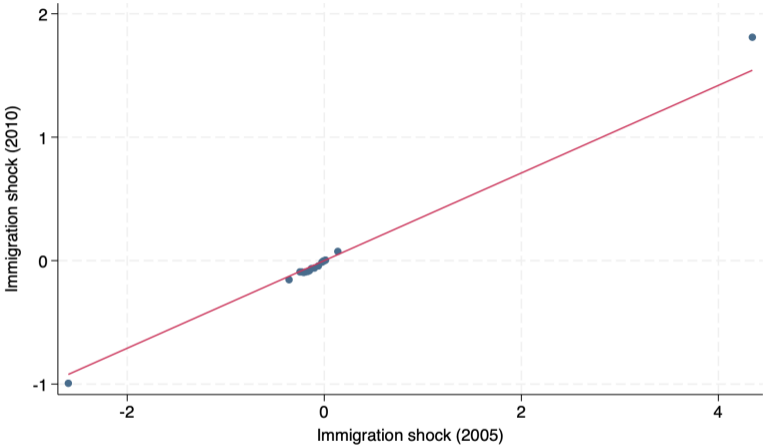
- 1 Important, well-timed question.** Immigration and inflation are the two dominant policy debates; their interaction is understudied.
- 2 A real data contribution.** Linking prices to *both* sales and production geography is hard and novel — it is what makes the demand-vs-supply decomposition possible.
- 3 Careful execution.** Multiple price indices, frontier shift-share IV inference, structural corroboration of the reduced form.

Roadmap of comments

1. **Identification** — is the immigrant shock persistent? A sharper alternative: the Venezuelan exodus
2. **The mechanism** — the paper's model shuts down a native-side channel; *whose* search are we measuring?
3. **What is special about immigrants?** — income, unfamiliarity, or a selected type?
4. **Coca-Cola vs. Walmart** — the immigrant-labor channel sits at the *retailer*; test by product σ
5. **What does the price-setter observe?** — the firm's information set is unspecified

+ minor comments

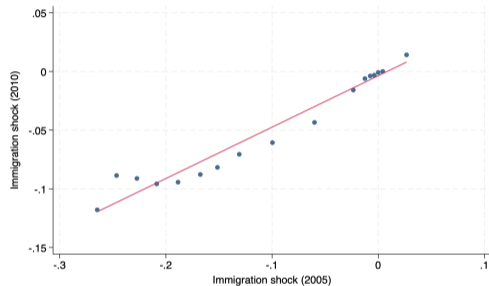
Comment 1 — Is the immigrant shock persistent?



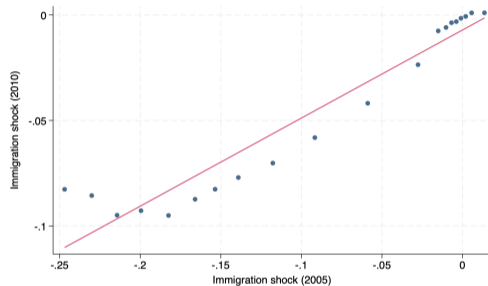
$$R^2 = 98\%$$

Source: Terry et al. (2026), "Immigration, Innovation, and Growth."

Comment 1 — Is the immigrant shock persistent?

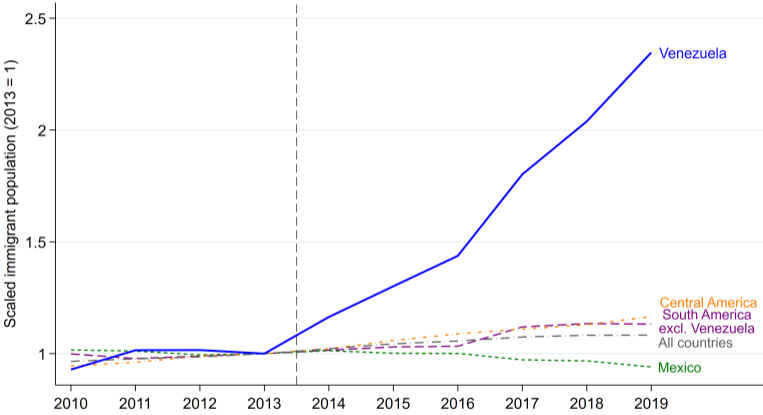


Winsorize at 10%: $R^2 = 85\%$



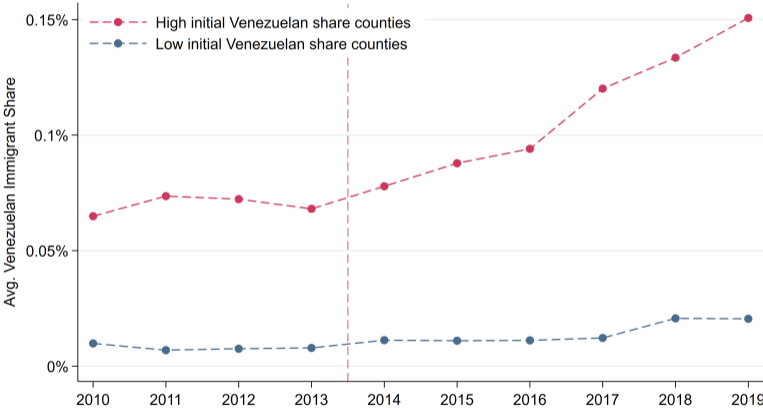
Trim at 10%: $R^2 = 80\%$

Comment 1 — Venezuelan exodus: a sharp acceleration in immigration after 2014

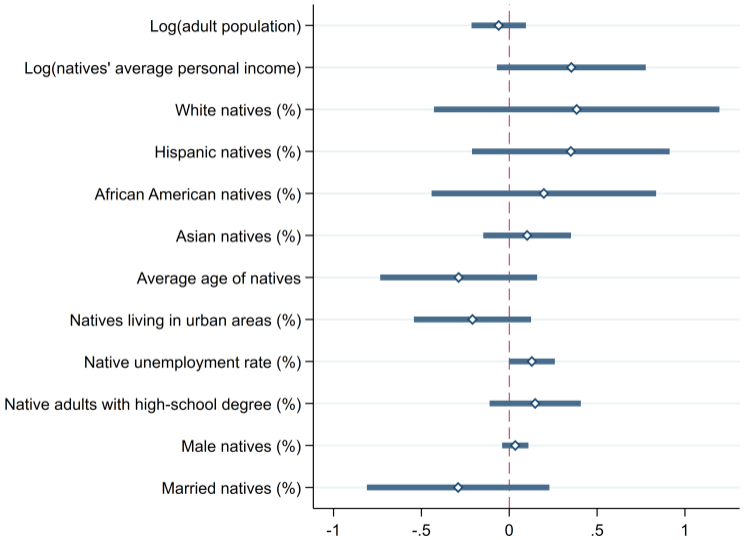


Source: Kabir & Ruan (2026), "Immigration and Homeownership."

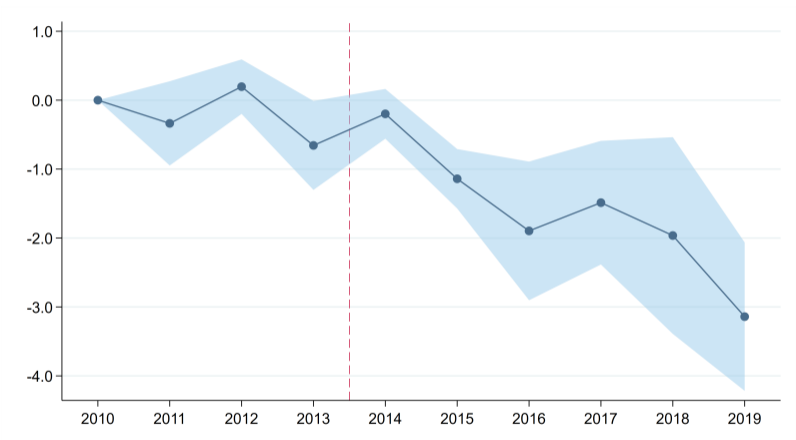
Comment 1 — Counties w/ higher initial Venezuelan shares received more inflows



Comment 1 — Covariate balance



Comment 1 — Dynamic patterns of native homeownership



Comment 2 — The paper's model

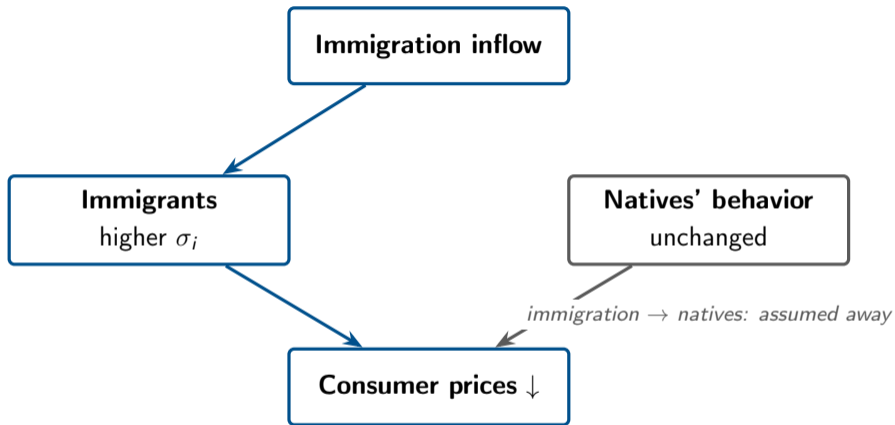
The paper's model (§6) — heterogeneous price sensitivity:

- Two consumer types, natives (n) and immigrants (i); CES demand with $\sigma_i > \sigma_n$ (assumed).
- Firms set a markup over marginal cost:

$$p = \frac{\sigma_{\text{eff}}}{\sigma_{\text{eff}} - 1} \cdot MC, \quad \sigma_{\text{eff}} = \theta_n \sigma_n + \theta_i \sigma_i \quad (\text{quantity-weighted}).$$

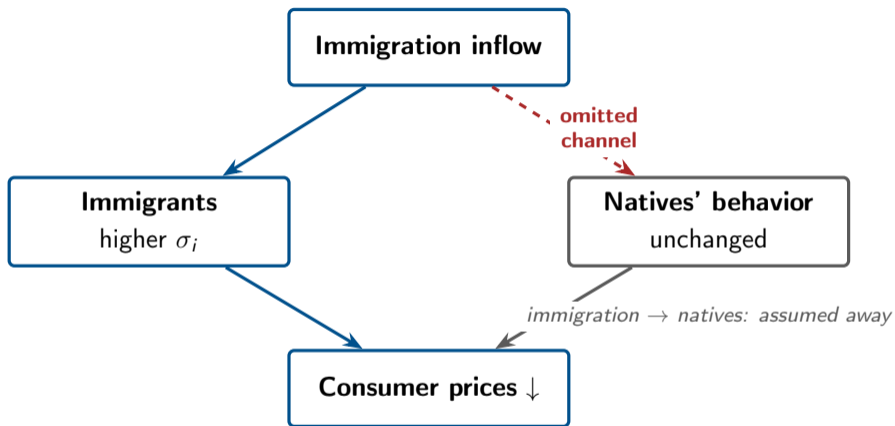
- Immigration raises $\theta_i \Rightarrow \sigma_{\text{eff}} \uparrow \Rightarrow$ markup compresses \Rightarrow **prices fall**.
- **Crucially:** σ_n and σ_i are *fixed primitives* — only the *weights* (θ_n, θ_i) move.

Comment 2 — The paper's model



The paper's story: immigration moves prices *only* through immigrants' own behavior — natives' σ_n is held fixed.

Comment 2 — A missing link



Immigration also changes natives — flight, income, search (σ_n). The paper shuts that path down by assumption.

Comment 2 — Whose search?

Table 8 reads “more trips/days in high-immigration counties” as evidence of *immigrants* searching more.

But immigrant status is unobserved in Nielsen.

The Consumer Panel is a *multi-year* panel of settled US households — recent arrivals (mobile, language barriers, hard to recruit) are **under-represented**. Appendix A.2 concedes it.

So Table 8 more likely picks up **natives searching more** — i.e. $\sigma_n \uparrow$, the channel the model ($\sigma_{\text{eff}} = \theta_n \sigma_n + \theta_i \sigma_i$) holds fixed.

And natives have a reason to: the paper finds **rents rise** (+0.075**); tighter budgets raise price sensitivity — their own cited channel (Stroebe & Vavra 2019).

Comment 2 — How thin is the panel?

The search evidence asks how *immigrants* shop, *county by county*. So count the panel — 55,000 households a year, spread over $\sim 3,100$ counties:

$$\frac{55,000 \text{ hh}}{\sim 3,100 \text{ counties}} \approx 18 \text{ per county} \xrightarrow{\times 15\% \text{ immigrant}} \approx 3 \text{ per county}$$

Three immigrant households per county — and that is the *optimistic* count:

- It is the *mean*; the panel has more observations for large counties, so most counties have a handful and **many have zero**.
- 15% is the foreign-born *stock* — the **recent arrivals** who are the source of identification are an even smaller share.

Comment 3 — What is special about immigrants?

The story hinges on $\sigma_i > \sigma_n$. So the first-order question is: **what, exactly, makes immigrants more price-sensitive?**

The authors gesture at a *mix* of lower income and search, and concede (fn. 18) they “do not attempt to distinguish.”

A robust finding of the **assimilation literature** is that different immigrant outcomes converge to natives at *very different rates*.

Some plausible stories:

- **Lower income** — earnings assimilate \Rightarrow *transient*.
- **Unfamiliarity** — search peaks on arrival, then fades \Rightarrow *transient*.
- **A selected type** — migrants are intrinsic opportunity-seekers \Rightarrow *permanent*.

Which aspect this paper captures decides whether the disinflation is a fading effect or a durable one.

Idea: International brands vs. US-domestic brands + timing of immigrant arrivals.

Comment 4 — Coca-Cola vs. Walmart: whose labor?

The price in the data is the **retail shelf price** (store-level scanner data):

$$\underbrace{P_{\text{shelf}}}_{\text{what they measure}} = P^{\text{manufacturer}} + \text{retailer markup \& costs}$$

Alternative story: immigrants provide cheap labor to Walmart. Walmart lowers prices.

The paper's defense (Table 6, col. 6): immigration does not move retail *wages* (0.001, n.s.) \Rightarrow “supply-side cost reductions are unlikely.”

- **Not enough.** Need to show average wages, aggregate wages, and wages per retail sale.
- **Too narrow.** The retailer-cost channel runs through the whole chain — **warehousing, trucking, logistics** — probably immigrant-heavy. Retail *store* wages miss it.

Comment 4 — Use the elasticities: price effect by product σ

They estimate σ — but use it only as an *outcome* (Table 9).

Split the price effect by elasticities: Markup compression can only bite where a markup exists \Rightarrow the price decline should be **large for low- σ (high-markup)** products, ≈ 0 for **near-competitive** ones.

And it discriminates between mechanisms:

- Markup compression \Rightarrow price effect *monotone* in across σ .
- Retail labor cost \Rightarrow price effect probably *flat* across σ .

Comment 5 — What does the price-setter observe?

“Firms lower prices *in response to* immigrants’ search” carries an unstated assumption: the firm **observes a local signal** and re-optimizes market by market. That **information set is never specified** — yet the mechanism rests on it.

The gap: “search” lives in the Consumer Panel — the *econometrician* sees it, **not Pepsi**. A price-setter plausibly sees quantities, sell-through, competitor prices — *not* how many trips local households made.

A natural test: proximity. If the firm re-optimizes on local information, attention and response will probably **decay with distance** from its HQ / main establishment.

Minor Comments

- **Ideal test.** The saturated within-firm regression: does the *same* firm's price for the *same* product fall across its high- vs. low-immigration counties? Firm \times group \times period FE absorbs every firm-level national confound.
- **The positive supply coefficient.** Almost certainly attenuated (NETS employment shares, multi-step matching, IV reuses the same weights). But the *sign* is the puzzle: say more about why.
- **Balanced store panel.** The price index conditions on stores surviving across periods — does this tilt the sample toward larger, more competitive retailers in high-immigration counties?
- **Variety and turnover.** *Net* variety is muted, but *gross* entry/exit and within-firm assortment churn can be large — and interesting in their own right.
- **Exposition — search.** The paper leans on the search story throughout, but the evidence only arrives in §5.3. Either move it forward or delay mentioning it until the reader sees the test.

Summary

A **strong paper**: novel data, an important question, a credible reduced form. My comments are about tightening it further:

1. **Improve identification** — the immigrant shock is highly persistent; a sharper, post-2014 alternative (Venezuelan exodus) is available
2. **Broaden the channel** — let natives' search and budgets respond
3. **Pin down what makes immigrants special** — income, unfamiliarity, or a selected type?
4. **Expand the retailer-side results** — the immigrant-labor channel could run through warehousing and logistics, not only retail labor.
5. **Spell out what the price-setter observes** — the firm's information set is unspecified.

I enjoyed the paper and look forward to the next draft.

Thank you

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“Prices and Immigration: Firm-Level Evidence”