

THE ECONOMIC CONSEQUENCES OF AMNESTY FOR UNAUTHORIZED IMMIGRANTS

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Immigration policy reform has reached an impasse because of disagreement over whether to create a pathway to legal permanent residence and eventual U.S. citizenship for unauthorized immigrants. The United States first—and last—offered a large-scale amnesty as part of the Immigration Reform and Control Act (IRCA) in 1986. Despite increased border enforcement and provisions for employer sanctions, the law failed to curtail unauthorized immigration. The 9/11 terror attacks renewed the emphasis on national security and led to stricter policies regarding undocumented immigrants. Over the past decade, border and interior enforcement has increased, while avenues that allowed some illegal residents to adjust to legal status have been eliminated, and a growing number of states have adopted laws aimed at driving out unauthorized immigrants.¹

In the 25 years since IRCA, the unauthorized immigrant population swelled to 11 million (Hoefler, Rytina, and Baker 2011; Passel and Cohn 2011). This 2010 estimate is slightly below the peak of

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¹In summer 2011, the Obama administration called for prosecutorial discretion in removal cases involving unauthorized immigrants without a criminal record. This marks a departure from what has been a relatively consistent trend toward tougher enforcement since 2001. See <http://www.ice.gov/doclib/secure-communities/pdf/prosecutorial-discretion-memo.pdf>

about 12 million in 2007, before the onset of the Great Recession, but more than four times the number of people who legalized their status under the 1986 amnesty. The net inflow of unauthorized immigrants currently appears to be near zero, but this may be more due to the relatively weak economy in the United States than to stricter policies (Cave 2011).

Whether to offer a legalization program to unauthorized immigrants is ultimately a moral and political decision, but policymakers should also consider the economic implications of an amnesty. Legalization has economic benefits, most of which accrue to the people who adjust their status and their families. Tax revenues are likely to increase, an important consideration in an era of large deficits. There are costs as well: an amnesty entails losing the benefits of having a relatively cheap, flexible workforce; there may be a negative labor market impact on competing workers; and government transfers to the legalized population may rise. More importantly, policymakers need to think carefully about the implications of a legalization program for future illegal and legal immigration. The U.S. experience after IRCA indicates that an amnesty not accompanied by a well-designed, comprehensive overhaul of legal immigration policy can lead to increased legal and illegal flows and political backlashes.

Background on the Unauthorized

Unauthorized immigration to the United States was not a substantial issue until the 1970s. The undocumented population rose from a few hundred thousand, primarily agricultural workers, in the late 1960s to several million, mainly living in urban areas, in 1980. This increase in the undocumented population was partly due to U.S. policy shifts that cut off the avenues for legal entry, such as the termination of the *Bracero* temporary farm worker program in 1964. In 1977, the United States extended country-specific quotas on the number of legal immigrants admitted each year to Western Hemisphere nations, including Mexico (Donato and Carter 1999). Fewer visas became available at the same time that the role of Mexican immigrants in the U.S. labor market evolved from seasonal agricultural work to year-round employment in the services and manufacturing sectors. Eventually, increased nonagricultural employment, tougher border enforcement, and fewer visas led to longer durations of stay by the undocumented. Immigrant families

settled in the United States, and the seasonal, circular migration by workers that previously dominated Mexico-U.S. labor migration flows diminished (Angelucci 2005, Reyes 2004).

While the majority of unauthorized immigrants cross the border illegally (“entry without inspection,” in official parlance), others overstay or violate the terms of a visa, such as working while on a non-work visa. This article uses the terms unauthorized, undocumented, and illegal immigrants synonymously to include all these types of migrants. Unauthorized immigrants account for about 30 percent of the total foreign-born population in the United States and 5 percent of the workforce (Passel and Cohn 2010). The populations of naturalized citizens and legal permanent residents (green card holders) are larger than the unauthorized population while the number of legal temporary migrants—primarily temporary foreign workers and students—living in the United States is much smaller.

Estimates suggest that the unauthorized immigrant population increased by about 500,000 annually during the early 2000s. Given return migration, the inflow of unauthorized immigrants was even larger, averaging 850,000 per year during the period 2000 to 2005 (Passel and Cohn 2010). The inflow slowed considerably during the U.S. housing bust and subsequent recession, although the volume of return migration appears to have changed little during the downturn. As a result, the unauthorized immigrant population shrank slightly between 2007 and 2009 but has since stabilized.

Mexico is the main source country of undocumented immigrants, accounting for almost 60 percent of the unauthorized population. The relative strength of the U.S. and Mexican economies is therefore one of the fundamental drivers of illegal immigration; unauthorized immigration increases when the U.S. economy improves or the Mexican economy weakens (Orrenius and Zavodny 2005). However, the fraction of unauthorized immigrants who are from Mexico has declined over time. Other Latin American countries contributing heavily to the undocumented population include El Salvador, Guatemala, Honduras, Ecuador, and Brazil. The Philippines, India, Korea, and China round out the top 10 countries of origin for the unauthorized immigrant population in 2010 (Hoefler, Rytina, and Baker 2011).

Like the population of legal immigrants, unauthorized immigrants are highly geographically clustered and urban but have become more dispersed during the last two decades. Almost

40 percent of unauthorized immigrants reside in California and Texas. California's undocumented population remained nearly unchanged during the 2000s while Texas's grew. Georgia, Nevada, and North Carolina experienced tremendous increases in their unauthorized immigrant populations during the late 1990s and the 2000s (Passel and Cohn 2010).

Much of the undocumented population appears to have permanently settled in the United States. Estimates suggest that less than 1 in 10 unauthorized immigrants arrived within the last 5 years, and most have lived here for more than a decade (Hoefer, Rytina, and Baker 2011). While the typical unauthorized immigrant is a male between the ages of 18 and 39, there are also substantial numbers of undocumented women and children. As tougher border enforcement has led more families of unauthorized immigrants to settle here, U.S. births to undocumented immigrant women have risen. About 8 percent of all children born in the United States between March 2009 and March 2010 have at least one unauthorized parent. Over one-third of undocumented adults living in the United States have a U.S.-born child (Passel and Cohn 2009). Under current laws, U.S.-born children cannot sponsor a parent for a green card until the child is 21 years old.

Almost all unauthorized immigrant men are in the labor force, either working or actively searching for a job. The main reason for their extraordinarily high labor force participation rate—94 percent among working-age men in 2008—is, of course, that virtually all of them enter the United States to work. It is also a result of the undocumented population's relative youth and lack of access to government transfer programs. Undocumented working-age women are actually less likely to be in the labor force than either U.S. natives or legal immigrants, however, probably because a greater proportion of them have young children (Passel and Cohn 2009).

Unauthorized immigrants tend to be near the bottom of the U.S. skill distribution and to hold low-wage jobs. Almost half of adult unauthorized immigrants have not completed high school, and they comprise a startling 22 percent of all non-high school graduates in the United States. Undocumented workers are disproportionately employed in farming; building, grounds keeping, and maintenance; construction; and food service (Passel and Cohn 2009).

These numbers and characteristics point to the importance of addressing the problems posed and faced by the undocumented

immigrant population. It is large and settled; most are unlikely to leave the country voluntarily. Their relatively low skill levels and lack of documentation likely trap them in low-wage jobs. Their children, most of whom are U.S. citizens, face significant obstacles to socioeconomic advancement as well. Legalization may help address some of these issues, but, as discussed below, it raises others.

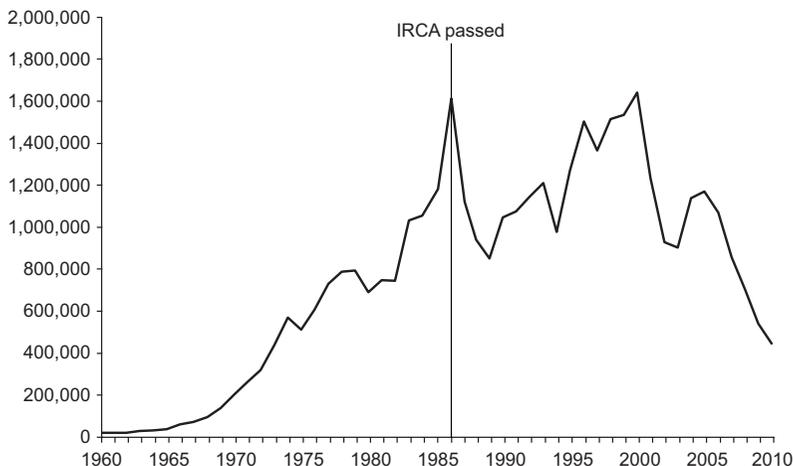
U.S. Policies toward the Unauthorized

IRCA was a tremendous change in U.S. policy toward unauthorized immigration in several ways. It was the first—and so far the only—large-scale amnesty in U.S. history. Nearly 2.7 million people legalized their status via two programs, one for long-term U.S. residents and another for seasonal agricultural workers. The number legalized far exceeded expectations, in part due to widespread fraud in the agricultural workers program. IRCA sought to stem future unauthorized inflows by making it illegal to hire undocumented immigrants; requiring employers to verify workers' eligibility; increasing funding for border enforcement; and creating the H-2A and H-2B programs for temporary agricultural and non-agricultural foreign workers, respectively.

Illegal inflows fell in the immediate years after IRCA before beginning to rise again in 1990. As Figure 1 shows, Border Patrol apprehensions along the U.S.-Mexico border, a proxy for illegal inflows, fell from 1.6 million in 1986 to about 853,000 in 1989. Since IRCA legalized a huge fraction of the undocumented population, people who formerly crossed illegally were able to enter legally. Since over 2 million Mexican migrants were legalized, illegal immigration along the Southwest border should have slowed more than it did. Indeed, studies controlling for push and pull factors suggest that, by 1989, unauthorized immigration had already returned to the pre-amnesty trend (Massey and Espinosa 1997; Orrenius and Zavodny 2003). One plausible explanation is that more family members crossed illegally to join legalization beneficiaries in the United States, and this increased flow replaced the cyclical migration by those who now had legal permanent residence.

Over time, IRCA beneficiaries became able to sponsor eligible relatives for green cards. Permanent residents can sponsor their spouses, minor children, and unmarried adult children for green cards. Adult U.S. citizens can sponsor those relatives plus their

FIGURE 1
 BORDER PATROL APPREHENSIONS ALONG THE
 SOUTHWEST BORDER

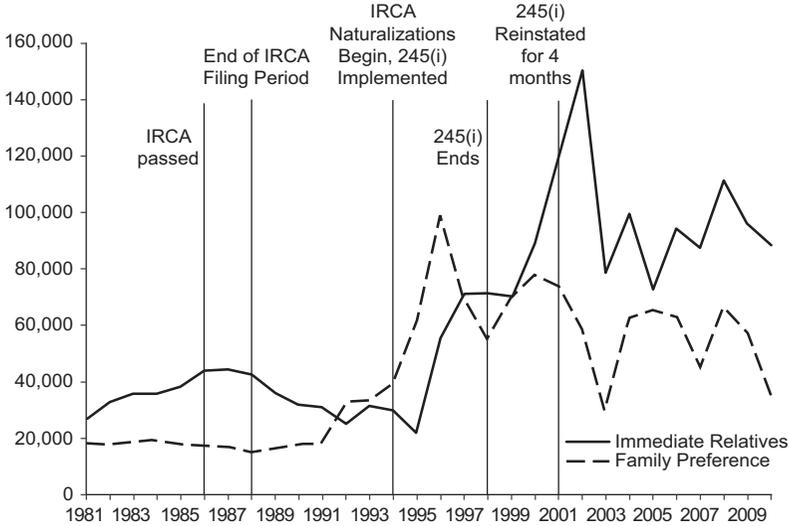


SOURCES: U.S. Border Patrol, U.S. Department of Homeland Security, Enforcement Case Tracking System (ENFORCE), and the Performance Analysis System (PAS). For years prior to 2005, data are from *Statistical Yearbook of the Immigration and Naturalization Service*; for 2005–10, data are from Sapp (2011).

parents, unmarried children’s minor children, married children and their spouses and minor children, and siblings and their spouses and minor children. The number of green cards for U.S. citizens’ immediate relatives—spouses, unmarried minor children, and parents—is unlimited; quotas limit the number of other immigrants admitted each year by admission category and by country of origin. IRCA beneficiaries began receiving their green cards in 1989 and were first eligible for U.S. citizenship in 1994.

As these milestones were hit, applications by IRCA beneficiaries to sponsor relatives for admission surged. Figure 2 shows the number of immediate relatives and family-preference immigrants from Mexico. Family-sponsored immigration began to rise in 1992, and immigration by immediate relatives of U.S. citizens began to rise in 1996. The patterns in the two figures point to two conclusions. First, giving an almost universal amnesty to unauthorized immigrants did not alter long-run patterns of illegal immigration, which

FIGURE 2
 FAMILY-BASED IMMIGRATION FROM MEXICO AFTER IRCA
 (Legal Permanent Residents Admitted under
 Family Preferences)



SOURCES: For 1981–93 data, National Technical Information Service, *Immigrants Admitted into the United States as Legal Permanent Residents*; for 1994–2004 data, *Statistical Yearbook of the Immigration and Naturalization Service*; for 2004–10 data, *Yearbook of Immigration Statistics*, Department of Homeland Security.

some believed it would. And, second, amnesty clearly led to large increases in *legal* immigration.

Many of the people sponsored for green cards by IRCA beneficiaries were living in the United States illegally. The 245(i) program was created to allow these people to pay a fine and adjust to legal status without leaving the country and becoming subject to an entry bar. The 245(i) program ran from 1994 to 1998 and was reauthorized in late 2000 for a four-month period. The 245(i) provision facilitated legalization for unauthorized individuals with approved green card applications. The 245(i) provision became pivotal after the passage of the Illegal Immigrant Reform and Immigrant Responsibility Act in 1996. IIRIRA required people living illegally in the United States who were sponsored for a green card to return home and wait for

three or ten years before they were eligible to adjust status and reenter the United States. IIRIRA also increased funding for border and interior enforcement; launched Basic Pilot, an employment verification program that was the precursor to E-Verify; and made unauthorized immigrants ineligible for federal grants and loans for post-secondary education, among other measures.

The United States had one more little-known legalization program, the 1997 Nicaraguan Adjustment and Central American Relief Act. NACARA allowed about 65,500 Nicaraguans, Cubans, Salvadorans, Guatemalans, and former Soviet nationals to adjust to legal status.

As policies toward unauthorized immigrants have become stricter, life has become tougher for the undocumented population. Changes beyond more border enforcement include rising use of E-Verify by employers, more workplace raids and employer audits by the Department of Homeland Security, and expanded issuance of “no match” letters by the Social Security Administration when employers submit invalid Social Security numbers. Only a couple of states still issue driver’s licenses to unauthorized immigrants, and most states no longer renew such licenses. All of these changes make it more difficult for unauthorized immigrants to find and keep a job.

Under the Secure Communities program, Immigration and Customs Enforcement (ICE) agents detain and deport unauthorized immigrants who have committed only minor offenses and who previously would never have come to the attention of immigration authorities. Meanwhile, 287(g) agreements that allow local police departments to check suspects’ legal status and detain unauthorized immigrants make immigrants fear contact with the police, which in turn makes them both more vulnerable to crime and less likely to report crime.

In addition to new and revamped federal enforcement programs since the early and mid-2000s, most states have passed their own immigration-related legislation. State laws have included mandating that employers use E-Verify when hiring new workers, requiring that police check the immigration status of certain individuals with whom they come into contact, and imposing penalties on employers who employ unauthorized workers or individuals who “transport or harbor” undocumented persons.

Despite widespread enforcement measures, unauthorized immigrants do not appear to have left the United States in larger numbers

than in prior years, although there is some evidence the undocumented population has been driven deeper underground. The implementation of the 2007 Legal Arizona Workers Act, which mandated E-Verify among the state's employers, resulted in a significant shift out of wage and salary employment into self-employment among noncitizen Hispanic immigrants, a group with a high share of unauthorized workers (Lofstrom, Bohn, and Raphael 2011).² In general, the extent of interior enforcement today far exceeds enforcement around the time of IRCA's passage, which suggests that current unauthorized immigrants have more to gain from an amnesty than beneficiaries of previous legalization programs.

Economic Effects of an Amnesty

The main economic effect of legalization programs is an increase in beneficiaries' earnings. Latin American immigrants who legalized their status under IRCA experienced wage increases in the range of 6 to 13 percent, with slightly larger effects among women than men (Amuedo-Dorantes, Bansak, and Raphael 2007; Barcellos 2010; Kossoudji and Cobb-Clark 2002; Rivera-Batiz 1999). Earnings also increased for men likely to have legalized their status under NACARA (Kaushal 2006).

Labor Market Effects

Legalization removes the risk of employer sanctions and allows immigrants to move to better jobs and earn higher returns on their education. The earnings gains after legalization are bigger among well-educated immigrants than among less-educated immigrants (Kaushal 2006, Pan 2010). Much of the gains appear to be due to amnesty beneficiaries moving to higher-paying occupations (Lozano and Sorensen 2011). Consistent with this, the benefits of having legal status are larger for workers in skilled occupations than those in unskilled occupations (Orozco-Alemán 2010).

Previous amnesties have not necessarily increased the likelihood that beneficiaries are employed, however. Some research concludes

²The law is also associated with a 17 percent drop in the population of non-citizen Hispanics, which is more than twice the population decline in neighboring states. There is no evidence that these individuals returned to their home countries. Mexican census data show little change in return rates among U.S. migrants during this time.

that employment rates fell among immigrants who legalized their status under IRCA; men became more selective about the jobs they were willing to hold while women exited the labor force, perhaps because they became eligible for more government transfer programs after they became legal (Amuedo-Dorantes, Bansak, and Raphael 2007; Amuedo-Dorantes and Bansak 2011). Another study, however, concludes that employment rates rose among female immigrants who likely benefited from IRCA (Pan 2010). Employment fell, albeit insignificantly, among men likely to have legalized under NACARA (Kaushal 2006).

Amnesties can lead to effects on labor market outcomes among natives and other immigrants. If newly legalized immigrants move out of ethnic enclaves or into higher-skilled occupations or better jobs, those movements are likely to affect natives and other immigrants. Labor market outcomes may worsen for natives and other immigrants if newly legalized immigrants compete with them for jobs. If the immigrants who adjust status are long-term U.S. residents, they are more substitutable for native workers than newly arriving immigrants, which heightens the labor market effect (Orrenius and Zavadny 2007). Competing native workers and other immigrants may choose to move or switch occupations in response. On the other hand, if newly legalized workers' reservation wages rise and their employment rates fall, wages could rise among competing natives and other immigrants.³

Compliance with labor regulations, from minimum wage laws to health and safety regulations, is likely to increase. However, employers will likely hire fewer workers or cut workers' hours since labor costs will rise. Firms are also likely to raise prices as labor costs increase, which hurts consumers. Few studies have directly examined these possible effects of an amnesty; research does find that wages rose among manufacturing workers after IRCA in areas that had more legalization beneficiaries (Cobb-Clark, Shiells, and Lowell 1995).

Other components of a legalization program can lead to effects among some natives and other immigrants as well. A legalization

³If markets for legal and unauthorized workers are segmented, then legalization should lead to workers flooding the legal labor market and driving down wages. In a single labor market, legalizing unauthorized workers may reduce their labor supply, pushing wages up even among competing natives.

program that increases employer penalties for hiring unauthorized workers, as IRCA did, can result in lower overall wages and make it more difficult for some workers to get jobs. By acting as a tax on unauthorized workers, employer sanctions will lower labor demand if employers cannot distinguish between legal and illegal workers. Penalties can also make employers reluctant to hire workers who appear to be foreign and hence may be unauthorized, regardless of their true legal status, or willing to hire such workers only at lower wages. Cobb-Clarke, Shiells, and Lowell (1995) found that fines imposed on employers for IRCA violations led to lower wages among manufacturing workers. Wages among Hispanics fell by about 8 percent after IRCA (Bansak and Raphael 2001), and employment rates fell by almost 2 percent (Lowell, Teachman, and Jing 1995). Increased employer discrimination against Hispanics in response to the employer sanctions provisions in IRCA is widely believed to be the explanation for the declines. A new amnesty may avoid these adverse outcomes if it comes with a universal E-Verify mandate for employers.

If an amnesty leads to additional illegal and legal immigration—which has been the previous U.S. experience—those inflows can also affect natives and earlier immigrants. Economic research has reached mixed conclusions on whether immigration adversely affects natives' earnings or employment. Some research concludes that immigration hurts natives' labor market outcomes, with relatively large negative effects occurring among natives who lack a high school diploma (e.g., Borjas 2003). Other research, however, concludes that immigration has only small adverse effects on the least-educated and no impact on the average native (e.g., Card 2001, Ottaviano and Peri 2011). Studies also disagree on whether natives move in response to immigrant inflows (e.g., Borjas 2006, Card and DiNardo 2000). There is a consensus, however, that immigrant inflows harm earlier immigrants' labor market outcomes (Ottaviano and Peri 2011).

Fiscal Effects

A legalization program has several fiscal effects. On the tax side, income and payroll tax revenues are likely to increase as some workers move onto the books instead of being paid under the table. However, estimates suggest that over half of unauthorized immigrants already pay income and payroll taxes through withholding,

filed tax returns, or both (CBO 2007).⁴ If an amnesty boosts beneficiaries' incomes, that, too, will increase tax revenues; this effect would be partially offset if incomes fall among competing natives and other immigrants as a result of an amnesty.

On the spending side, most of the short-run impact would occur through legalization of beneficiaries' U.S.-citizen children. These children are already eligible for means-tested benefits if family income is low enough, but take-up is relatively low because of fears about revealing a parent's undocumented status (Vargas 2010, Watson 2010). Take-up would likely increase after a legalization program. Legalized immigrants would become eligible to receive refundable tax credits, such as the Earned Income Tax Credit, as well as child tax credits. A legalization program also would likely require further increases in funding for border and interior enforcement.

More fiscal costs would be incurred in the medium and long run. An anti-immigrant backlash after IRCA led to welfare reforms that would limit the short-term fiscal costs of a new legalization program. Under the 1996 Personal Responsibility and Work Opportunity Act, most immigrants are eligible for means-tested programs only after they become U.S. citizens. Unauthorized immigrants are ineligible for virtually all government programs, with two exceptions: health care providers cannot deny unauthorized immigrants emergency medical care, and governments end up paying for much of the cost of this care; and unauthorized immigrant children can attend public K–12 schools. Legalization beneficiaries would eventually become eligible for Medicaid, food stamps, cash welfare and disability benefits, among others, on a means-tested basis, and the elderly would become eligible for Social Security and Medicare.

Most attempts to calculate the net fiscal impact of unauthorized immigrants conclude that they pay less in taxes than they receive in services, on average (CBO 2007). Of course, the same is true of low-education natives—they receive more in government benefits than they pay in taxes, on average. Nevertheless, legalizing the undocu-

⁴Unauthorized workers use a variety of means to comply with tax laws. Some have been issued an Individual Taxpayer Identification Number (ITIN) or a Social Security number that is invalid for work, while others use fake numbers or numbers that belong to somebody else. Until the early 2000s, there were few consequences for workers who submitted false or fraudulent Social Security numbers (Orrenius and Zavodny 2009).

mented population is likely to aggravate the gap between revenues and outlays. The fiscal burden would be particularly heavy for state and local governments, which bear a large share of costs for most means-tested transfer programs, in the medium run. In the long run, the federal government would bear more costs as legalized immigrants age into Social Security and Medicare eligibility.

Effects on Children's Outcomes

Unauthorized immigrants' children are likely to benefit from a legalization program in several ways. As discussed above, families with U.S.-citizen children would be more likely to apply for government benefits on behalf of those children. Parents would eventually be able to legally bring in any children still living in the origin country. Increased family incomes and greater stability would promote assimilation and socioeconomic advancement. Research indicates that Mexican American young adults living in the United States complete more years of school if their parents were able to legalize their status (Bean et al. 2006, 2011). Having a father who was able to legalize his status also is associated with better English proficiency and higher earnings among Mexican Americans (Bean et al. 2006), while having a mother who legalized her status under IRCA is positively associated with reading and math standardized test scores among Hispanic children (Pan 2011). And, of course, children who currently are unauthorized would have much better life prospects if they are able to legalize their status.

Macroeconomic Effects

An important macroeconomic benefit of immigration is foreign-born workers' responsiveness to variation in labor demand over time and across regions. Immigrants, particularly low-education immigrants (many of whom are unauthorized), are more responsive than natives to the business cycle. They are more willing to move across sectors and states, and, unlike natives, they can return home or not come at all (U.S. Bureau of the Census 2003; Bean et al. 2007). Greater mobility reduces unemployment rates, dampens the cyclicity of government revenues and expenditures, and helps the economy run more efficiently.

The undocumented have traditionally served as a significant source of flexibility in the labor market. Unauthorized immigrants

are more responsive to market forces than legal immigrants (Hanson 2007). A legalization program could decrease their responsiveness to economic conditions, diminishing this population's role as a source of grease in the wheels of the labor market. However, it is also possible that the stricter enforcement climate of recent years has already resulted in less mobility among the undocumented, leading them to move to or hunker down in areas that are less inhospitable to them.

There are other benefits traditionally associated with unauthorized workers that an amnesty would dissipate. Employers benefit from having a ready source of workers willing to hold any job, even undesirable ones that pay low wages. Consumers benefit as well from lower prices for goods and services. Many sectors of the economy have come to depend on having a steady stream of unauthorized workers. The increase in wages that would occur after an amnesty is effectively a transfer from employers and consumers to legalized workers in those sectors.

Whether it is labor market, fiscal, or other effects, one thing is certain: a new legalization program will have much larger impacts than IRCA and NACARA did. The main reason is the unprecedented scale of an amnesty today. Whereas at most 1.7 percent of the labor force was eligible for the 1986 amnesty, the undocumented now comprise over 5.2 percent of U.S. workers. Effects on natives, whether positive or negative, are therefore likely to be bigger as well. There is also considerably more worksite enforcement and a greater culture of fear on the part of the unauthorized than when those earlier amnesties were implemented. Employers are less willing to hire unauthorized immigrants, and they pay them less than before previous amnesties. Legalization beneficiaries and their families thus have more to gain from an amnesty than in the past.

Policy Implications

Two central lessons emerge from prior experience with amnesties in the United States. First, IRCA did not achieve its goal of reducing illegal inflows and the size of the undocumented population. Illegal immigration quickly resumed growing and legal immigration increased because the families of legalization beneficiaries immigrated. Second, economic impacts have been fairly modest. Legalization beneficiaries experienced small earnings gains while

increased worksite enforcement led to lower earnings among workers suspected of being unauthorized.

These experiences show the importance of enacting a legalization program only in the context of comprehensive immigration reform designed to reduce future unauthorized inflows as much as possible. Flows increased following IRCA because the amnesty did little to reduce the demand for unauthorized workers at the same time that it may have made migrating easier. Legalization likely lifted over a million workers out of bottom-rung jobs, which became vacancies for new workers to fill. When it became clear that employer sanctions were not going to be regularly enforced, employers continued hiring unauthorized workers. Meanwhile, unauthorized workers kept coming. Jobs were readily available, as was assistance from the now large and settled immigrant population, whose presence lowered the psychic costs of moving and helped new migrants obtain housing and employment.

To break the pattern of illegal immigration, a legalization program has to include a way to lower the demand for unauthorized workers while bolstering access to legal foreign workers. Interior enforcement, such as mandatory participation in the E-Verify program, is not foolproof but is a relatively cheap and efficient way to reduce hiring of undocumented workers. More border enforcement is not productive because it does nothing to address the demand for unauthorized workers and hasn't been particularly effective in stopping illegal inflows. A large literature shows that the main effects of increased border enforcement have been to shift where immigrants cross, increase duration of stay in the United States, and create a thriving market for coyotes to help people enter illegally. Stricter border enforcement has had little actual deterrent effect (Massey, Durand, and Malone 2002; Reyes 2007). While border enforcement has significantly raised the cost of smugglers (Gathmann 2008), the one-time fee is not much of a deterrent given the ability of migrants to finance such expenses by relying on their migrant networks and the promise of a steady paycheck.

To ensure a supply of low-skilled workers when the economy is growing, the United States needs better temporary foreign worker programs. Most unauthorized immigrants enter to work, and surely they would prefer to enter legally. The H-2A and H-2B programs are complicated, cumbersome and costly for employers to use. Nonetheless, the H-2B program's annual cap of 66,000 workers has

been binding in most years. These programs' problems have essentially created a demand for unauthorized workers. Simplified, streamlined programs that allow employers to bring in temporary foreign workers would help channel much of the flow of unauthorized workers into a legal stream. Allowing those workers to change employers more easily than under the current system would enhance labor market flexibility. A path toward legal permanent residence could be created for those temporary foreign workers who remain gainfully employed for a certain period of time and desire to stay permanently in the United States (Orrenius and Zavodny 2010).

It seems virtually inevitable that the United States will conduct a legalization program at some point given the size of the undocumented population. However, it is important that the country not end up in a position of needing regular legalization programs. Having an amnesty can create the expectation of additional future amnesties, which encourages continued illegal inflows (Orrenius and Zavodny 2003). Several European countries have fallen into this trap, most notably Italy with seven regularization programs during 1982–2006 and Spain with six during 1985–2005 (Kraler 2009). France and Germany have ongoing normalization mechanisms that allow unauthorized immigrants who meet specified criteria to regularize their status (ICMPD 2009). Because it is impossible to credibly commit to not conducting repeated amnesties, it is vital that a legalization program be accompanied by other reforms that make future amnesties less likely.

A more promising idea from Europe may be to conduct a normalization instead of an amnesty where unauthorized immigrants are given temporary legal status. Several European countries have conducted programs that register unauthorized immigrants and then give them legal permission to work and live in the country for a specified time period. This provides unauthorized workers with documents and legal protections, strengthens national security, and boosts tax revenues. It preserves some labor market flexibility, and it limits fiscal costs by not granting permanent residency. An obvious downside is that it requires regularly renewing the immigrants' temporary status and may encourage future unauthorized immigration. It also works best in a country without birthright citizenship and a generous family-based immigration system.

The United States has already had several temporary amnesties in the form of Temporary Protected Status. TPS programs have been

conducted for unauthorized immigrants from several countries experiencing hardship, such as Haitian immigrants after the 2010 earthquake and Honduran and Nicaraguan immigrants after Hurricane Mitch in 1998. Unauthorized immigrants from those countries registered, paid a fee and received permission to work for a specified period. They are ineligible for government transfer programs and cannot sponsor relatives to immigrate. In many ways, TPS programs help the registrants by giving them legal status, help the government track previously unauthorized migrants, and lower potential chain migration and fiscal effects of low-skilled immigration.

Conclusion

Twenty-five years have passed since the last major amnesty. In that time, the unauthorized population has swelled to 11 million. Until the 2000s, authorities responded largely by increasing border enforcement. While it became more difficult to enter the United States via the southwestern border, once inside, life for the unauthorized was typically not bad. The 2000s decade, however—with the 9/11 attacks, the collapse of proposed immigration reform in 2006–2007, and the worst recession in 80 years—ushered in a number of changes that significantly worsened conditions for unauthorized migrants. Unprecedented interior enforcement drove down migrants' wages and employment and resulted in record removals while heightening fear in immigrant communities (Orrenius and Zavodny 2009). While stricter workplace enforcement has not yet succeeded in prompting unauthorized immigrants to leave the United States in large numbers, it appears the poor economy has had a large effect on inflows. By some accounts, net illegal immigration is currently near zero.

There are no good choices once a country has a large undocumented population. Mass deportations risk violating civil liberties while turning a blind eye toward the unauthorized undermines the rule of law. Although illegal immigration has economic benefits for the macro-economy, the costs become more apparent over time. Having a large undocumented workforce weakens the ability of the U.S. government to enforce labor market regulations (Hanson 2007), reduces tax revenues, and harms competing workers. Enacting a legalization program can help solve those problems, but without expanding channels for legal entry, it can encourage

additional future illegal migration. Based on the fiscal and economic impacts of low-skilled immigration, a well-designed temporary worker program (TWP) represents a good option for accommodating enhanced legal entry of low-skilled workers and mitigating the pull factors that lead to illegal immigration. A TWP may also be more politically viable in the wake of an amnesty. There may be little appetite for increasing quotas on family-based permanent immigration as future legal immigration will dramatically increase when legalization beneficiaries become able to sponsor their relatives for green cards.

The economic impact of an amnesty ultimately depends on the form it takes. A more generous program that allows beneficiaries to quickly bring in their relatives and gives greater access to welfare programs will be more costly than a more restrictive program. Regardless, the main beneficiaries of an amnesty are the people who legalize their status. This makes an amnesty a tough political sell. Nonetheless, it is likely the best choice given the size of the undocumented population.

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