



FEDERATION FOR AMERICAN IMMIGRATION REFORM

## **AMNESTY AND THE AMERICAN WORKER**

*A look at how illegal immigration has harmed working class Americans and how amnesty would make matters worse*

A REPORT BY ERIC RUARK, DIRECTOR OF RESEARCH

## Executive Summary

**Unemployment is at its highest level in 27 years.** Since the current recession began in 2007, the U.S. economy has lost over 8.4 million jobs, the largest drop since the Great Depression. According to February 2010 Census Bureau figures, 13.2 million native-born workers were unemployed — not including those Americans who have been forced to work part-time, taken temporary work, or who have given up looking for work altogether. At the same time, there are an estimated 7.5 million illegal aliens in the U.S. workforce.

The economic opportunities for less-educated native workers have steadily decreased as illegal immigration has increased. The correlation is evident and has been identified by a consensus of labor economists. The influx of uneducated, unskilled illegal alien workers has created a massive labor surplus at the lower end of the labor market. Today, the unemployment rate for those without a high school diploma is over three times that of those who have a college degree. And wages for the working class have stagnated since the 1970s, widening the income gap considerably.

There are many out-of-work Americans who want and need the jobs now being held by illegal aliens. Illegal aliens are doing work not just that American will do but that Americans are doing. From housekeeping to meatpacking, food service to construction work, the native-born make up the majority of workers in these occupations. However, as the share of illegal aliens rises, jobs available to native workers became scarce, and their wages and work conditions diminish.

Fewer Americans can now find entry level jobs, which provide valuable work experience for teenagers and young adults. Wages in many labor intensive occupations have also been kept low by illegal immigration. Jobs that once provided for a solid middle class lifestyle now pay so little and offer so few benefits that workers struggle to support their families. The argument that there is a labor shortage among low-educated, low-skilled workers is patently false. As Vice-President Biden's chief economic advisor has noted, what is really lacking are employers who are willing to pay legal workers a fair wage.

Even if the Obama administration's optimistic job growth projections materialize, there would still not be enough new jobs to keep up with the rate of U.S. population growth. In order to put Americans back to work and strengthen the U.S. economy, the federal government must pursue an immigration policy that acknowledges the balance between the supply of labor and the demand for jobs. Securing the border and taking meaningful action to prevent the employment of illegal aliens would immediately begin to free up millions of jobs now held by illegal aliens. Yet, the Obama ad-

ministration supports amnesty for illegal aliens, which would continue to put of Americans out of work and keep wages artificially low for native-born workers.

An amnesty would reward those who broke the law to enter and work in the illegally U.S., and it would reward the employers who hired them. Those Americans who compete with illegal aliens for scarce jobs would continue to suffer. The lesson of the 1986 amnesty should serve as a model of how not to approach immigration reform, and as a stark reminder of the promises politicians made then to secure the border and end illegal hiring practices. For some reason, there are law-makers today who want to repeat the failures of 1986 on a massive scale. The 1986 amnesty had terrible consequences for American workers. An amnesty today would further undermine the position of lower income Americans and generate enormous fiscal costs that would overburden U.S. taxpayers and cripple the U.S. economy.

Illegal immigration has become, in effect, an inexhaustible source of government sanctioned and subsidized low-wage labor, eroding the welfare of less-educated native-born workers. This report takes a look at how illegal immigration has put Americans out of work and reduced wage levels for all workers across broad sectors of the economy. It also underscores the failure of the 1986 amnesty and the realities of what an amnesty would mean today. Included in the report are the following points:

- There are 25.8 million unemployed, underemployed, or “discouraged” U.S. workers. The unemployment rate for workers with less than a high school diploma: 15.6 percent; with only a high school diploma: 10.5 percent; blacks: 15.8 percent; teenagers: 25 percent; Second Gulf War veterans: 13.4 percent.
- Real wages for American workers have remained stagnant for the past 35 years and the income gap has widened even as the U.S. GDP has continued to increase. Research has shown that the share of GDP attributable to immigrant (including illegal alien) labor is split between the immigrants and their employers.
- Between 1980 and 2000 real wages fell for native-born workers with a high school diploma or less. For certain groups and in certain sectors, the drop was even greater. Overall real wages for males with less than a high school diploma fell 22.3 percent, and workers in the meatpacking industry saw a 45 percent decrease in their real wages between 1960 and 2002.

- Almost half of all adult illegal aliens presently in the United States do not have a high school diploma, and 30 percent have less than a 9th grade education. They are competing directly against native-born teenagers and less-educated adults for jobs.
- While economic conditions did improve for some recipients of the 1986 amnesty, this was largely confined to those who had the highest education levels and spoke English well. As a group, however, those who received amnesty in 1986 showed no upward mobility 15 years later.
- The argument that an amnesty would bring in more tax revenue ignores the fact that the income of most illegal alien households is below the tax threshold. Instead of becoming net taxpayers, amnesty recipients would qualify for tax credits, as well as government entitlement programs. This would cost U.S. taxpayers an estimated \$700 billion a year.

“Too often immigration debates focus on the beneficiaries of immigration policies (that is, the immigrants themselves, employers, and sometimes consumers) while failing to acknowledge that there are always losers too, which is especially important since the losers are disproportionately those already on the bottom rungs of society's economic ladder as well as the taxpayers in general...”<sup>1</sup>

—Vernon Briggs, Emeritus Professor  
Industrial and Labor Relations, Cornell University

## Introduction

**S**ince 2007, the U.S. economy has lost 8.4 million jobs, and total employment is today at the same level as in 2001 when there were 18 million fewer people of working age living in the country.<sup>2</sup> As the U.S. economy fails to keep pace with the rapid rate of population growth, the number of U.S. workers unemployed, underemployed, or experiencing wage deflation will only grow. The Obama administration predicted in February 2010 that its economic policies would create 95,000 new jobs every month, while 100,000 new jobs a month are needed to keep up with population growth.<sup>3</sup> The Economic Policy Institute has found that because of our rising population, 400,000 new jobs would need to be created every month until 2013 just to return to the employment level before the recession began.<sup>4</sup>

The segment of the U.S. population disproportionately affected by the labor surplus is those who are less educated. The unemployment rate for workers without a high school diploma is over three times higher than for those with a college degree. Even under these circumstances there continues to be a discussion of a mass amnesty for illegal aliens, with assurances from the White House that it remains one of President Obama's top priorities. An amnesty would permanently confer legal work status on aliens who are now working illegally and mean that millions of native workers would remain unemployed while others struggle to make ends meet working in low paying jobs. If political leaders wish to put Americans back to work and to help reverse the growing income disparity between high-wage and low-wage workers then they should forswear amnesty for illegal workers, take steps to secure our borders, and vigorously enforce existing laws that forbid the hiring of illegal aliens.

## Supply and Demand THE FIRST RULE OF ECONOMICS

Increasing the supply of a commodity price. This simple economic reality seems lost on those who deny that millions of illegal aliens in the U.S. workforce have driven down the wages of native workers. Ignoring four decades of economic data, including the obvious effect of the 1986 amnesty, there are those who are now making the argument that granting legal status to illegal aliens is the panacea to cure all our economic ills.<sup>5</sup>

There are approximately 7.5 million illegal aliens in the U.S. workforce and their presence has driven down wages and conditions for American workers, particularly those who have only a high school diploma or less, since they are the ones who directly compete with illegal aliens for jobs.<sup>6</sup> An amnesty would not add significant numbers of new workers to the labor market, at least not in the short term: Illegal aliens are already here and have already displaced millions of American workers and reduced the earnings of millions more. What an amnesty *would* do is to sanction the actions of those employers who hired illegal aliens at the expense of native workers, and reward those who entered the U.S. illegally and may have committed other crimes (including felony identify theft or fraud) in order to work without authorization. It would also keep wage levels artificially low for millions of low-skilled American workers.

In addition, amnesty would not stop the future flow of low-skill workers into the United States. The adoption of another mass amnesty like the one in 1986 — but covering 3 to 4 times as many illegal aliens — would reinforce the message that the United States does not have the will to enforce a strict immigration policy. That would be taken as an invitation to continue to illegally seek work in the United States. Employers who previously hired illegal workers will not hesitate to do so again if they can get away with it, and a federal government that has consistently refused to uphold immigration law can not suddenly be trusted to secure the border and pursue interior enforcement. Promises of strict enforcement were made when the last major amnesty was passed in 1986 and are being made again today; yet, many of those now pushing for amnesty have adamantly opposed increased border security and/or enforcement of immigration law already on the books.<sup>7</sup> They support nothing less than a de facto open borders policy.

Even just the discussion of amnesty by elected officials serves to encourage some illegal aliens who may have considered returning to their home countries to remain in the United States, while also attracting others to come in the hopes of receiving U.S. citizenship.<sup>8</sup>

## Immigration and the American Worker

The current recession has severely impacted the earnings and job security of tens of millions of American workers. Unfortunately, proponents of amnesty choose to ignore this in pursuance of their own narrow economic and ideological agendas. Their argument is that amnesty will revitalize the U.S. economy and improve conditions for all workers. While this argument has no evidentiary basis and goes against all economic logic, the hope of those who support this position is to confuse the debate while offering their partisan supporters the cover of legitimacy. This attempt to “muddy the waters” will have catastrophic economic and social ramifications if it guides the decisions of policy makers.

It is true that economists differ on the effect illegal immigration has had on the U.S. economy, but the overwhelming consensus is that the wages of less-educated, low-skill native workers have been negatively impacted. Economists may differ over the degree to which illegal immigration has suppressed wages at this end of the labor market, but the debate is over *how much* not *if*. Some economists have argued that illegal immigration has played a minimal role either in keeping wages stagnant, or in driving them down in certain sectors of the economy. Since these studies have tended to look at urban areas with high numbers of illegal aliens, which also tend to be places where there are more available jobs and wage levels have remained relatively high and unemployment relatively low, these researchers have concluded that illegal immigration does not have a large negative effect on native workers.<sup>9</sup>

What these studies have failed to take into account is the simple logic that illegal alien workers are not attracted to areas where jobs are scarce. Hence, they are concentrated in localities where there are more employment opportunities, and a study that takes only a snapshot of a region with a large illegal alien population may not reveal the long term trend of job displacement, deteriorating wage levels, and native outmigration. Research has shown that native-born workers who have a high school diploma or less are likely to leave high immigration areas in search of better employment opportunities elsewhere.<sup>10</sup>

Also, overlooked is the cost of living factor. Hourly wages in Los Angeles, New York, Chicago, and Miami, cities with large illegal alien populations, will be higher than in other parts of the United States, but the cost of living in these metropolitan areas is also much higher. In order to understand the true effect of immigration, economists have studied its overall impact over time and across labor markets and have found strong evidence that illegal immigration adversely impacts less educated (high school diploma or less) American workers.<sup>11</sup>

The current recession has made it even more difficult to argue that illegal immigration has no adverse effect on native workers. All regions, including metropolitan areas, have seen rising levels of unemployment. The evidence that there is a major labor surplus in the U.S., particularly among less-educated, low-skilled native workers, is irrefutable.

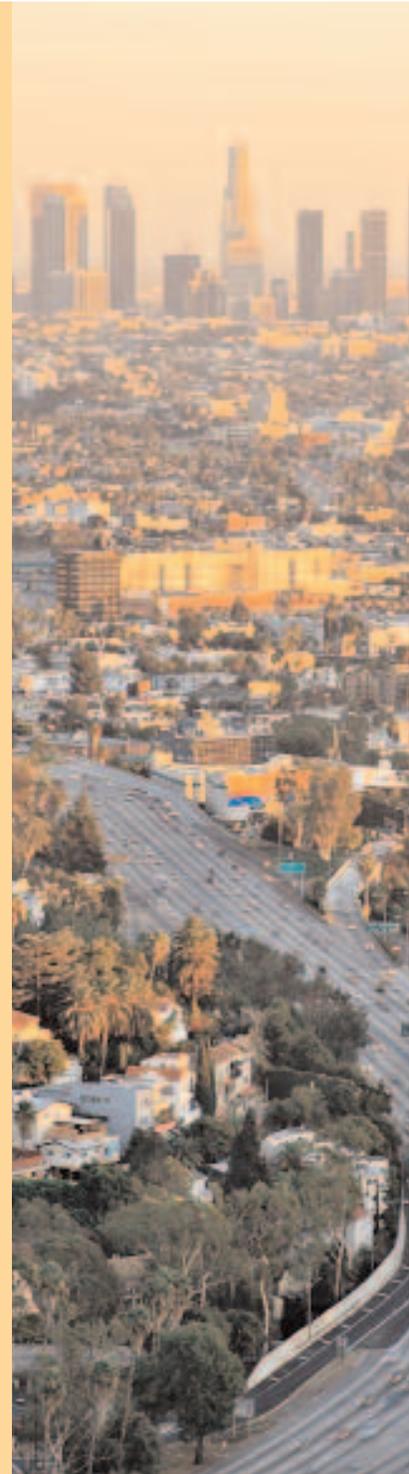
## **HAS ILLEGAL IMMIGRATION BEEN GOOD FOR LOS ANGELES?**

Los Angeles County has one of the highest concentrations of illegal aliens in the country, and a rapidly disappearing middle class. A February 2010 report released by the United Way of Greater Los Angeles found that during the preceding decade the middle class has “eroded” as good paying jobs in the county have vanished.<sup>12</sup>

The report found in L.A. County that:

- 15 percent of the population lives in poverty, including 1 in 5 children.
- Unemployment in the county was 12.3 percent.
- Over the past twenty years, the average worker saw a real wage drop of almost \$2 per hour.
- Wages have been outpaced by rental costs.
- High school graduation rates are at 60 percent, 10 percent lower than the U.S. average.

Los Angeles County demonstrates the impact that illegal immigration is having on the U.S. economy as a whole. According to the United Way’s Elise Buik, “What was disturbing in the report is that wages have been pretty stagnant across the income spectrum... Only the top 1 percent saw a significant increase in their wages. That’s very troubling, and the problems we thought were confined to the working poor (excessive rent, falling wages and uncertain health care coverage) are now creeping up into the middle class.”<sup>13</sup>



## The Myth of a Labor Shortage

“Employers are very quick to raise the specter of a labor shortage, but often it’s another way of saying they can’t find the workers they want at the price they’re paying...They are unwilling to meet the price signal the market is sending, so they seek help in the form of a spigot like immigration.”<sup>14</sup>

—Jared Bernstein, Economic Policy Institute

There is no shortage of labor in the United States. There is instead a shortage of employers who are willing to pay a fair wage to American workers and too many employers who are willing to break the law to hire illegal aliens. This puts added pressure on business owners who want to treat their workers fairly and abide by the law because their competitors who hire illegal workers have an unfair competitive advantage.

The argument that there are not enough American workers to fill low-wage jobs is not true, and no economic study has ever provided evidence that supports this contention. “While it makes for nice cocktail conversation,” said economist David Rosenberg, “the data aren’t showing there is an acute labor shortage in this country.”<sup>15</sup> Jared Bernstein, who currently serves as the chief economic advisor to Vice-President Joe Biden, said in 2007, “I’m a trained economist. I can’t sign on to the idea that there are jobs people won’t do at any price.”<sup>16</sup>

In fact, the numbers show that there are 5.4 job seekers per available job.<sup>17</sup> For some occupations it is much worse. In manufacturing, the ratio of unemployed workers to job openings is 13 to 1.<sup>18</sup> In construction, which has seen a rapid rise in illegal alien workers in recent years, the ratio is 22 to 1.<sup>19</sup> The construction industry used to rely on American workers earning solid middle class wages. It has now become the second largest sector of the labor market employing illegal aliens.<sup>20</sup> Construction work illustrates a trend that is becoming more frequent at the lower end of the U.S. economy. A majority of construction workers are native-born, which means that Americans are willing to do these jobs, and there is a large surplus of native workers who would take construction jobs, yet there were an estimated 1.7 million illegal aliens working in the construction industry in 2008 who have displaced native workers and driven down wages industry-wide.<sup>21</sup>

## **SOME JOBS AMERICANS ARE DOING<sup>22</sup>**

*Percentages represent the native-born share of each occupation.*

- Food prep and service (including fast food): 86%
- Janitors: 75%
- Cooks: 71%
- Dishwashers: 69%
- Parking Lot Attendants: 67%
- Grounds maintenance workers: 65%
- All construction laborers: 65%
- Painters (construction & maintenance): 63%
- Butchers and meat processing workers: 63%
- Roofers: 61%
- Taxi drivers and chauffeurs: 58%
- Maids and housekeeping workers: 55%
- Agricultural workers: 50%

## **The Unemployment Numbers**

“Basically...there is a massive labor surplus in the United States...and the working class is getting crushed.”<sup>23</sup>

—Andrew Sum, Professor of Economics, Northeastern University

There are approximately 7.5 million illegal aliens currently working in the United States, constituting roughly 5.4 percent of the total labor force.<sup>24</sup> As of January 2010, the U.S. unemployment rate was 9.7 percent with almost 15 million Americans out of work. However, as bad as those figures are, the official unemployment rate leaves out those who are involuntarily working part-time and so-called “marginally attached” workers — those who want to work and are seeking employment intermittently, and those who have given up hope of finding work due to the condition of the job market. The figure that includes all unemployed and underemployed is known as the U-6 measure, and this figure in January 2010 was 16.8%, representing 25.8 million workers.<sup>25</sup>

Illegal immigration has the most direct negative impact on the less-educated native-born worker. Between 1990 and 2000, immigration was responsible for a 21 percent increase in the number of

high school dropouts in the United States due to the millions of illegal aliens who entered the country and the workforce.<sup>26</sup> While job displacement for native workers with college degrees, particularly in the high-tech sector, has become more widespread, less-educated workers face more competition for jobs and are less able to accommodate a drop in income.

The vast majority of illegal aliens have little formal education. Three-fourths have a high school diploma or less, and 47 percent have not completed high school.<sup>27</sup> One-third have less than a ninth-grade education.<sup>28</sup> Because illegal aliens have little education, employers hire them for labor-intensive and entry-level jobs that have traditionally been filled by Americans with low levels of education or little work experience. Illegal aliens are not hired because there is a lack of suitable American workers. The number of native workers with a high school education or less who are unemployed, underemployed, or are simply not in the workforce is a staggering 29.1 million.<sup>29</sup>

Particularly troubling is the unemployment rate for teenagers. Many jobs held by illegal aliens, such as in fast food or seasonal work, were once entry level jobs that introduced teenagers to the labor market and gave them valuable work experience. Today the unemployment rate for all native-born teens (ages 16-19) is 25 percent. For Hispanic teens the unemployment rate is 31.6 percent, and for Blacks

it is 42 percent.<sup>31</sup> One out of five black males aged 20 to 24 is neither in school nor in the workforce.<sup>32</sup> The joblessness of America's youth is a serious problem and it will have profound future social implications. Youth who do not enter the job market continue to remain unemployed throughout much of their adult lives, and earn lower wages when they do work.<sup>33</sup> They are also more likely to drop out of high school and have a much higher rate of teen pregnancy and criminal activity.<sup>34</sup> Studies show a direct correlation between the increased presence of illegal alien workers and the displacement of native-born youth.<sup>35</sup>

### **U.S. EMPLOYMENT RATES<sup>30</sup>**

- Official Unemployment Rate: 9.7%
- U-6 Measure: 16.8%
- Less than a HS Diploma: 15.6%
- HS Diploma: 10.5%
- Some College: 8.0%
- Bachelor's Degree or Higher: 5.0%
- Blacks: 15.8%
- Hispanics: 12.4%
- Teenagers: 25%
- Second Gulf War Vets: 13.4%

## Illegal Immigration and Working Class Wages

The difference between the pre- and post-immigration wages of native-born workers is not lost to the economy but is instead reallocated: part of the wages that previously went to native-born workers...now goes to capital holders and part...to foreign-born workers....The total benefits that capital owners derive from increased immigration is equal to the immigration surplus...and part of the wages transferred from native-born workers.

—Congressional Research Service<sup>36</sup>

Those who work in occupations where large numbers of illegal aliens are employed have also seen a reduction in their wages. Harvard economist George Borjas has found that between 1980 and 2000 real wages for natives with less than a high school education fell by 7.4 percent and 2.1 percent for high school graduates.<sup>37</sup> For some groups, and in certain occupations (as we will see below) the wages have declined even more substantially. A 2009 study found that between 1973



Most illegal aliens who come to the United States do so not because they are without work in their home country but because they want higher paying jobs in America. The Pew Hispanic Center found that only 5 percent of illegal aliens from Mexico were unemployed *before* they came to the United States. Unlike previous illegal alien workers, the most recent arrivals are moving into jobs in construction and in the service industry, where native-born make up the majority of workers.<sup>41</sup>

and 2007, real wages for male workers fell 10.5 percent for high school graduates and 22.3 percent for those without a high school diploma.<sup>38</sup>

Real wages for all workers have stagnated since 1973 even as the productivity of American workers has grown steadily.<sup>39</sup> Illegal immigration has significantly impacted this trend by holding down or reducing wages for less-educated workers. The current recession has exacerbated this problem. Weekly wages of non-supervisory workers fell by 1.6 percent in 2009, the steepest yearly drop in twenty years, while medical costs rose by 3.4 percent and college costs rose by 6 percent, capping a 92 percent rise in college costs over the last decade.<sup>40</sup>

### MEATPACKING

The presence of large numbers of illegal aliens has lowered the wages in sectors of the economy that employ less-educated Americans. While once it was pos-

sible for Americans working at the lower end of the economic spectrum to earn enough to support a family, millions of illegal aliens in the U.S. workforce have caused there to be jobs that, indeed, Americans are less willing to do because it is very difficult to earn a living wage in these occupations.

“Because the lower post-immigration wage...makes work less rewarding, some native-born workers will find other activities more attractive.”

—Congressional Research Service<sup>42</sup>

In 1960, meatpacking workers earned 15 percent more than that average wage for manufacturing workers.<sup>43</sup> In 2002, they were earning 25 percent less than the average manufacturing wage, and real wages for industry workers had dropped 45 percent.<sup>44</sup> Many of these jobs now are being done by illegal alien workers.<sup>45</sup> Industry conditions have also deteriorated and become more dangerous, as illegal workers have little recourse to report unsafe or unsanitary conditions.<sup>46</sup> Most Americans get their meat from a few large suppliers who have a history of exploiting their workers and failing to adequately maintain safe food practices at their processing plants.<sup>47</sup>

Because many slaughterhouse and meatpacking jobs are held by illegal aliens, they have become labeled “jobs Americans won’t do.” Yet, history demonstrates otherwise, as does present day reality. After workplace enforcement actions by Immigration and Customs Enforcement (ICE), those jobs vacated by illegal aliens have been filled by legal workers, with many native-born among them, and wages and conditions at the plants have improved markedly.<sup>48</sup> In 2006, 1,300 illegal workers were arrested at six different Swift & Co. plants.<sup>49</sup> New employee screening led to a loss of an estimated 400 additional illegal workers.<sup>50</sup> Within five months all six plants had resumed full production with legal workers who received an average pay increase of 8 percent.<sup>51</sup> Workers at one Smithfield plant in North Carolina tried to unionize unsuccessfully for 15 years. It was not until illegal workers were replaced by locals that the United Food and Commercial Workers union was finally able to win an election at the plant.<sup>52</sup>

## THE CHIMERA OF THE RISING GDP

Between 1967 (when income data for households first became available) and 1992, the shape of the household income distribution changed dramatically. This 25-year period was one of increasing household income inequality — as evidenced by several measures.<sup>53</sup>

—U.S. Census Bureau

One thing that proponents of mass immigration and amnesty point to as a positive effect of illegal immigration is that illegal workers contribute to the Gross Domestic Product (GDP) and help to raise the economic output of the United States. A recent study put out by the Center for American Progress (CAP) goes even further, predicting that amnesty for illegal aliens will cause the U.S. GDP to rise by approximately \$150 billion a year for ten years (U.S. GDP was \$14.2 trillion in 2009). The author of the CAP study is not an economist but an associate professor of Chicano/Chicana Studies at UCLA and based this estimate not on verifiable data but on a series of implausible assumptions.<sup>54</sup>

It is true that all workers, including illegal aliens, contribute to the GDP, but the GDP tells us very little about the distribution of wealth. As the evidence shows, any increase in national income due to immigration is distributed in part to immigrants and in part to those who employ immigrants. Native-born workers suffer the consequences of lost jobs and falling wages. Those most hurt by illegal immigration (and amnesty) are the most economically vulnerable American workers. While an increased in illegal immigrant workers may raise the GDP, the *per capita* share of the GDP will not similarly increased. Furthermore, illegal aliens send part of their wages back to their home countries, taking that money out of the U.S. economy. In 2009, remittances to Latin America totaled \$58.8 billion.<sup>55</sup>

“...[I]t is frequently argued that low-skill immigration is beneficial because low-skill immigrants expand the gross domestic product (GDP). While it is true that low-skill immigrants enlarge the GDP, the problem with this argument is that the immigrants themselves capture most of the gain from expanded production in their own wages. Metaphorically, while low-skill immigrants make the American economic pie larger, they themselves consume most of the pie slice their labor adds.”<sup>56</sup>

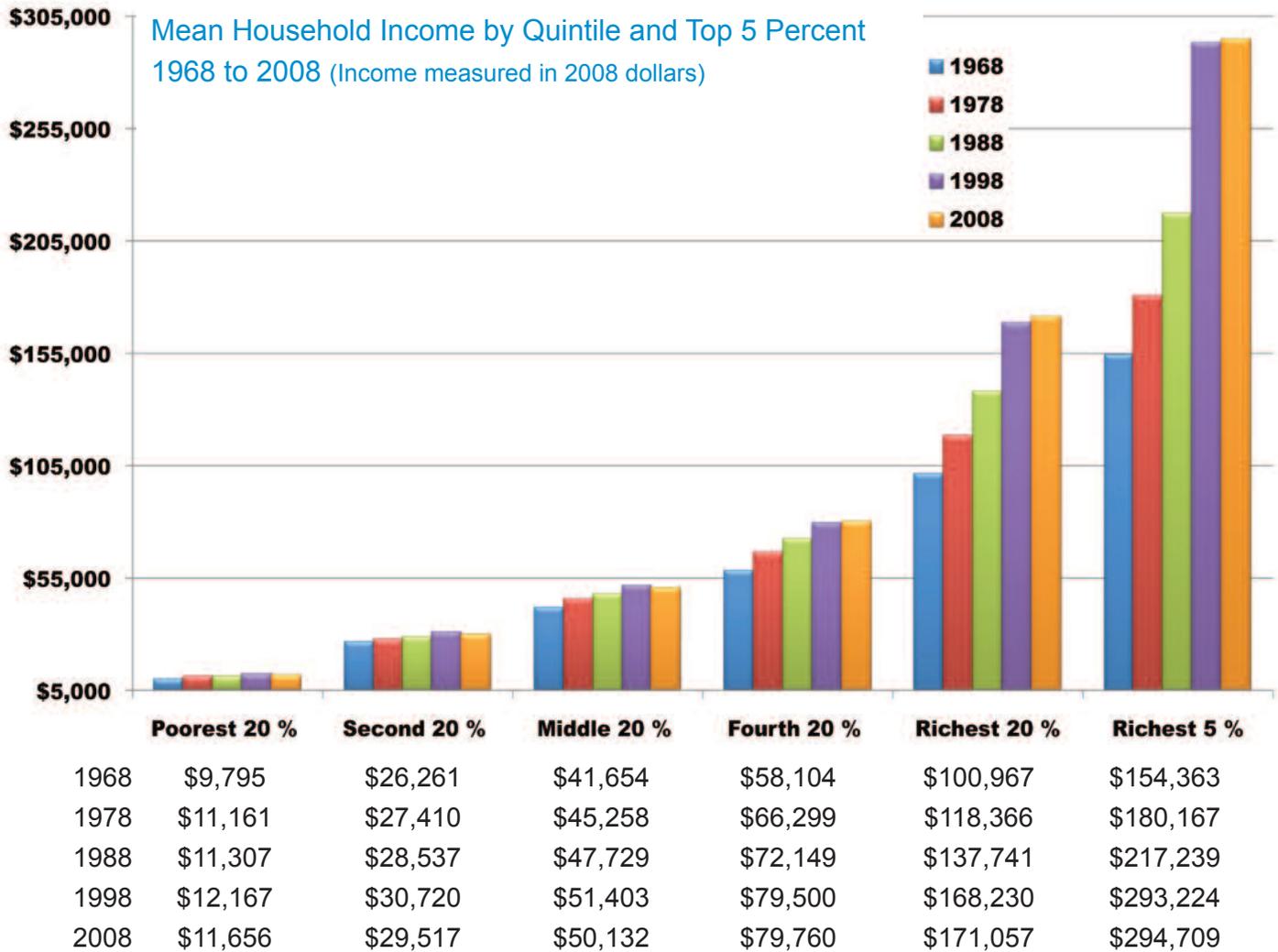
—Robert Rector, The Heritage Foundation

It is the per capita GDP that is the real measure of economic gain. While the United States has the highest GDP in the world, its per capita share of GDP ranks 10th overall.<sup>57</sup> Mexico had the 12th highest GDP the world in 2008, ahead of Australia, Canada, South Korea, the Netherlands, and many other wealthy industrialized nations.<sup>58</sup> If GDP was a good indicator of a nation’s economic health and equality then there would be very few illegal aliens coming into the U.S. from Mexico.

Any incremental increase in the GDP that may be attributable to illegal workers is far less than the fiscal costs of illegal immigration, even factoring in any taxes paid into the system by illegal aliens.<sup>59</sup> Because of this, American workers have suffered job losses and depressed wages in addition to

having to shoulder the tax burden imposed by illegal immigration. In the midst of a deep recession, with job losses mounting and the U.S. GDP *decreasing* from 2008 to 2009, the situation for many American workers has worsened considerably.<sup>60</sup> And even during periods when the GDP was increasing, the income gap grew by a wide margin.

**AMERICA'S GROWING INCOME GAP:**  
**Mean Household Income by Quintile and Top 5 Percent**  
 1968 to 2008 (Income measured in 2008 dollars)



**INCREASE**

\$	<b>\$1,861</b>	<b>\$3,256</b>	<b>\$8,478</b>	<b>\$21,656</b>	<b>\$70,090</b>	<b>\$140,346</b>
%	<b>19%</b>	<b>12%</b>	<b>20%</b>	<b>37%</b>	<b>69%</b>	<b>91%</b>

Source: "Table H-3: Mean Household Income Received by Each Fifth and Top 5 Percent," Historical Income Tables—Households, U.S. Bureau of the Census. (<http://www.census.gov/hhes/www/income/histinc/inchhtoc.html>); Philip Cafaro, "The Economic Impacts of Mass Immigration into the United States and the Proper Progressive Response," Policy Brief # 09-2, Progressives for Immigration Reform, December 2009, p.2 (<http://www.progressivesforimmigrationreform.org/wp-content/uploads/2009/12/cafaropdf>)

## FACTS ABOUT THE 1986 AMNESTY

- The average amnesty recipient had a seventh grade education.<sup>63</sup>
- In 1992, only 36 percent of amnestied adults were proficient in English.<sup>64</sup>
- One quarter of amnestied adults had a family size of six or more.<sup>65</sup>
- Fraud was rampant in the amnesty process, with one study finding a quarter of all approved applications were fraudulent.<sup>66</sup>
- There was no overall upward mobility for recipients 15 years after amnesty.<sup>67</sup>
- By 2001, only 33 percent of amnesty recipients had naturalized compared to the rate of 56 percent for all other legal permanent residents.<sup>68</sup>
- The total cost of amnesty ten years later was \$78.7 billion.<sup>69</sup>
- Following the 1986 amnesty, the U.S. experienced an unprecedented rise in illegal immigration.

## IRCA and Its Effects

“Future generations of Americans will be thankful for our efforts to humanely regain control of our borders and thereby preserve the value of one of the most sacred possessions of our people: American citizenship.”<sup>61</sup>

—President Ronald Reagan, 1986

“No one believed [the 1986 amnesty] was tough enough on illegal immigration, and it didn’t give enough flexibility on future legal immigration.”<sup>62</sup>

—Congressman Charles Schumer, 1986

In 1986, the Immigration Reform and Control Act (IRCA) was passed, eventually granting amnesty to over 2.8 million illegal aliens. IRCA also required that the border be secured against future illegal crossings and measures instituted to prevent and punish employers who hire illegal workers. Since 1986, the number of illegal aliens more than quadrupled and there was virtually no workplace enforcement until the Bush administration stepped up efforts after its failed push for amnesty in 2006/2007.

The 1986 amnesty did not end the demand for cheap labor, nor was it accompanied by increased border security and workplace enforcement. Amnesty proponents today are making the same promises about securing the border and enacting tough penalties for employers who hire illegal aliens, but the legislative record and 23 years of history show these promises to be hollow. Those in Congress pushing the hardest for amnesty claim that the border is already secure, while they have continually sought to undermine interior enforcement.<sup>70</sup>

The IRCA amnesty is the example of how *not* to approach immigration reform, yet, for some, it is the model for a massive new amnesty. Several recent reports have lauded the “success” of the 1986 amnesty, but gains were limited to the recipients and even these were minimal. The Center for American Progress has claimed that the wages for IRCA beneficiaries rose 15 percent due to the amnesty and they cite a 1996 Department of Labor report as evidence.<sup>71</sup> What the report actually found was that for a small percentage of 1986 amnesty recipients — those who spoke English well and possessed the most job skills — their wage levels increased after legalization.<sup>72</sup> However, the report also shows that this group had seen similar wage increases *prior* to the 1986 amnesty, and even those amnestied workers who saw an increase in earnings still earned substantially less than comparable workers.<sup>73</sup>

Despite the greatest period of economic growth in U.S. history during the mid- to late-1980s, and the internet boom of the 1990s, those legalized under IRCA as a whole showed no visible signs of upward mobility between 1986 and 2002.<sup>74</sup> Even attempts to put a positive spin on the results of IRCA highlight the lack of economic progress for most of those who received amnesty. The Immigration Policy Center touts the success of IRCA by pointing out that “of Mexican men legalized under IRCA...38.8 percent had moved into higher-paying occupations by 1992.”<sup>75</sup> This is the same as saying that 61.2 percent of Mexican men had *not* moved into higher paying jobs five years after becoming legal permanent residents. The majority of those who received amnesty in 1986 continued to work in low-paying jobs with little opportunity for advancement because they lacked vital job skills, particularly the ability to speak English well.

On the other hand, the cost to native workers and U.S. taxpayers was enormous. While amnesty did not appreciably improve the economic situation for amnesty recipients, it did open up to them the panoply of government assistance programs. An estimate of the net cost to U.S. taxpayers ten years after amnesty was \$78.7 billion, with 1.87 million workers displaced over that time.<sup>76</sup> Worst of all, 1986 only set the stage for a massive increase in illegal immigration to the United States and the expectation by a powerful coalition of special interest groups that the federal government would forever abjure its responsibility to uphold immigration law.

## What Another Amnesty Would Mean

A statistical portrait of the current illegal alien population highlights the fact that they remain largely uneducated, low-skilled, and work predominately in low-wage jobs, thus helping to keep wages in that sector artificially low. Nearly half (47%) of illegal aliens ages 25-64 have less than a high school education and 30 percent have less than a ninth grade education.<sup>77</sup> The median annual income in 2007 for illegal alien households was over one-fourth less than that of native households, while illegal alien households contain one-third more workers.<sup>78</sup> Even after a decade of working in the United States, the median income for illegal alien households shows negligible gain.<sup>79</sup>

The poverty rates for both illegal alien adults and their children are double those of their native-born counterparts.<sup>80</sup> Reliable estimates of the illegal alien population without health insurance range from 59 to 68 percent and nearly 45 percent of U.S.-born children of illegal aliens are uninsured.<sup>81</sup> An amnesty will not change the impoverished condition of illegal aliens, as it will not transform them into educated, highly-skilled workers. The wages for those illegal aliens who are not now being paid the minimum wage might rise, but this would not be enough to lift these workers out of poverty. It could, however, result in lower wages for natives, as gains in immigrant pay result in losses for native-born workers.<sup>82</sup>

An amnesty would have the direct opposite effect of what is needed to provide advancement opportunities for U.S. workers at the low end of the economic spectrum. The United States already has a surplus of low-skilled native labor. For those who compete directly against illegal aliens for jobs, the unemployment rates in January 2010 were 25 percent for teenagers, 15.6 percent for those with less than a high school diploma, and 10.5 percent for those with only a high school diploma.<sup>83</sup> Not only would amnesty allow the beneficiaries total access to the U.S. labor market, it would also allow amnesty recipients greater access to welfare programs, further straining government budgets and jeopardizing benefits available to low-income natives.

The oft-repeated argument that an amnesty would result in increased tax revenues is based on the false premise that those amnestied workers would earn enough to pay income tax. Because illegal aliens earn such low wages they would not become net taxpayers. An amnesty could mean that more taxes would be withheld from the newly legalized workers, but these workers who are not already claiming the Earned Income Tax Credit (EITC) and the Additional Child Tax Credit (ACTC) would become legally entitled to do so. The result likely would be an additional drain on the U.S. Treasury of an estimated nearly \$22 billion per year.<sup>84</sup>

As high as the current cost of illegal immigration is, the price of amnesty would be enormous. Heritage Foundation researcher Robert Rector has estimated that lower-skilled immigrants will already cost taxpayers \$1.5 trillion per year in welfare benefits over the next decade.<sup>85</sup> He estimates that an amnesty would cost an additional \$700 billion a year.<sup>86</sup> If the health care reform favored by the Obama Administration passes Congress, these figures will rise exponentially. Just the cost of processing the millions of amnesty applications would be huge, and paid for by U.S. taxpayers, not to mention the high probability of rampant fraud and ineffective criminal background screening.

Most importantly, an amnesty would attract more illegal aliens. The border was not secure before the 1986 amnesty and it remains unsecured in 2010. Those presently calling for amnesty claim that adequate measures have been taken to prevent illegal immigration, while all evidence contradicts this assertion.<sup>87</sup> In a May 2009 hearing of the Senate Judiciary Committee, Senator Charles Schumer, who has worked on crafting amnesty legislation in the 111th Congress with Senator Lindsay Graham, pronounced that the border was secure and the time for amnesty had come.<sup>88</sup> But by the Department of Homeland Security's own admission, just a little more than 10 percent of the U.S. border is under "effective control."<sup>89</sup>

## Conclusion

The evidence overwhelmingly disproves the assertion that there is a labor shortage in the United States, and yet the push for an amnesty that would permanently cede jobs to the current illegal alien population is still coming from Capitol Hill and the White House. The best that proponents of mass amnesty can do is to argue that the influx of low-skilled workers has not been *that* bad for native workers. And they are asking that American taxpayers pay an enormous price for the fiscal cost of illegal immigration.

In order to buy the case being made for amnesty, one would have to accept that the border is secure, that the increase in illegal aliens has not adversely affected native workers, and that the incorporation of tens of millions of uneducated, low-skilled, impoverished new permanent residents who will pay no taxes but instead receive government assistance would lead to job creation, higher wages for all workers, and increased tax revenues.

The number of illegal aliens who would be likely to benefit from an amnesty would equal 8 to 10 years of current annual legal admissions, while at the same time the border would remain unsecured, and the same politicians and political appointees who now oppose efforts to enforce immigration law would remain in office. Furthermore, the amnesty bills introduced in 2006, 2007, and by Con-

gressman Luis Gutierrez in October 2009 (H.R. 4321) also allowed for a significant annual increase in legal immigrant admissions.

If 10 to 15 million illegal aliens were given amnesty the message broadcast abroad would be that the United States is not prepared to stop the flow of illegal immigration. The factors that attract illegal aliens will remain in place and an amnesty would only add to the problem. Once again the United States would make it clear to the rest of the world that it is not serious about upholding its immigration laws but remains prepared to generously reward those who disrespect its laws.

## Recommendations

Illegal immigration is not necessary to prop up the U.S. economy. Threats that there would be no American workers to fill vacancies if illegal aliens returned to their home countries have no basis in fact. Freeing up jobs for native-born workers would put Americans back to work, provide an immediate boost to the economy, and reduce fiscal costs to federal, state, and local governments.

Illegal immigration is not necessary, nor is it inevitable. The first and most important step towards ending illegal immigration is simply the enforcement of immigration laws already on the books. If illegal aliens knew that they had little chance of getting a job in the U.S., and that they would be detained and deported if they were apprehended by law enforcement officers, the numbers of illegal aliens in the United States would be significantly reduced over time. This **attrition through enforcement** has been shown to work and is a simple and cost-effective approach.

While the federal government has the primary responsibility for enforcing immigration laws, state and local governments have a key role to play in either discouraging or encouraging illegal aliens to settle in their area. State and local policies can either facilitate or hinder federal immigration law enforcement efforts. But until employers are held accountable for hiring illegal alien workers and state and local law enforcement agencies work cooperatively with federal immigration officials to identify and remove illegal aliens, the illegal alien population is likely to continue to grow.

### THE FEDERAL GOVERNMENT SHOULD:

- Secure the border by building an effective barrier in high traffic areas, increase the numbers of agents deployed on the border, and make use of proven technologies in more remote areas.
- Allow for greater information sharing between the Social Security Administration and the Department of Homeland Security in order to better identify and punish employers who wittingly hire illegal workers.

- Withhold federal funds from “sanctuary” jurisdictions that instruct law enforcement officers to ignore the legal status of suspects or arrestees.

#### STATES SHOULD:

- Stop issuing the nation’s fundamental identity document — the driver’s license — to illegal aliens and invalidate the driver’s licenses already issued to persons without valid social security numbers and legal residence.
- Bring the driver’s license into full compliance with the federal REAL-ID standards.
- Require employers to enroll in the E-Verify system, a free electronic verification system that verifies the work authorization of newly hired employees.
- Forbid the establishment of “sanctuary” cities.
- End funding to private organizations that assist illegal aliens with services other than those mandated by the federal government.

#### COUNTIES AND MUNICIPALITIES SHOULD:

- Enroll in the 287(g) program to train local law enforcement officers how to identify detained illegal aliens and put them into deportation proceedings.
- Collect data on educational and medical services provided to illegal aliens by requiring reports on the use of county or local funds for services provided to persons without valid social security numbers. Citizens should be aware of the tremendous costs associated with illegal immigration in their communities.

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The Federation for American Immigration Reform (FAIR) is a national, nonprofit, public-interest, membership organization of concerned citizens who share a common belief that our nation's immigration policies must be reformed to serve the national interest.

FAIR seeks to improve border security, to stop illegal immigration, and to promote immigration levels consistent with the national interest — more traditional rates of about 300,000 a year.

With more than 250,000 members and supporters nationwide, FAIR is a non-partisan group whose membership runs the gamut from liberal to conservative. Our grassroots networks help concerned citizens use their voices to speak up for effective, sensible immigration policies that work for America's best interests.

FAIR's publications and research are used by academics and government officials in preparing new legislation. National and international media regularly turn to us to understand the latest immigration developments and to shed light on this complex subject. FAIR has been called to testify on immigration bills before Congress more than any organization in America.

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