

LABOR MARKET IMPACTS OF AMNESTY: A COMPARATIVE ANALYSIS OF IRCA AND CURRENT CONDITIONS

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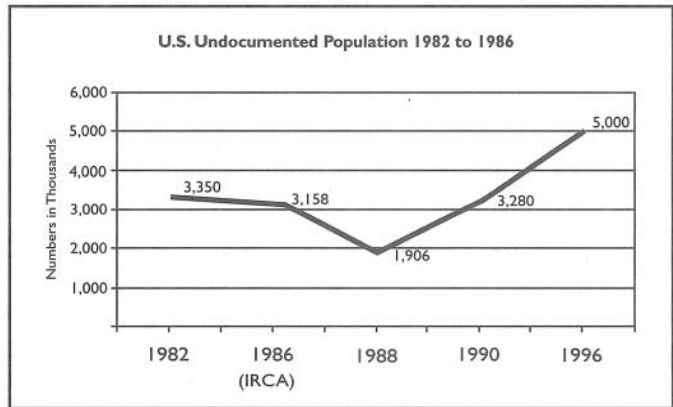
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The Immigration Reform and Control Act (IRCA) of 1986 serves as an important precedent to any discussion regarding new amnesty legislation. The legalization program under IRCA was intended to “bring out of the shadows” longer-term undocumented immigrants who had been contributing to society and had developed significant social (family) and economic “equities” in the process. Conclusions drawn from studies evaluating the effect of IRCA support the introduction of new amnesty legislation to address both labor shortages in our expanding economy and large populations of undocumented workers.

I. IRCA had the immediate result of decreasing the flow of undocumented immigrants and has over time decreased the number of those undocumented immigrants who arrived before 1982;

There was a sharp decline in INS border apprehensions in the immediate post-IRCA period, and the reason cited most often is the combined effect of IRCA’s two major legalization programs, which effectively removed three million individuals from the universe of those risking apprehension.

II. Recent immigration trends have resulted in a large increase in the numbers of undocumented immigrants who are ineligible for IRCA amnesty.



Source: Passel and Woodrow, Change in the Undocumented Alien Population in the United States, 1979-1983, International Migration Review; Bean, Edmonston and Passel, Undocumented Migration to the United States: IRCA and the Experience of the 1980's; National Council of La Raza Policy Analysis Center, Unfinished Business: The Immigration Reform and Control Act of 1986, 1991

INS statistics illustrate that IRCA substantially reduced the size of the undocumented resident population. Under section 245A alone, about 1.76 million long-term undocumented residents became legitimate members of American society. Overall, 3.04 million were legalized under IRCA. As a short-run solution to the numbers problem, this program was clearly a success. However, because undocumented

AVERAGE MONTHLY VALUES OF THE UNDOCUMENTED FLOW IN PRE-IRCA AND POST-IRCA PERIODS							
Item	Pre-IRCA			Post-IRCA	Percentage Deviation of Post-IRCA Values from Pre-IRCA Values		
	Jan. '77 - Oct. '86 (118 mos.)	Jan. '85 - Oct. '86 (22 mos.)	Oct. '85 - Sept. '86 (FY '86)	Dec. '86 - Sept. '88 (22 mos.)	Jan. '77 - Oct. '86 (118 mos.)	Jan. '85 - Oct. '86 (22 mos.)	Oct. '85 - Oct. '86 (FY '86)
Monthly flow of Undocumented Immigrants	175,000	246,000	256,000	178,300	+1.8	-27.5	-30.5

Source: Bean, Edmonston, and Passel, Undocumented Migration to the United States: IRCA and the Experience of the 1980's, 1991.

flows have not been curtailed, the stock of unauthorized residents has continued to grow (Warren, Estimates of the Undocumented Immigrant Population Residing in the United States, by Country of Origin and State of Residence: October 1992, 1995). This trend, illustrated in the previous graph "U.S. Undocumented Population," presents the same problem that IRCA was designed to

address in 1986, indicating the necessity for immediate legislative action to reduce the number of immigrants living in the "shadows."

TOTAL NUMBER OF IRCA LEGALIZATION APPLICANTS (AS OF 1996)			
	Pre-1982 LAW Applicants (Section 245A)	SAW Applicants (Section 210)	Total
Total	1,763,434	1,277,514	3,040,948
North America	2,277,336	1,098,053	2,277,336
Canada	7,309	156	7,465
Mexico	1,229,543	1,040,242	2,269,785
Other N.A.	67	19	86
Central America	237,270	50,846	288,116
South America	74,121	30,846	104,260
Asia	82,467	70,016	152,483
Africa	32,287	13,867	46,154
Europe	35,112	5,027	40,139
Oceania	4,188	3,246	7,434

Source: Department of Labor Bureau of International Labor Affairs, Characteristics and Labor Market Behavior of the Legalized Population Five Years Following Legalization, 1996.

III. IRCA's amnesty programs raised wage levels for those undocumented workers who applied for legalization.

(Continued on page 8)

Earnings of Legalized Workers by Various Characteristics: at Time of Legalization Application and 1992					
Variable Characteristic		Mean Hourly Wage (constant 1992 dollars) At Application		Individual Earning 1991 (median)	Family Earnings 1991 (median) In 1992
Total	U.S. Workers^b	\$8.98	\$10.33	\$17,146	\$35,939
	Legalized Workers	\$7.57	\$8.71	\$12,670	\$20,147
Sex	Male	\$8.33	\$9.43	\$15,198	\$21,968
	Female	\$6.15	\$7.41	\$ 8,748	\$17,507
Place of Residence	California	\$7.67	\$9.02	\$12,597	\$20,498
	Texas	\$6.34	\$7.17	\$11,019	\$16,396
	New York	\$8.38	\$9.13	\$14,778	\$20,976
	Other	\$7.75	\$8.68	\$13,211	\$21,100
Ability to Speak English	Not at all	\$6.08	\$6.65	\$9,165	\$15,137
	Not very well	\$7.22	\$8.11	\$11,943	\$18,761
	Very well	\$8.87	\$10.33	\$16,119	\$25,352
Years of Schooling Completed	6 or less	\$6.91	\$7.56	\$10,963	\$17,187
	7 to 11	\$7.29	\$8.09	\$12,470	\$19,260
	12 or more	\$8.93	\$10.92	\$16,903	\$27,041

^a U.S. workers, annual average, 1987; Legalized workers' wages during week prior to application in either 1987 or 1988. ^b Earnings of U.S. production or non-supervisory workers on private non-farm payrolls

Sources: DOL Bureau of International Labor Affairs, Characteristics and Market Behavior of Legalized Population Five Years Following Legalization, May 1996; Legalized workforce (Legalized Population Survey [LPS1] restricted sample and Legalized Population Survey [LPS2]); U.S. wage data (BLS, Employment and Earnings, January 1993. Annual average); U.S. earnings data (BLS, unpublished data from the Current Population Survey, March 1992).

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Low wages before IRCA

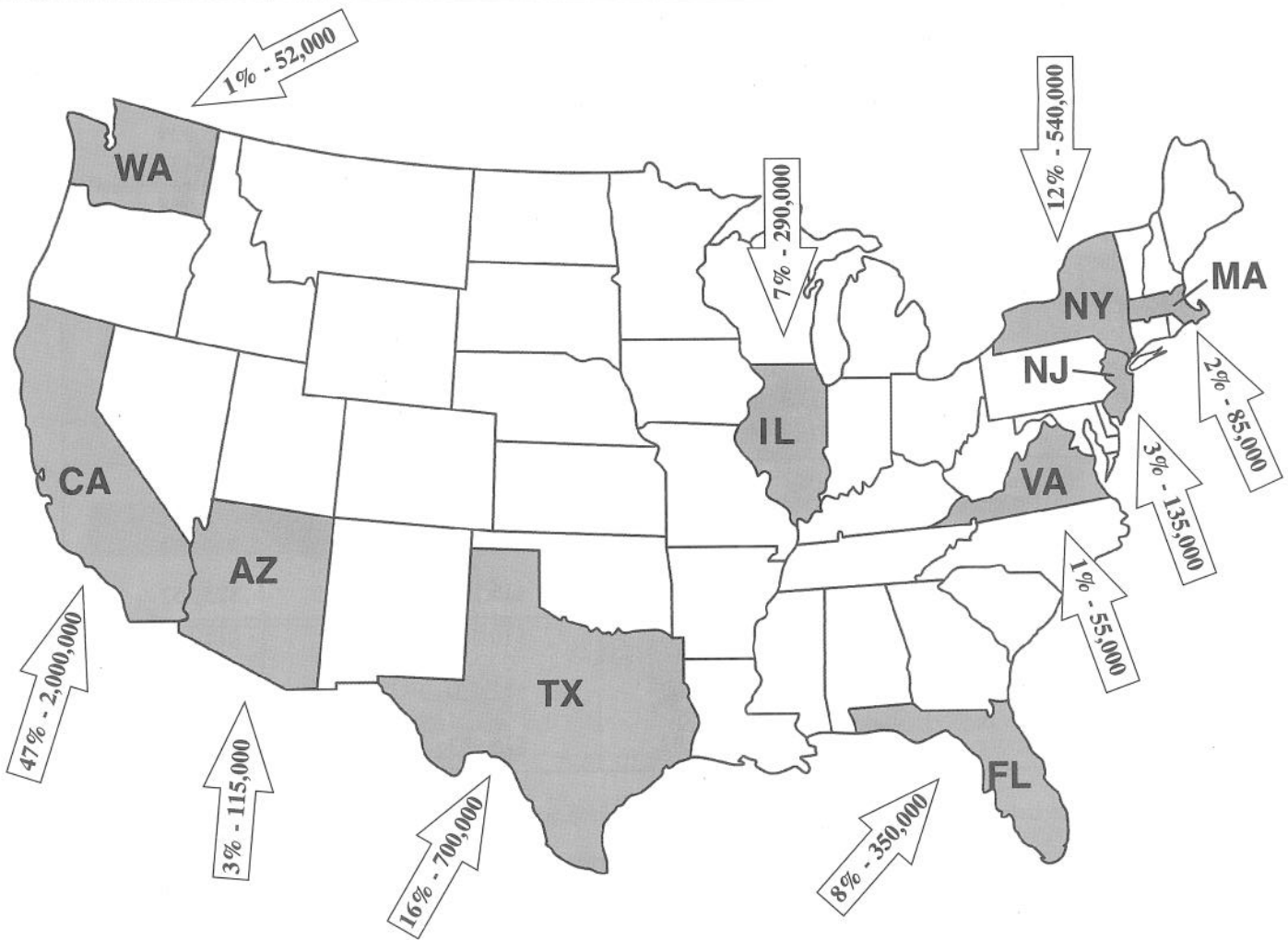
A variety of studies computed the average wage rate of undocumented migrants identified through small, nonrandom surveys of local communities and showed that undocumented migrants generally earn very low wages (North and Houston, 1976; Villalpando, 1977; Flores and Cardenas, 1978; Cornelius, 1978; Keeley et al., 1978; Maram, 1980); and when studies compared legal and undocumented migrants directly, the latter's wages were always lower (Grasmuck, 1984; Simon and DeLey, 1984).

Average wage differentials (before and after IRCA)

The Department of Labor's Bureau of International Labor Affairs conducted a study published in 1996 that earnings of newly legalized workers rose by 15 percent when compared to earnings immediately prior to their application for legal status under IRCA. (See table illustrating Earnings of Legalized Workers by Various Characteristics on page 7)

When differences with respect to important background variables, such as education and experience, are held constant, the wage gap attributable to legal status

UNDOCUMENTED PERSONS, TOP TEN STATES OF RESIDENCE, 1996 ESTIMATES



narrows somewhat, but remains statistically significant in several studies (Heer and Falasco, 1983; Morales, 1983; Kossoudji and Ranney, 1984).

IRCA opened door to investments in human capital.

As implied above, wage growth is most heavily influenced by such factors as education, English proficiency, sector of employment, and recency of arrival in the United States. Prior to legalization, a large share of the IRCA legalized population was caught in a pattern of "occupational churning." The need to avoid detection prevented undocumented immigrants who were capable of seeking training from doing so. Without adequate credentials, they could not rise out of entry level "immigrant" jobs.

Legalization appears to be a turning point for these immigrants. Studies show that amongst newly legalized immigrants, there was a surge of investment in language skills, education, training and general economic assimilation, particularly necessary for more effective and productive participation in an increasingly technological and information-based economy. A 1996 Department of Labor study by Kossoudji and Cobb-Clark titled "Legalization, Wages, and Self-Investment" found that about 43 percent of Mexican men, 53 percent of those from Central America, 48 percent of those from other Western Hemisphere countries, and 44 percent of those from countries outside the Western Hemisphere undertook some type of skill enhancement training post-legalization. This represented more than a doubling of the previous rate of human capital accumulation for most origin groups.

"Off the books" employment

One purpose of the IRCA legalization program was to reduce the number of undocumented immigrants in the underground economy. Advocates reasoned that by granting these immigrants work authorization, the government could more effectively protect wages and working conditions and better integrate these workers into

the tax system. The implicit assumption was that many, if not most, worked "off the books."

Neither undocumented migration nor underground employment lends itself to statistical analysis. Hence, the validity of this initial assumption has never been rigorously tested. However, various case studies have cast some doubt on its accuracy. For instance, in their study of migrants circulating between 21 Mexican communities and the United States, Donato and Massey (1995) found that most unauthorized immigrants pay taxes, suggesting that they hold jobs in the formal economy. Sixty-six percent of undocumented workers paid taxes through payroll deduction. An even larger percentage of legalized immigrants in their sample (87 percent of SAW's and 97 percent of pre-1982 LAW workers) reported such tax-related deductions, suggesting that legalization may have marginally increased tax receipts. The Department of Labor Bureau of International Labor Affairs reports that 90 percent of legalized immigrants surveyed in 1992 said their employers withheld Social Security and other Federal, State, and local taxes from their pay.

IV. Impact on Native Workers

By examining differences in wages by geographic areas using Census data from 1970 and 1980 LaLonde and Topel (1991) found that an increase in immigrants has only minor effects on native populations. Most impacts are felt on immigrants themselves, decreasing wages for new immigrants up to 9%. However, they also found that these same immigrants have the capacity to assimilate quickly into the American labor force once they have gained legalization.

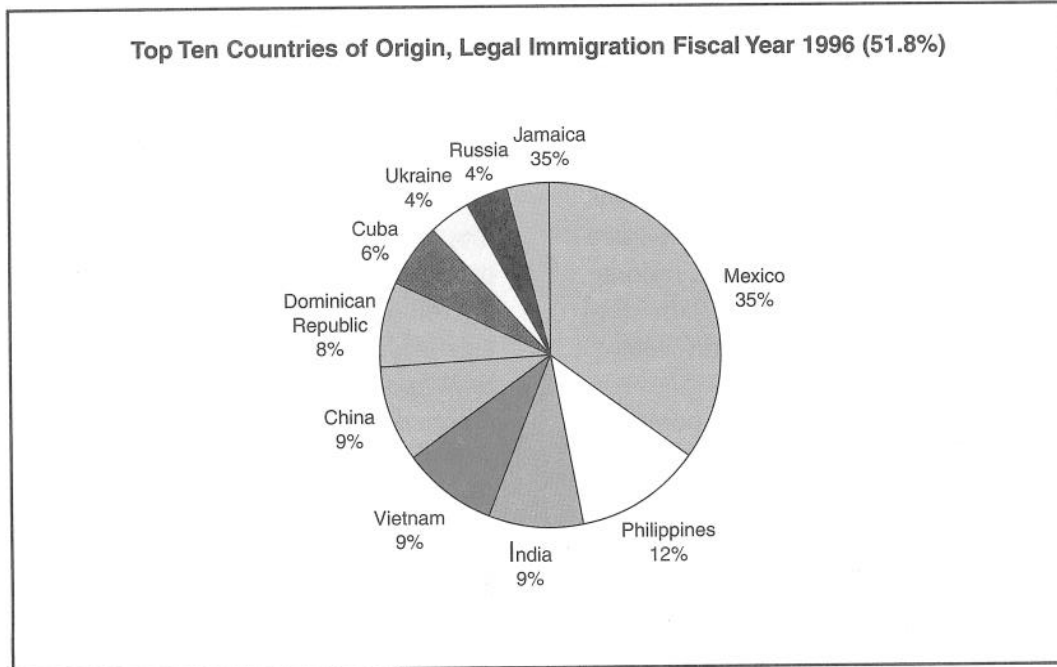
In terms of less-skilled natives, Altonji and Card (1991) found that immigrants are not sufficiently concentrated in low-skill industries to have a significant effect. They found that high concentrations of immigrant labor pools were a necessary factor in sustaining low-skill industries.

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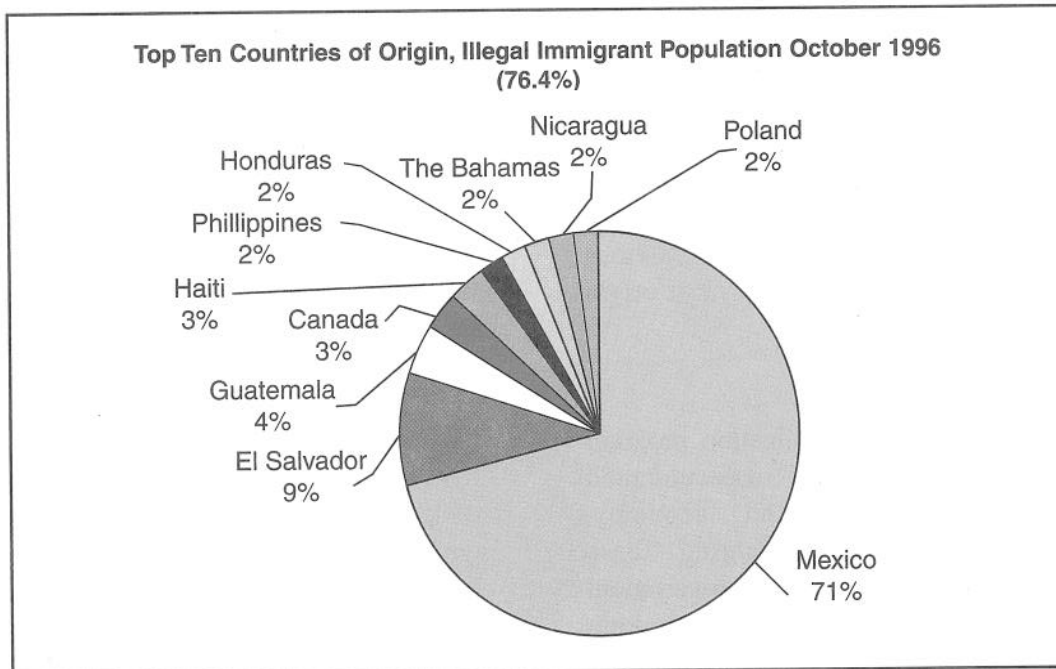
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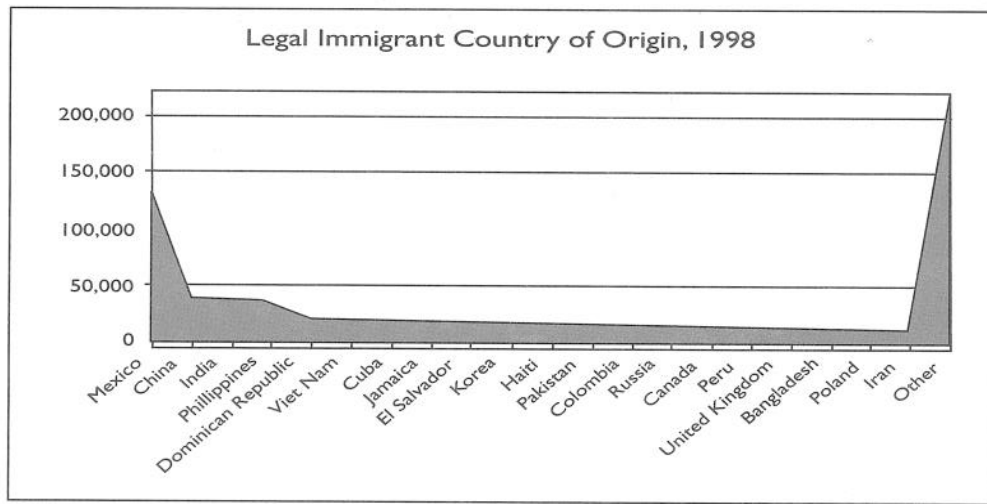
V. Current Characteristics of Undocumented Workers



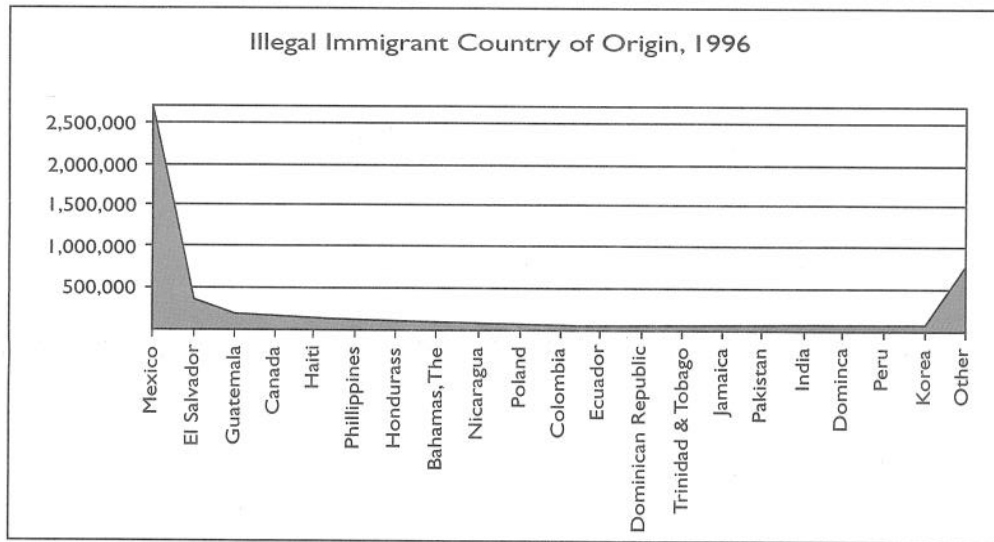
Source: Immigration and Naturalization Service



Source: Immigration and Naturalization Service



Source: Immigration and Naturalization Service, May 1999



Source: Immigration and Naturalization Service

NATIONAL ALLIANCE FOR NEW AMNESTY *(Continued from page 5)*

Migration and Refugee Services/U.S. Catholic Conference, Most Reverend Bishop Nicholas DiMarzio, Chairman, National Conference of Catholic Bishops' Committee on Migration
National Asian Pacific American Legal Consortium, Karen Narasaki, Executive Director
National Association of Latino Elected and Appointed Officials, Arturo Vargas, Executive Director
National Coalition for Haitian Rights, Jocelyn McCalla, Executive Director
National Council of La Raza, Raul Yzaguirre, President
National Farm Worker Ministry, Virginia Nesmith, Executive Director
National Immigration Forum, Frank Sharry, Executive Director
National Immigration Law Center, Susan Drake, Executive Director
National Puerto Rican Coalition, Manuel Mirabal, President/CEO
New America Alliance, Tom Castro, President
New York Association for New Americans, Mark Handelman, Executive Vice President
New York Immigration Coalition,

Margie McHugh, Executive Director
One Stop Immigration and Educational Center,
Juan José Gutierrez, Executive Director
Polish American Congress, Edward Moskal, Executive Director
Salvadoran American National Network, Oscar Chacón, President
Service Employees International Union, Andrew Stern, President
Southeast Asia Resource Action Center, KaYing Yang, Executive Director
Spanish Speaking Citizens Council, Nellie Reyes
United Farm Workers of America, AFL-CIO, Arturo Rodriguez, President
Union of Needletrade, Industrial and Textile Employees, Jay Mazur, President
William C. Velásquez Institute, Antonio González, President