The Washington Post

Trump's move against Salvadorans won't make them leave — or help U.S. workers

David Bier

January 11, 2018

Trump administration officials announced this past week that the government would terminate provisional residency permits for about 200,000 Salvadorans next year. The decision is part of President Trump's "America first" agenda, restricting the rights of immigrants in order to protect U.S. workers. But, as previous immigration experiments demonstrate, the policy will not aid American workers. And it certainly won't make Salvadorans pack their bags. Trump's order is likely to have the opposite effects.

President George W. Bush granted Salvadorans temporary protected status (TPS) after devastating earthquakes hit El Salvador in 2001. He and President Barack Obama repeatedly extended the status. Beyond its humanitarian impact, TPS provides significant economic benefits. It doesn't give applicants access to any federal welfare — so there are few costs — but it does grant the legal right to work. And Salvadorans with TPS work at very high rates: Eighty-eight percent participate in the labor force, compared with 63 percent of all Americans.

Legal employment has helped Salvadorans achieve a relatively high standard of living. The median household income for Salvadorans with TPS is $50,000, higher than the roughly $36,000 for unauthorized immigrants. Their higher wages, combined with the lack of public benefits, has been a big win for U.S. taxpayers.

Canceling TPS will make it illegal for these Salvadorans to work, but it's unlikely to force them home. In 1990, President George H.W. Bush granted TPS to some 185,000 Salvadorans during the country's civil war, and when President Bill Clinton canceled their status in 1996, few returned. Deportations rose only slightly, and many Salvadorans just worked illegally until 2001.

At this point, 28 years since the original TPS designation and 17 years since the subsequent one, the incentives to stay will be too large for any mass migration back to El Salvador. Trump can try to drive them out with immigration raids and increased deportations, as other presidents have tried, but the highest percentage of unauthorized immigrants deported in a given year is 2.1 percent — three times the amount this administration deported in 2017.

Losing the legal right to work doesn't prevent immigrants from finding jobs. They can use fake or borrowed documents from U.S. citizen family members, or employers can pay them off the books. Illegal employment, however, pays less than legal employment — employers compensate for taking the risk of hiring someone who may be here illegally.

Researchers discovered this effect in the 1980s, when employers began facing penalties for hiring unauthorized immigrants. In 1986, Congress paired such sanctions on employers with a program to legalize 3 million unauthorized immigrants. After 1986, illegal immigrants received lower wages than legal immigrants for the first time.

Rather than discouraging unauthorized immigrants from finding jobs, however, lower wages incentivized them to take on additional jobs to make up the difference. After the sanctions were implemented, unauthorized immigrants worked more, and their labor force participation rate rose . Meanwhile, the employment rate among the immigrants legalized by the 1986 bill dropped , especially for women.

A similar experiment has played out in Arizona since 2008, when the state mandated E-Verify, which checks employees' identification against federal databases. While it has been ineffective — workers can still borrow documents — it has lowered wages for unauthorized men. But this has incentivized more spouses to work, causing more illegal competition for jobs.

In the short term, many employers will choose to play it safe and fire the Salvadorans losing TPS, even if they know that other employers will hire them later under borrowed identities. This turnover will needlessly harm the immigrants and impose at least $1 billion in costs for companies to find, hire and train new staffers — costs that U.S. consumers will end up paying.

And the lower wages for unauthorized workers are not likely to force them out. Central American immigrants' salaries are between 250 and 300 percent higher in the United States than in their home countries for the same work; a modest 10 or 20 percent decline in pay is simply insufficient to persuade many people to leave.

Moreover, the lower wages could result in Salvadorans sending less money back to El Salvador. Because so many people there rely on money sent from abroad — which accounts for 17 percent of the country's gross domestic product — even more Salvadorans could end up heading north illegally. The TPS cancellation might not only fail to discourage illegal immigration, it could encourage more.

Even if the complete removal of all TPS beneficiaries were achievable, U.S. workers wouldn't benefit. The most relevant evidence comes from the 1964 cancellation of the bracero guest worker program, which had allowed seasonal workers to enter the United States legally for more than a decade.

Proponents claimed that eliminating the guest workers would increase wages on farms that had many such workers — those farms lost about a third of their seasonal workforce — but wages on these farms did not risecompared with those on farms without many guest workers. In fact, in the years after the program's end, they rose more slowly than on farms that had never hired guest workers.

Farmers grew crops that required fewer workers, produced fewer crops or adopted technology to harvest them. They did not raise wages. To the extent that the TPS cancellation results in more Salvadorans leaving the United States, no evidence suggests that Americans will benefit.

Trump's decision to cancel Salvadorans' TPS won't decrease illegal immigration or protect Americans from foreign-worker competition — it will increase illegal immigration and labor force competition. U.S. businesses will needlessly endure major compliance costs. The government will lose tax revenue. And it will bring fear and pointless suffering for Salvadoran residents of this country, many of whom have built their lives here over decades. They don’t deserve to be thrown into turmoil for a policy that is doomed to fail.

David Bier is an immigration policy analyst at the Cato Institute.