

Bloomberg

Amnesty For Immigrants Spurs Greater Employment in U.S.

By: Lorraine Woellert - March 6, 2013

Alejandro Honorato's journey began with a smuggler who led him across the Rio Grande, into the Texas desert with little food or water and finally to a field where he picked tobacco to pay his passage. Living illegally in a labor camp, he didn't know lawmakers in Washington were deciding his future.

It was 1986 and Congress was weighing an amnesty plan to legalize millions of undocumented workers. Unemployment was 7 percent. Some lawmakers warned the change would overwhelm the economy and strain hospitals and schools. "Are we going to cause havoc?" said Representative Bill McCollum, a Florida Republican, as the House prepared to vote.

The bill became law and Honorato came out of the shadows. Today, he owns two eateries and a market in central Florida and has about 60 employees. "I've helped a lot of people work," Honorato, 49, said through a translator. "If people were legalized they'd have a chance to open businesses like me."

More than a quarter century after Congress last rewrote the law, immigration is again a top Washington issue. President Barack Obama has made changing the law a priority in his second term. A group of senators including Democrat Charles Schumer of New York and Republican John McCain of Arizona are drafting legislation that will include a path to residency -- and perhaps citizenship -- for 11 million undocumented workers.

"It's time to fix a system that's been broken for way too long," Obama said in January. "We've got to bring our legal immigration system into the 21st century."
Hot-Button Word

With unemployment at 7.9 percent and more than 12 million Americans out of work, politicians are avoiding the hot-button word "amnesty." They also are armed with more than two decades of research showing that the 1986 law raised wages and boosted the economy. Economists at the free-market Cato Institute, the pro-labor Center for American Progress and the business and municipal Partnership for a New American Economy are in rare agreement that legalization makes economic sense.

Almost 3 million people were documented between 1987 and 1990 as a result of the Immigration Reform and Control Act. By 1992, more than four years after legalization, real hourly wages for those workers had risen an average of 15.1 percent, according to a Department

of Labor survey. Wages overall continued to rise, according to a 2012 study by the Economic Policy Institute in Washington, even as the nation entered a recession that lasted from July 1990 to March 1991.

Barriers to upward economic mobility eased as the newly legalized found jobs that better matched their skills. They ventured deeper into society, pursuing educations and buying homes, said Raul Hinojosa-Ojeda, director of the North American Integration and Development Center at the University of California, Los Angeles.

‘A Stakeholder Now’

“You have a chance to make it, you’re a stakeholder now,” Hinojosa-Ojeda said. “These people are employed already. It’s not like you’re bringing them in and dumping them onto the labor market.”

A comprehensive immigration plan that includes a path to legalization could add \$1.5 trillion to the economy over the next 10 years and increase tax revenues by \$4.5 billion or more in three years, Hinojosa-Ojeda said.

Honorato made his way to Apopka, Florida, where he found work in a greenhouse, bought a home and raised a family. In 1998, he and his brother used their savings to buy a \$15,000 tortilla maker and open their first restaurant.

Economy Gained

The American economy long has profited from an influx of foreign-born workers. Several studies, including a September 2010 report from Michael Greenstone, director of an immigration project at the Washington-based Brookings Institution and an economics professor at the Massachusetts Institute of Technology in Cambridge, conclude that immigrants occupy jobs in labor-intensive industries such as construction and agriculture, complementing more-skilled workers. On the other end of the spectrum, they meet demand for scientists and engineers, fueling innovation and entrepreneurship.

And there’s a new economic imperative -- the demographic cliff, Hinojosa-Ojeda and others say. As a generation of baby boomers enters retirement and fewer young people start families, the growth of the labor force is slowing, putting a drag on the recovery, even as the 1986 law and others since have made legal immigration more difficult.

Economic forecasts are getting less optimistic as population growth decelerates, said Matt McDonald, an adviser to McCain’s 2008 presidential campaign and a partner at Hamilton Place Strategies, a Washington-based consulting group. Citing research by the Congressional Budget Office, McDonald said the rate of work force growth is expected to drop to 0.5 percent in the next five years, to the slowest in decades, while gross domestic product increases also moderate.

Low-Skilled Hurt

Steven Camarota, director of research for the Center for Immigration Studies, a Washington research group that advocates for border controls, says that while legalizing immigrants will have little impact on the overall economy, it could hurt pockets of low-skilled workers.

“The impact of illegal immigration on GDP in the U.S. is so tiny it’s almost not worth thinking about,” he said. “But it could matter a whole lot to those workers who are affected.” The 1986 act failed, he said, not because of amnesty but because of its weak enforcement provisions to control illegal immigration.

The labor force as a whole will benefit from the documentation of unauthorized workers by leveling the playing field for wages, said Heidi Shierholz, an economist with Economic Policy Institute. The challenge will be managing the future flow of immigrants, she said.

Costs Apparent

The costs of an undocumented workforce become apparent over time as the tax base erodes and the ability of government to enforce labor laws is weakened, according to a 2012 study by Pia Orrenius, a senior economist at the Federal Reserve Bank of Dallas. A path to legalization could help solve those problems, she concluded.

“Legalization has economic benefits, most of which accrue to the people who adjust their status and their families,” she wrote. “Tax revenues are likely to increase, an important consideration in an era of large deficits.”

Amnesty allows people a larger stake in the economy, said Rodolfo Cardenas. He and his wife applied for legal status after the couple overstayed their student visas in 1987. They were living in Boulder, Colorado, with their small son, and his part-time job at a radio station didn't pay the bills. With help from their parents in Venezuela, they stayed and applied for amnesty.

“We thought, ‘Let's give it a shot,’” Cardenas said. “There was no way we were going to stay here and live in the shadows.”

After obtaining their documents, they found full-time jobs. Now 59, Cardenas hosts a Spanish-language radio talk show. And their son? He got amnesty too. In 2007, Rudy Cardenas, then 28, made an appearance on “American Idol.”

“The 1986 law changed our lives,” Cardenas said. “It's a story of success that only happens here in this country.”