



Raising the Floor for American Workers

The Economic Benefits of Comprehensive
Immigration Reform

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Executive summary

The U.S. government has attempted for more than two decades to put a stop to unauthorized immigration from and through Mexico by implementing “enforcement-only” measures along the U.S.-Mexico border and at work sites across the country. These measures have failed to end unauthorized immigration and placed downward pressure on wages in a broad swath of industries.

Comprehensive immigration reform that legalizes currently unauthorized immigrants and creates flexible legal limits on future immigration in the context of full labor rights would help American workers and the U.S. economy. Unlike the current enforcement-only strategy, comprehensive reform would raise the “wage floor” for the entire U.S. economy—to the benefit of both immigrant and native-born workers.

The historical experience of legalization under the 1986 Immigration Reform and Control Act, or IRCA indicates that comprehensive immigration reform would raise wages, increase consumption, create jobs, and generate additional tax revenue. Even though IRCA was implemented during an economic recession characterized by high unemployment, it still helped raise wages and spurred increases in educational, home, and small-business investments by newly legalized immigrants. Taking the experience of IRCA as a starting point, we estimate that comprehensive immigration reform would yield at least \$1.5 trillion in added U.S. gross domestic product over 10 years. This is a compelling economic reason to move away from the current “vicious cycle” where enforcement-only policies perpetuate unauthorized migration and exert downward pressure on already low wages, and toward a “virtuous cycle” of worker empowerment in which legal status and labor rights exert upward pressure on wages.

This report uses a computable general equilibrium model to estimate the economic ramifications of three different scenarios: 1) comprehensive immigration reform that creates a pathway to legal status for unauthorized immigrants in the United States and establishes flexible limits on permanent and temporary immigration that respond to changes in U.S. labor demand in the future; 2) a program for temporary workers only that does not include a pathway to permanent status or more flexible legal limits on permanent immigration in the future; and 3) mass deportation to expel all unauthorized immigrants and effectively seal the U.S.-Mexico border. The model shows that comprehensive immigration reform produces the greatest economic benefits:

- Comprehensive immigration reform generates an annual increase in U.S. GDP of at least 0.84 percent. This amounts to \$1.5 trillion in additional GDP over 10 years. It also boosts wages for both native-born and newly legalized immigrant workers.
- The temporary worker program generates an annual increase in U.S. GDP of 0.44 percent. This amounts to \$792 billion of additional GDP over 10 years. Moreover, wages decline for both native-born and newly legalized immigrant workers.
- Mass deportation reduces U.S. GDP by 1.46 percent annually. This amounts to \$2.6 trillion in lost GDP over 10 years, not including the actual cost of deportation.² Wages would rise for less-skilled native-born workers, but would reduce wages for higher-skilled natives, and would lead to widespread job loss.

Legalizing the nation's unauthorized workers and putting new legal limits on immigration that rise and fall with U.S. labor demand would help lay the foundation for robust, just, and widespread economic growth.