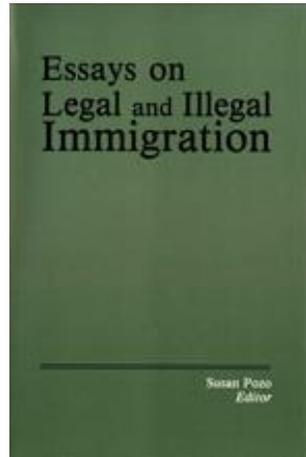

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Introduction

A lecture and seminar series on the Economics of International Migration, and a public lecture on illegal aliens, are very timely. As a research topic, immigration has long been the concern of historians and sociologists. It is only in recent years—about a decade ago—that economists returned to this topic.

Economists were concerned with the issue at the turn of the century and up to the early 1920s until the enactment of the “national origins” quota system. From then until the 1960s, there was little public policy concern or debate over general immigration issues, and this is reflected by the virtual absence of interest in the subject by economists. The 1965 Immigration Amendments abolished the “national origins” quota system and substituted a “preference system” which placed greatest emphasis on kinship with a U.S. citizen or resident alien. But this was done with surprising little public debate and with a continued virtual vacuum in the economic literature.

It was only in the 1970s that there was a renewed public policy interest in immigration issues. Although the policy interest focused on illegal immigration, economic research took a broader approach, exploring all dimensions of immigrant adjustment and impact, for both legal and illegal aliens.

After a decade of high energy prices, sharply fluctuating rates of economic growth, high and erratic rates of inflation, and increased concerns for the quality of the environment, there is now a greater realization that resources are limited and that continued economic growth is not a gift from the gods, but rather is dependent on a public policy that fosters rather than hinders economic growth. All public policy issues once thought outside the realm of economic thinking or economic considerations are coming under closer scrutiny, including immigration policy.

Economists have demonstrated that immigrant flows are, in part, the consequence of economic forces. They have also demonstrated that immigrants play an important and complex role in the economy in general and in the labor market in particular. In addition, economists have demonstrated that immigrants impact on the well-being of the economy and the American population.

This lecture will be on the contradictions and dilemmas inherent in forming public policy toward illegal aliens. In so doing it will point to the direction of sounder policy solutions.

The Illegal Alien Debate

The most recent public focus on immigration has been with respect to illegal aliens. From the last days of the Ford administration to the present, each session of Congress has given serious consideration to the enactment of legislation to grant amnesty to illegal aliens living in the U.S., to impose for the first time federal sanctions on employers of illegal aliens, and to strengthen enforcement at the border. In 1984 both houses of Congress passed such legislation, by a large majority in the Senate and by a handful of votes in the House. Because of minor differences, the legislation went to a House/Senate conference committee where it died, in no

small part because of the newly expressed opposition of both presidential candidates.

The persistence with which the legislation is brought forward, the heated debate, the widely divergent support in the House and Senate, and the periodic changes in position of presidents and presidential candidates suggests that illegal aliens are a difficult policy issue.

Illegal aliens exist because workers are attracted to the United States by jobs provided by the economy and because there is an incomplete enforcement of immigration law by the government. They impact on the labor market by decreasing the earnings and employment opportunities of some U.S. workers and increasing them for other U.S. workers. The size of the illegal alien population is believed to be large and growing. It has recently been estimated by three Census Bureau statisticians that 3 to 6 million illegal aliens were residing in the United States in 1980 (Siegel, Passel and Robinson, 1981). It is also estimated that half of these illegal aliens are Mexican nationals. Every indication suggests that the continued deterioration of the Mexican economy and political upheavals in Central and South America will be further spurs to illegal immigration.

Yet, we know surprisingly little about illegal aliens. Why is there such a large illegal alien population? Why is there so little research on the topic? Indeed, the Select Commission on Immigration and Refugee Policy, which issued its report in 1981, was established primarily to analyze policy regarding illegal aliens and the Commission devoted most of its recommendations to this issue. Yet, it funded no research relating to the characteristics or impact of illegal aliens. Its research program played no apparent role in its policy decisions.

There is a legislative stalemate in Washington. Too few resources are budgeted to enforcement for the Immigration

and Naturalization Service (INS) to have any substantial impact. Yet, there is an unwillingness to publicly acknowledge this “lack of will” and offer amnesty. This public ambivalence has been quite obvious for at least a decade.

The legislative stalemate may not represent a lack of will, but rather may be interpreted as a “rational” short-run response to a policy dilemma. We want foreign workers, but not their dependents. We allow illegal migration but keep the probability of arrest and deportation high enough to discourage the entry of family members. Amnesty, of course, would allow erstwhile illegal aliens to bring their dependents—spouse, minor children, aged parents—to the United States. This would give them access to our system of free public education as well as to the generous welfare and social service benefits that were designed to help Americans disadvantaged through no fault of their own. (The welfare benefits include Aid to Families with Dependent Children (AFDC), Food Stamps, Supplemental Security Income (SSI) and Medicaid.) Because we want the workers but not the dependents, and we find it awkward to say so openly, we perpetuate a cat-and-mouse game between the immigration authorities and illegal aliens.

If this interpretation is correct, we need not be concerned with more information on illegal aliens. We prefer continued obfuscation of the issues to the embarrassment that clarification might bring. It is apparently better to let the monster sleep. Unfortunately, the monster will eventually wake up, and more massive social and economic problems may be at hand—a large, restless and low-skilled illegal alien population.

Characteristics of Illegal Aliens¹

To put these matters in historical perspective, it is important to indicate that the illegal alien issue is not new. In this

decade we “celebrate” the 100th anniversary of illegal aliens in the United States. The first illegal aliens were Chinese because the first barriers to legal immigration were imposed against unskilled Chinese workers in the 1880s. There was a racist fear of the “Yellow Peril,” of hordes of unskilled Chinese workers flooding California and depressing wages for similarly unskilled whites. It is unlikely that the feared massive migration would have taken place even if there were no barriers. Perhaps more intriguing, data from recent censuses indicate that the descendants of the Chinese workers have achieved higher levels of schooling, occupational status and earnings than the descendants of the whites who a century ago believed the Chinese could never be anything but unskilled laborers.

In the twentieth century, however, the main focus has been on Mexican illegal aliens. A cyclical pattern has emerged. During periods of political turmoil (e.g., 1910 Revolution) or economic slack in Mexico, large migration streams flow northward, and the size of these streams seems to have accelerated in recent decades. On the other hand, during periods of economic slack in the U.S., the northward flow is slowed or stopped, and sometimes reversed. In the recession following the World War I boom, during the early 1930s, and during the early 1950s, the net flow may have been toward Mexico, that is, the number of Mexican nationals who left the U.S. may have exceeded the number who entered this country. These reverse flows have sometimes been generated by wholesale arrests and deportations of persons who “look Mexican.”

Mexican nationals form the bulk of the illegal alien population in the 1980s—the data on apprehensions indicates that 90 percent are Mexican nationals. But this statistic overstates the proportion of Mexicans in the illegal alien population. Immigration and Naturalization Service

concentrates its resources along the Mexican border, perhaps (as some allege) because it is relatively inexpensive to catch people sneaking across the border and deport them. In addition, many Mexican illegal aliens work in the United States only part of the year and return to Mexico during the slack season. Since apprehensions are most likely to take place at or shortly after entry, this to and fro migration also raises the proportion of Mexican nationals in the arrest data relative to the stock of illegal aliens residing in the U.S.

It is believed that about half of the illegal alien population living in the United States are Mexican nationals, and that the other half come from a wide range of countries and all parts of the globe. West Indians, Central and South Americans, East Asians, South Asians, Africans, Near Easterners, Europeans and Canadians are all represented among illegal aliens. Of the Mexican illegal aliens, about 70 percent originate in six states of Mexico's Central Plateau. This is a poor area which served as a battlefield during the revolutions and rebellions earlier in this century, and which has been passed over by whatever benefits emerged from the Green Revolution of the 1950s and the short-lived oil bonanza in the 1970s (Cross and Sandos, 1981).

There are reasons why Mexico provides the largest number of illegal aliens. We share a border about 2,000 miles long which runs through wilderness areas. Where rivers form part of the border they are often shallow and easy to cross. Hence, "entry without inspection" is relatively easy for Mexican nationals. Illegal aliens from most other countries either use fraudulent documents to enter the U.S. or have to violate a legal visa, such as working in violation of a student or visitor visa, or overstaying their visa. Increasingly, nationals of other countries are using Mexico and Canada for the purpose of surreptitiously entering the United States.

Ease of entry may be a necessary condition for illegal immigration, but it is not a sufficient explanation. After all, the border with Canada is as easy to cross as the border with Mexico, yet there are relatively few Canadian illegal aliens: less than 1 percent of apprehended illegal aliens are Canadian nationals. Nor are legal immigrants more numerous from Canada than from Mexico. In recent years there have been fewer than 15,000 Canadian immigrants annually, while legal immigrants from Mexico have exceeded 55,000 annually.

The U.S.-Mexican border is unique. No other border separates two countries that differ so sharply in average income. The temptation to go north to “strike it rich” working as a busboy, a dishwasher, or fruit picker is just too strong to resist. Mexico’s economy has not done well in the 20th century in spite of its abundance of natural resources. High fertility rates combined with falling death rates, particularly infant mortality rates, have generated large cohorts of youths. Government development policy has focused on capital-intensive rather than labor-intensive sectors of the economy. Mismanagement of the economy has retarded the rate of economic growth. The poverty and absence of job opportunities, particularly in the rural areas, have generated a massive migration to Mexico City, the border towns, and the United States.

Many Mexican farm workers gained experience working in the United States in the *bracero* program. This was a contract farm labor program started in 1942 to augment wartime labor supplies and was terminated in 1964. As a result of the experience gained in the *bracero* program, hundreds of thousands of Mexican farm workers had their appetites whetted for the good life up north. They, their younger brothers, their sons became illegal aliens when the *bracero* program ended and other opportunities for legal migration

were reduced. Indeed, in the face of a growing supply of immigrants from Mexico the imposition of the numerical ceilings on Western Hemisphere immigration in 1968, and the country ceilings in 1977, reduced avenues for legal migration, thereby generating pressures for increased illegal immigration.

There is little solid data on the demographic or labor market characteristics of illegal aliens (Chiswick 1984). The data on apprehensions suggest they are predominately low-skilled, young adult (age 18 to 30), males from Mexico. While it is undoubtedly true that the apprehensions data can be expected to exaggerate these very characteristics, it seems reasonable that qualitatively these characterizations are accurate. Illegal aliens tend to be unskilled, in part because workers in higher skilled jobs may have more difficulty in masking their illegal status, and in part because an occupational license, certification or union membership may be required. In addition, because of the existence of skills that are specific to the country in which they are acquired, apprehensions and deportations may be more costly for skilled illegal aliens than for workers with few if any skills. Thus, among unsuccessful visa applicants (or potential applicants) those with few or no skills have the greater incentive to attempt an illegal entry.

The skewed demographic composition of illegal aliens and the high rate of to and fro migration, particularly with respect to Mexico, are consequences of illegal alien workers leaving their wives, young children and aged parents in the home country. This does not arise from their preferences, but from the circumstances of their illegal status. Dependent family members are costly to move to the United States, particularly if illegal means are to be used. Once in the U.S., the dependents may not confer the eligibility for welfare and social service benefits that legal residents may receive. In-

deed, the dependents may increase the probability of the entire family being apprehended and deported, thereby increasing the costs and risks of deportation.

Alternative Policies: Amnesty Versus Strict Enforcement

If illegal alien workers were granted amnesty and could bring their dependents to the U.S., the demographic characteristics of this population would change. The extent of to and fro migration would decline, the ratio of dependents to workers would increase, and, because of the low skill level, the family members would be eligible for a variety of welfare (income transfer) and social service programs. In addition, the incentive for even more families to move north would increase under the realistic view that if amnesty is granted once it will be granted again. Hence, the case against amnesty.

But what about a more vigorous enforcement of immigration law? The trends have, if anything, been in the opposite direction (Chiswick 1981/82). The number of permanent positions in the Immigration and Naturalization Service increased from 7,000 in 1960 to nearly 11,000 in 1979, a 60 percent increase. During the same period, however, the annual number of legal immigrants doubled from one-quarter of a million per year to one-half of a million. Nonimmigrant admissions of aliens as tourists, students, etc. increased 8-fold, from 1.1 million to 9.3 million per year. And, the number of apprehensions of illegal aliens increased 14-fold, from 70,000 to about one million. Clearly a tremendous strain has been placed on INS resources.

To try to close the floodgates, INS has concentrated its resources on border enforcement at the expense of interior enforcement. However, there is a revolving door at the border in which large numbers of illegal aliens are ap-

prehended one night, to be deported the next day, to try again on a subsequent night. Except for deportation, there are no penalties imposed on illegal aliens, even those who are flagrant repeat offenders. The cat-and-mouse game along the border increases apprehensions per million dollars of budget expenditure, but may have little deterrent effect.

Benefits of Current Policy

What are the benefits of current policy? The benefits come in the form of the increase in income to the native population of the U.S. from a larger pool of low-skilled immigrant workers. An increase in the supply of low-skilled foreign workers depresses the wages and working conditions of low-skilled native workers, and this receives much public attention. What receives less public notice is that the increase in the number of low-skilled workers increases the *productivity* of “complementary factors of production,” that is, higher skilled workers and capital. Any factor of production is more productive the more of other factors with which it can work. A bulldozer on a road construction project is more productive if there are more workers to keep it running 24 hours a day, repair it when it breaks down, and redirect traffic away from the construction site. A scientist is more productive if there are assistants to clean the test tubes, run simple experiments, do bibliographic research, type manuscripts, etc.

The gains in income to skilled workers and capital from the migration of low-skilled workers are likely to exceed the losses to native low-skilled workers.² This means that as a result of low-skilled illegal migration, the income of the native U.S. population is increased!

The Policy Dilemma

I have outlined the policy dilemma. As a result of restrictions on immigration, there are a large number of people in

the U.S. illegally, perhaps 3 to 6 million people. They are disproportionately unskilled young adult males from Mexico. Largely because of their illegal status, they do not bring their dependent family members. These workers are productive and they increase the income of the native U.S. population.

On the other hand, if they brought their dependent family members with them they would be eligible for a variety of welfare, social service and educational programs. Since the workers are low-skilled, their use of these benefits could exceed the increased income of the native population. That is, the increase in taxes needed to pay for these programs for the dependents of the "illegal aliens" might easily exceed the gains in income to the native population.

With their status legalized, illegal aliens could bring their dependents to the U.S. and claim benefits from the variety of public programs that subsidize the poor, the young and the aged. Further, amnesty would encourage further illegal immigration because of the realistic expectation that if offered once it will be offered repeatedly. Hence, amnesty is perceived as an unacceptable solution.

Strict enforcement of immigration law is also perceived as unacceptable. The costs of strict enforcement may be very high in terms of civil liberties and of resources devoted to enforcement activities. A greatly enhanced and better equipped staff of INS agents would be required to increase the effectiveness of interior enforcement as well as border enforcement, but this would be more costly. Sanctions against employers who knowingly hire illegal aliens are frequently proposed, although for employer sanctions to be effective a national identity system (or registration) of one sort or another would be required. It seems inappropriate to compel employers to enforce a law that the federal authorities show little will to enforce.

Employer sanctions are the equivalent of an employment tax. This tax raises the relative cost of labor, particularly for low-skilled, high-turnover jobs. The imposition of such a tax may further worsen the job opportunities of low-skilled workers legally in the U.S., particularly youths and minorities.

But perhaps the greatest cost of strict enforcement would be the loss of the income the native population gains from the work of illegal aliens.

Conclusions—An Alternative Policy³

From the short-run perspective, the current legislative stalemate may be “optimal,” given that we do not want a legal system that sanctions a two-class society—one eligible for welfare and social service benefits and the other not. We can view amnesty and a stringent enforcement of immigration law as polar approaches to solving the problem, but for different reasons they are viewed as too costly. The consequence of current policy, however, is the presence of a large and apparently growing segment of the population that lives at the margin of or outside the law. As this population grows, and as increasing numbers of children of illegal aliens are born in the U.S., and hence are U.S. citizens, the political and social pressures will also grow. A policy that looks optimal in the short run may thus not be so attractive in the long run.

This discussion suggests that, as a society, we need to more clearly delineate our priorities and policy options regarding illegal aliens. A partial solution to the dilemma is to restore a modest guest worker program. To discourage “temporary workers” from evolving into “permanent workers” outside the regular immigration system, entry would be permitted only for the guest workers and not for dependents, the contracts would be for a short maximum number of months (say

six months), and only for jobs with clearly defined seasonal patterns. Returning to the home country would be required before a worker could receive a new contract, and a limit might be placed on the total number of contracts that a worker could receive.

Under current policy there is some probability that an illegal alien will be apprehended. But the penalty if one is apprehended is very low, particularly for Mexican nationals apprehended at the border. Deportation involves little opportunity cost to a Mexican national apprehended at or near the border since he is likely to return almost immediately. Apprehending individuals who violate the law creates no deterrent effect if there is no penalty when they are apprehended. Hence, current policy regarding apprehended illegal aliens has little or no deterrent effect, particularly regarding Mexican nationals.

To induce compliance, two types of penalties could be imposed on those who enter the country illegally, who violate the condition of a legal entry, or who violate the terms of their temporary worker contract. One penalty would be a probation period during which a legal entry is barred, whether as a temporary worker or otherwise. The other would be detention of the illegal worker for a period of several months prior to deportation.

Detention may be the only mechanism for reducing the extent to which the border is treated as a revolving door. Pecuniary penalties are inappropriate for the low-income illegal alien population because the fines could not be collected. However, detention for several months would be costly to the alien and have a deterrent effect. Since much of the illegal immigration is for seasonal employment, a two or three month detention for a first apprehension could have a major impact on the incentive to seek work in the U.S. As a further deterrent, the length of the detention period could be

increased with the number of times the individual has been apprehended.

The major criticism of detention is usually expressed in terms of the high cost of incarcerating "one million apprehended illegal aliens." But this exaggerates the problem. Because the revolving door at the border results in multiple apprehensions of the same person, the number of different individuals apprehended is much smaller than the number of apprehensions. With the imposition of penalties, the number of attempted illegal entries would fall. As a result, the same border enforcement resources would mean fewer apprehensions but would raise the probability that an attempted illegal entry would result in an apprehension further discouraging illegal migration. Indeed, with the imposition of meaningful penalties, greater deterrence could be achieved even with fewer border enforcement resources. Finally, low cost minimum security detention facilities could be constructed in rural areas near the Mexican border.

These policy recommendations will not end all illegal immigration. However, by providing both the opportunity and incentives for operating within the legal framework, they offer a better hope than current policy, or the most frequently advocated alternatives (employer sanctions and amnesty), for retaining many of the benefits while reducing many of the costs of the current illegal immigration. The recommendations offer a better prospect for regaining control over the U.S. borders.

NOTES

1. The *Statistical Yearbook of the Immigration and Naturalization Service* is an invaluable source of data on legal and illegal immigrants. (U.S. Department of Justice.)

2. This follows from the increase in the aggregate income of the population exceeding the earnings received by immigrants. For a clarification see Chiswick (1982), pp. 298-313.

3. For a fuller discussion of the policy alternatives see Cafferty, Chiswick, Greeley and Sullivan (1983).

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