

Reframing the Immigration Debate

A proposal for compensated repatriation of unlawful immigrants

BY JOHN THOMPSON

Until 2016, a coalition of interests groups had succeeded not merely in preserving the entrenched system of high legal immigration and tacit acceptance of illegal immigration, but in stifling any serious discussion of the issue. Although opinion polls consistently showed that the voters opposed the system, presidents, presidential candidates, and congressional leaders of both parties either evaded the issue or supported open borders. Open borders supporters in Congress refused to recognize that illegal immigration and/or amnesty might entail some costs, while Republican congressional leaders would not press the issue. The last two presidents—Bush and Obama—actively pushed for amnesty.

The entire burden of resisting open borders pressures fell on rank-and-file Republicans in Congress, especially the House of Representatives. With pressures from their donors and without support from the leaders of their party, House Republicans rejected three major pushes for amnesty in the past fifteen years, all the while enduring media onslaughts labeling them as nativists and obstructionists.

The self-imposed ban on debate of immigration ended in 2016 when the two candidates who adhered to a tough line—Trump and Cruz—swept the Republican primaries by wide margins. Consequently, there is a strong likelihood that the upcoming election will offer the voters a historic opportunity to reconsider the post-1965 pattern of massive immigration. As the debate moves to the general election and beyond, reformers now have an opening to make their case.

One particularly troublesome issue which reformers must address is how to deal with the estimated 12 million individuals who are in the country illegally, and

how to persuade the electorate of the economic, social, and moral justification for any proposed solution. As a contribution to this debate—and eventually to a change in policy—this article proposes a plan to encourage the departure of illegal aliens through cash payments, known as Compensated Repatriation. This plan will be most effective when used in conjunction with a policy of attrition through enforcement.

THE WRONG KIND OF PEOPLE

It should be self-evident that democratic governance functions best when there is transparency in the making of public policy. Those exercising public power should explain the costs of policies that they are pursuing. Legislators and voters should have access to the best possible information about of the costs and benefits of alternative courses of action. While these ideal conditions seldom are present in the real world, their near total absence is astonishing in the case of immigration. Politicians are seldom asked to justify the costs immigration imposes on the citizenry.¹ As the debate moves forward, the costs of the illegals to the taxpayers should be made explicit and discussed at every step of the way.

The stark reality is that current practice² of allowing massive legal immigration while tolerating illegal immigration attracts precisely the wrong kind of people. Immigrants, both legal and illegal, have lower levels of skills and education than natives, with illegal immigrants clustered on the lowest rungs of the socio-economic ladder and culturally isolated from the mainstream.

The illegals provide cheap docile labor for employers. They are natural constituents for politicians desirous of expanding the welfare state. They could potentially provide career opportunities for social workers, ethnic militants, immigration lawyers, and poverty activists for generations to come. For the rest of us, however, especially those who pay taxes and those who compete for low-wage jobs, the illegals are a heavy burden.

The facts about the socio-economic characteristics of immigrants are not in dispute. Written and verbal statements by immigrant advocates and pro-immigrant press articles present a consistent picture of persons with low education, holding menial jobs with inadequate

John Thompson, a Boston-based consultant on economics and finance, is a member of the Massachusetts Coalition for Immigration Reform (MCIR). This article does not necessarily represent the views of the MCIR.

social insurance, culturally isolated from the native population, and often preyed upon by unscrupulous employers and criminal gangs.

Data from sources that are generally favorable to unlawful migrants confirm the basic accuracy of this picture. To take one example, according to the Pew Hispanic Center (2009), among unlawful migrants ages 25-64, 47 percent have less than a high school education compared to 8 percent of U.S.-born residents. The 2007 median household income of unlawful migrants was \$36,000, about 40 percent below the median household income for U.S.-born residents. In contrast to legal immigrants, they do not attain markedly higher incomes the longer they live in the United States. A third of the children of unlawful migrants and a fifth of adult unlawful migrants lives in poverty, nearly double the poverty rate for children of U.S.-born parents (18 percent) or for U.S.-born adults (10 percent).

The fiscal burden of illegal immigration stems directly from the fact that due to their low skills and education, illegals mainly hold low-paying jobs, pay very little in taxes, and are heavy net users of welfare. According to estimates by Martin and Ruark for FAIR (2013), expenditures attributable to illegal immigration cost U.S. taxpayers about \$113 billion a year at the federal, state, and local levels. By way of comparison, national defense outlays amount to some \$600 billion. Most of the costs (\$84 billion) fall on state and local governments, mainly for education of children of illegals. At the federal level, about one-third of outlays are matched by tax collections from illegal aliens. Most unlawful migrants pay no income taxes. Among those who do, much of the revenue collected is refunded to them via the earned income credit. At the state and local level, an average of less than 5 percent of the public costs associated with illegal immigration is recouped through taxes.

Richwine (2016) estimates that each low-income immigrant household of four costs taxpayers \$20,000 per year. The annual net expenditures (outlays less tax revenues) that illegal aliens cost U.S. taxpayers is nearly \$1,000 per native household. (The average American household pays about \$14,000 in taxes at all levels per year.)

In view of the high costs of illegal immigration, Americans would be completely rational in preventing the problem from growing any worse by securing the border, and encouraging the departure of as many unlawful migrants as possible.

ENFORCEMENT FIRST

The Compensated Repatriation plan that will be described below is a logical extension of the policy of securing the border with enhanced enforcement, a policy espoused by all Republican aspirants during the recent campaign. All agreed that the first step is to rescind the

actions of the Obama Administration, which having inherited a legacy of weak enforcement, weakened it further.

To be fair, the Administration has apprehended and returned large numbers of people caught crossing the border. However, with respect to those who are in the country illegally, often caught in the interior as distinguished from at the border, this Administration has reduced enforcement to a bare minimum. Popular discussion mistakenly focuses on Obama's administrative amnesty of November 2014, which would give work permits and social benefits to some illegals. However, since 2012 it has been the policy of the Obama Administration to deport only convicted criminals.

It is difficult to find an explicit statement of this Administration policy. Nevertheless, the following links to the websites of the Center for Immigration Studies (CIS) and Federation for American Immigration Reform (FAIR) show the relevant documents issued by the Department of Homeland Security (DHS) and how they together amount to a suspension of deportations of anyone except convicted criminals.³ Further evidence can be found in the words of an Administration sympathizer, Simon Rosenberg of the New Democratic Network, who, speaking at the Georgetown University Law Center on October 21, 2014, said: "The government of the United States no longer wants to deport people from the interior without criminal records....What that means in practicality is that the threat of deportation over the vast majority of undocumented immigrants in the United States has been lifted."

By restoring pre-2008 enforcement policies and using existing technology for biometric tracking, a basic enforcement regime can easily be put in place. Until now, employers who hire illegals face few sanctions. A highly reliable system for verification of the immigration status of job applicants exists, but compliance is voluntary and employers regularly find ways of circumventing the system. The system could easily be made mandatory. All of these measures are easily within our technical capability and entail low-budget outlays.

The objective of re-establishing border security with these specific measures was widely shared by 2016 Republican presidential aspirants, including Trump, Cruz, Bush, Christie, and Rubio.⁴ With the exceptions of Trump and Cruz, all were evasive on how to deal with those already in the country illegally.

Once these basic enforcement measures are in place, an "attrition through enforcement" strategy begins to take hold. There need not be any publicized effort to identify, apprehend, or deport illegals beyond those apprehended through normal channels. Illegals will realize that they cannot work, and that they will sooner or later be apprehended and placed on a track ending in deportation.

As Mitt Romney put it, they will “self-deport.” Compensated Repatriation is the logical extension of a strategy of attrition through enforcement.

COMPENSATED REPATRIATION

After enactment of a law authorizing Compensated Repatriation, the President or a Cabinet secretary announces that for a stipulated time those who are in the country illegally may apply for compensation for voluntary departure. At the end of the stipulated period, the program terminates and those still in the country illegally face standard enforcement proceedings ending in deportation without compensation.

Under this program every migrant who has not been convicted of a crime or is not facing legal proceedings on accusation of a crime, would be eligible for a cash indemnity in exchange for 1) an agreement to leave the country, 2) submission to biometric identification, and 3) a written admission that he/she has violated U.S. immigration laws. The document signed by the unlawful alien will explain that unauthorized return to the United States after accepting Compensated Repatriation constitutes a felony with severe penalties. The vetting process will include a mandatory check of records to verify that the individual does not face criminal charges and that he/she was in the country prior to the date stipulated for eligibility.

The indemnity would consist of:

1. Transportation to the individual's place of origin;
2. A payment of no less than \$13,200 per adult and \$1,000 per dependent child; and
3. A resettlement allowance of \$1,000 per adult.

According to the Pew Center, there were 6 million men, 4 million women, and 1.5 million children, as well as 4 million children born in the United States whose parents are illegal aliens. Under present law, children born in the United States to illegal aliens are entitled to United States citizenship, but having a child who is a United States citizen does not entitle unlawful migrants to remain. The policy of Compensated Repatriation is fully compatible with this legal arrangement. Prior to departure the eligibility of minor children for citizenship must be determined. Dependent children who are American citizens would keep their right to remain in the country (without their parents) or to return at a later time like any other citizen. They will be issued a document certifying their citizenship with biometric identification.

The departure indemnity can be justified as a return of the employer and employee contributions to Social Security and Medicare for five years at the minimum wage. The justification for this payment is that the

person in question contributed for benefits that he/she will never collect. This amount will be granted without verification except for lack of criminal record and length of residency.

The indemnity can be increased if the individual can provide proof that his or her actual contributions have been higher. For example, the person may have been in the country ten years and worked at more than the minimum wage with additional contributions to a company pension plan. Applicants requesting more than the minimum benefits must document the higher level of contributions and must also submit proof that no documentation fraud was used in obtaining work.

There are persuasive reasons to believe that a very large share of illegals, probably a sizable majority, will voluntarily accept the offer, knowing that the alternative is deportation. Most illegals work at very low-paid jobs with poor prospects for advancement. Many originally came with the idea of saving enough money to return home, but given the grim realities of life for an unlawful migrant, many cannot save sufficiently.

With a sizable sum of cash in hand, aliens will be able to make a fresh start in their home countries. A family of two adults and two children would leave with \$30,400. This would equal three years' average per capita income in Mexico, almost nine years in Guatemala, 13 years in Honduras, and 17 years in Haiti.

THE COSTS OF ALTERNATIVE APPROACHES TO THE PROBLEM OF UNLAWFUL MIGRANTS

The Compensated Repatriation program will inevitably involve sizable expenditures. To determine whether this expenditure is justifiable, the costs of this policy must be compared to those of other policy options. Estimates of the costs of possible solutions for the problem of unlawful migration are summarized in Table 1.

Broadly speaking, the options are, first, continue the present system whereby the illegals remain in violation of the law with significant but limited social benefits; second, grant amnesty with increased social benefits; third, induce them to leave either by enforcement only or enforcement plus Compensated Repatriation.

The cost of allowing the illegals to remain (welfare costs) is equal to net social expenditure on unlawful migrants for as long as they are in the country. The total cost of any program aimed at their departure has two components: First, the costs of executing the program (program costs); second, welfare costs. Since social expenditure on illegals continues until they depart, the faster that any program removes illegals, the lower the welfare costs of that program.

As a starting point, it is useful to have a basic idea of the costs of the current practice in which millions of unlawful migrants remain and receive limited ben-

FISCAL COSTS OF POSSIBLE SOLUTIONS TO THE PROBLEMS OF UNLAWFUL MIGRATION						
Solution	Cost during five years after enactment (\$billions)	Total Program Cost (\$ billions)	Total Welfare Cost (\$ billions)	Total Cost (\$ billions)	Authors	Affiliation
Cost under Present System	273	0	2894	2894	Rector and Richwine	Heritage Foundation
Amnesty as in Gang of Eight	217	0	6000	6000	Rector and Richwine	Heritage Foundation
Enforcement Only	75	104-304	1000	1104-1304	Gitis and Collins	American Action Forum
Compensated Repatriation	148	148	0	148	This article	
Compensated Repatriation + Enforcement	227	250-450	723	973-1173	This article	

efits. Fortunately for analysts, estimates of the costs of the present immigration regime were provided by Jason Richwine and Robert Rector of the Heritage Foundation (2013). Unfortunately for everyone, Richwine and Rector's findings have been largely ignored.

Richwine and Rector estimated the social expenditures on unlawful migrants less their payments of taxes and arrived at a total deficit on the order of \$50 billion annually on both state and federal levels. (All references to Richwine and Rector are in constant 2010 prices.) This deficit falls mainly on states and localities where the immigrants receive large education benefits and pay negligible taxes. Thus, in the next five years, the cost would be \$273 billion, while over the expected life of these individuals, the total deficit would amount to almost \$3 trillion. To put this number in perspective, the estimated the costs of the wars of the United States since 2001 (Afghanistan, Iraq, and related actions in Pakistan) was \$4.4 trillion.⁵

Beginning with this baseline, Richwine and Rector modify the projections to simulate what would happen under the Gang of Eight Bill amnesty, which would have given migrants full access to social benefits in stages. For 13 years they would be legal residents with special status but not yet entitled to all means-tested programs. After the phase-in period, they would be eligible for the full range of benefits. The net expenditures on unlawful migrants decline from \$273 billion to \$217 billion in the five years following the amnesty as the previous unlawful migrants (now amnestied migrants) begin paying taxes but remain ineligible for many benefits. After the 13-year phase-in period, welfare costs explode as the legalized migrants collect the full package of benefits. The total fiscal impact of the Gang of Eight amnesty would have been \$6 trillion. At the risk of some over-

simplification, one can say that maintaining the present system could be three-fourths as much as all the wars since 2001, while amnesty would bring the total cost to about 1.5 times that amount.

At this point it might be enlightening to consider one additional scenario, namely the Obama executive amnesty of November 2014, which would be more expensive than anything discussed so far. Although the media often mischaracterized the president's action as protecting 5-6 million unlawful migrants from deportation, what Obama actually did was to issue work permits to those individuals and make them eligible for the full range of benefits more rapidly than under the Gang of Eight. The president's action, which is under challenge in the courts, would result in an increase in the annual fiscal cost of unlawful migrants from \$50 billion at present to \$75 billion. In the words of Robert Rector, "The bottom line to understand this is you are taking 4 million people with a 10th grade education and giving them access to the largest entitlement and welfare system in the globe."⁶

Let us end by conjecturing about future actions. The Gang of Eight proposal was made when Democrats controlled the Senate but Republicans controlled the House. It was understood that a huge majority of Republican voters opposed the bill and that most Republicans in the Congress would oppose it. The political calculus was that business interests could induce enough Republicans to support the bill so as to spin it as a "bipartisan Comprehensive Immigration Reform." In order to give the bill a chance of passing, it had to be structured so as to push the parts that were most repugnant to Republican legislators (the millions of presumably Democratic voters and the huge budget costs) way into the future. Of course that plan failed.

During 2016 the leading Democratic contenders have embraced amnesty and a fast path to citizenship more aggressively than in the past. If a president favorable to open borders and a similarly inclined Congress were to be elected, they would have less need to placate Republicans. A truly explosive rise in the costs of subsidizing illegal immigration would be likely.

In summary, the costs of illegal immigration are already enormous and would explode under any amnesty. Conversely, plans that result in the departure of unlawful migrants would result in enormous savings for taxpayers. The next two sections consider options that involve the reduction in the number of illegals.

COSTS OF “ENFORCEMENT ONLY” STRATEGY

As mentioned earlier, nearly all Republican contenders in 2016 supported actions to enforce the law rigorously. If this practice is applied to all unlawful migrants, it is reasonable to expect a sizable share to decide to leave of their own accord, and we would have an “attrition through enforcement” strategy. To the degree that it succeeds, this approach yields huge savings over amnesty.

Defenders of open borders have tried to discredit the enforcement only approach by producing numbers that purport to demonstrate the unacceptably high costs of enforcement, with the subtext that therefore we must have amnesty. An extreme caricature of the enforcement only approach was presented by Gitis and Collins in a study sponsored by the American Action Forum, a self-described center right organization that supported the Gang of Eight amnesty.⁷ The high and low estimates of the Passel and Cohn study are included (in modified form) in Table 1.

Gitis and Collins make no allowance for the effectiveness of enhanced enforcement measures such as biometric tracking or employer sanctions. It was assumed that once enforcement is resumed, 20 percent would leave voluntarily and all the rest would have to be tracked down, arrested, detained, and moved though judicial review before deportation. This procedure would take twenty years.

The American Action Forum report can be criticized in two, not mutually exclusive, ways. It constructed a “straw man” by using the least likely scenario to inflate the costs of carrying out a program of massive forced deportation using extremely loose assumptions in order to generate the highest possible cost projection. Even using those inflated numbers, the highest number that could be reached (\$600 billion) was still only 1/10 of the cost of amnesty (\$6 trillion).

In the short run, the report was successful in feeding numbers to the press, which churned out articles portraying Trump and other proponents of border security as demagogues pandering to a band of frustrated primitives.⁸ At the same time, the report inadvertently—but

almost conclusively—proved the basic contention of those arguing in favor of stricter enforcement and against amnesty. To wit, the question is “which is the lowest-cost way to deal with illegal immigration?” If the highest figure your debating opponent can produce is 1/10 of yours, there would not appear to be much left to debate.

That report estimated at a cost of \$400-600 billion lasting over twenty years. It was assumed that it would be necessary to increase the effort of the Department of Homeland Security (DHS) to enable them to raise spending on enforcement to a level sufficient to deport all illegals. The figure for enforcement costs would suggest a cost per deportee cost ranging from \$45,000 to \$67,000. Yet, according to Kumar Kibble, Deputy Director, U.S. Immigration and Customs Enforcement, Department of Homeland Security, “It costs approximately \$12,500 to arrest, detain, and remove an individual from the United States.”⁹

The full estimate in the Gitis and Collins study included \$300 billion for maintaining the immigration enforcement effort of the DHS for 20 years. It is not obvious why this figure was included only under the enforcement scenario, unless the authors expect all need for enforcement to disappear with amnesty. Accordingly, in Table 1 the cost of enforcement was deducted from the total estimated expenditure by the American Action Forum.

Plausibly, a system that reduces the number of illegals in the country will have lower recurring enforcement costs than alternative systems that leave large numbers of illegals in the country and indeed invite more to come, but readers are free to make their own assumptions.

The Gitis and Collins study assumes that illegals who have been working at the most menial tasks in the country, and who find it increasingly hard to find work because employers face sanctions for hiring them, will think it worthwhile to persist in exhausting their legal remedies for two decades. The reader is free to decide whether this assumption is realistic.

The American Action Forum projection concluded that the effort to deport all the illegals would take 20 years. Therefore, in the first five years the program would cost \$75 billion. As has been argued above, these figures are several times higher than other estimates. Nevertheless, the numbers indicate that an enforcement only program, even in its most distorted form, would cost 80 percent less than keeping the illegals.

COSTS OF COMPENSATED REPATRIATION

This section will analyze the effectiveness of Compensated Repatriation, which as said earlier is a logical complement of the attrition through enforcement approach. First, it is useful to estimate the cost of the Compensated Repatriation program if used as the sole

policy instrument. This is very simple: the numbers of adults and children are multiplied by the numbers in each category, as shown in the Pew report. The Compensated Repatriation program would cost about \$165 billion, all of which by law is spent in the initial five years after enactment.

In the most naïve scenario, if all illegals were to accept the Compensated Repatriation offer, they would be gone at the end of that period. Taxpayers would save \$120 billion in the next five years and \$3 trillion in total. Most of the savings would accrue to the states in the first five years, but over the longer run the savings at all levels would be enormous. There is, admittedly, little possibility that the program could be entirely successful without enforcement, but to the degree it does work it is powerful and more efficient than any other solution. Its great attraction is that it removes large numbers of people and removes them quickly.

Instead of aiming at removing all illegals within five years through Compensated Repatriation, a more realistic objective would be to remove 75 percent of all illegals in five years, using Compensated Repatriation backed by enforcement. While we should prefer illegals to accept the Compensated Repatriation offer, all cannot be counted on to accept. Some may have criminal records or they may refuse to leave, even with compensation.

If the American Action Forum assumption is correct that 20 percent of illegals will leave under a pure enforcement approach, it is logical to expect that considerably more will leave when they face stricter enforcement plus a financial incentive to leave. One can assume that the resources devoted to aggressive enforcement (detection, apprehension, confinement, and legal measures) are only half those estimated by the American Action Forum, or \$38 billion over the first five years and only 15 percent of illegals are deported. Let us further assume that 60 percent of adult unlawful migrants accept the offer at a cost of \$89 billion. Under this scenario, the unlawful migrant population declines by 75 percent, from 11 million to 3 million in five years.

Once a substantial decline in the illegal population is achieved and the Compensated Repatriation expires, the enforcement only approach is pursued more vigorously. For instance, sanctuary cities can be defunded or the employer verification programs can be extended from new hires to longer-term employees. With few illegal immigrants, the same enforcement resources can be applied more effectively to the sharply reduced population of illegals.

Under some assumptions, the program cost of offering compensation to each illegal may be slightly higher than the program cost of enforcement only. However, an additional measure of efficiency is the speed with which illegals are removed. The longer illegals

remain, the higher the expenditure on welfare. Compensated Repatriation is the most economical system of all since the illegals departs much more quickly, leading to much larger savings in welfare costs.

This can be seen in the bottom row of Table 1.

Summing up, the major conclusions regarding the costs of the principal policy options are:

- It is extremely expensive (\$3 trillion over their expected life) to continue the present policy of allowing unlawful migrants to remain, due to their high utilization of welfare and minimal tax payments;
- It would be even more expensive to grant amnesty, which, due to their increased eligibility for welfare, would double the net expenditures to \$6 trillion;
- Attrition through Enforcement would decrease the cost by at least 80 percent; and
- The cost could be decreased still further with Compensated Repatriation.

THE CASE FOR FLEXIBILITY

Thus far, it has been argued on economic grounds that the government should set a goal of encouraging or requiring the departure of unlawful migrants. In this section it is argued that on moral and political grounds the best method of pursuing that goal is a mix of vigorous enforcement and positive inducements to leave (Compensated Repatriation). Most people would agree that when a solution combining positive incentives with compulsion is available, it should be preferred to simple compulsion.

While the illegals themselves are guilty of some wrongdoing, it would be easy to draw up a long list of other parties who are their accomplices. That list might include the employers who hired them (and buy protection from the law), the criminal gangs that transport them into the country, and those who help them obtain forged documents, as well as American authorities (presidents, governors and legislators) who have failed to provide moral leadership and to enforce the law while acquiescing in hiding the issue. One can also point to “humanitarian” groups and the media, who sentimentalize the plight of the illegals, obstruct enforcement, and seek to de-legitimize discussion. A policy of deporting all illegals unconditionally would punish only the weakest and most vulnerable participants in a thoroughly corrupt regime.

Voters are likely to view a policy of rewards and sanctions as more equitable than a punitive approach. Regarding public relations the gradualist approach relying on positive incentives as well as enforcement is vastly superior. Enforcement only would offer the media opportunities to show law enforcement officials rounding up and imprisoning abject men, women, and chil-

dren. It would also provide the media with opportunities to highlight any eventual glitches in execution, such as if transportation malfunctions and leaves truck convoys backed up or families crowded into detention centers.

Alternatively, the television cameras might show unlawful migrants in line to sign up to receive their Repatriation money. They could (through interpreters) tell the reporters: First, I decided to sign up for the program because I knew I would be caught sooner or later; second, with this money I can buy a piece of land back in Guatemala; or, third, I knew I was breaking the law, so this is probably the just thing.

A POSSIBILITY FOR PARTIAL LEGALIZATION

One possible addition to the policy mix of enforcement and Compensated Repatriation would be to grant legal status to a limited number of illegals. Donald Trump, for instance, has said that he would allow “the best” of the illegals to stay. If structured reasonably, such a program would specify criteria for selection based upon the applicant’s record and potential contribution to American society. The specific criteria upon which applications might be assessed could include:

- A. Honorable service in the armed forces
- B. Education and employment history
- C. Capability in English
- D. Use of means-tested government programs

The basic standard in deciding who should be allowed to stay would be simple: If that person applied to enter the country now, would we be inclined to accept their request? No person who uses or is likely to use means-tested programs should be allowed to remain, which would mean that most current illegals would be refused. If legalization is denied, the applicant automatically would be placed on the Compensated Repatriation track. This program could be useful in building additional public support for the program by demonstrating that every effort has been made to give all illegals a chance to make their case, and that those who were refused received fair compensation.

COMPENSATED REPATRIATION IN THE BROADER CONTEXT OF IMMIGRATION REFORM

It is important to maintain some perspective of the importance of illegal immigration in the total picture of immigration and its role in the American economy and American society. It is also important to distinguish between what is essential for achieving one’s goals and what is mere distraction.

Since the immigration law of 1965, the United States has been transformed from the highest-wage country in the world, where an average worker could expect steady growth of wages, into an economy with stagnant wages, where the business sector, with the support of politicians, routinely uses immigration to depress wages.

Some commentators hail the current situation as the free market at work, but in fact it is a rather malignant form of crony capitalism. Business interests, owing to their ability to buy government favors, get low-paid unskilled workers who in turn are subsidized by taxpayers.

As recently as the mid-1960s, government policy (as reflected in the Kennedy-Johnson wage/price guidelines) assumed that the norm was for real wages to rise 3.5 percent annually. There was a strong political consensus that this state of affairs should be maintained, a consensus that reflected the realities of the labor market. Net immigration had been negligible for forty years. It was assumed that, first, the supply of labor was largely determined by the growth of the native population, and second, the quality of the labor force would rise continuously, mostly due to steady gains in education. The rising quality of the labor force was the main factor underpinning the projected 3.5 percent annual rate of growth of labor productivity.

In the ensuing years, the labor force has been swelled by unprecedented numbers of immigrants, legal and illegal. Partly because most legal immigrants are selected on the basis of their family ties, immigrants not only have less education than the natives; they are more likely to receive government transfers and are not particularly entrepreneurial, with illegal immigrants even more concentrated near the bottom of the economic pyramid (Richwine 2016). Instead of a labor force of rising quality that grows in line with the natural rate of growth of the native population, we now have an elastic supply of unskilled labor to hold down wages, while the government sees its role as facilitating the flows of immigrant labor to restrain wages.

Many politicians have postured about inequality, income stagnation, and the decline of the middle class. It is hard to take these lamentations seriously if immigration is excluded from the conversation. Immigration, while not the only factor driving this transformation of the labor market, is at the very center.

Projecting current trends forward, the population of the United States will grow from 309 million at present to about 417 million in 2060.¹⁰ About 80 percent of that increase will be due to immigrants, who, like present immigrants, will be of low socioeconomic status and will use government welfare payments at a rate significantly higher than natives. The aggregate quality of the labor force will continue to decline, while wages for those near the bottom of the socio-economic pyramid will remain under pressure while the taxpayers bear a rising burden of transfer payments.

The key to changing our destiny is to change our immigration policy, not just illegal immigration but all immigration. For, the main external driver of population growth is that 1 million people enter the country legally every year.

During the 1990s, legal and illegal immigration each added 1 million persons to the population per year. Since 2007, net illegal immigration has flattened. By resuming enforcement, it is possible to reduce future illegal immigration to negligible amounts, and hence the problem will only be to deal with the backlog of illegals in the country. The real challenge is to regain control over legal immigration, which is where the battle will be won or lost.

Corporate interests, which are important sources of funding for the Republican Party, would like more cheap legal labor and lax enforcement. Under the Gang of Eight deal, the business sector was willing to support the amnesty in exchange for an expansion of access to labor through legal channels. There is every reason to think that the business sector can live with a more restrictive policy on illegal immigration if they can receive cheap labor legally.¹¹ It is important for those seeking to change the system not to allow this to happen. ■

APPENDIX

Estimated Cost of Compensated Repatriation Program (\$ billion)	
Payments to adults	142
Payments to children	5.5
Transportation	11
Administration	5
Total	163.5

Endnotes

1. For some relevant observations, see Richwine (2015).
2. The term “practice” is used rather than policy, because policy would imply that the measures in question have been articulated by persons with the authority to set policy. It has long been the practice of the United States to enforce existing migration laws unevenly. When President Obama issued his executive orders of 2012 through 2014, that practice became government policy.
3. <http://www.fairus.org/morton-memos>
<http://cis.org/amnesty-by-any-means-memos>
4. This conclusion was reached after a non-exhaustive examination of websites and press statements of Republican candidates. Other candidates made similar but often inconsistent or unclear statements.
5. Crawford (2014) Brown University project on the cost of war.
6. <http://www.breitbart.com/big-government/2014/11/24/robert-rector-amnestied-illegal-immigrants-to-cost-taxpayers-2-trillion-over-their-lifetime/>

For detailed quantitative estimates, see Rector (2015).

7. According to Politico, by 2013 the American Action Forum had spent more than \$750,000 in advertisements promoting the Gang of Eight bill.

<http://www.politico.com/story/2013/07/new-ad-for-immigration-reform-093802>

8. For example, see Julia Preston, Alan Rappeport, and Matt Richtel, “Donald Trump’s Immigration Plan: Big Promises, Bigger Doubts,” *New York Times*, May 19, 2016.

David A. Fahrenthold, Jenna Johnson, and Max Ehrenfreund, “Trump driving migrant debate among GOP field,” *Washington Post*, August 17, 2015.

9. Testimony before the House Subcommittee on Immigration Policy and Enforcement of the Committee on the Judiciary, January 26, 2011. See References.

10. U.S. Census Bureau (2014).

11. As an example of how this might materialize, see Graham et al. (2015) for Bipartisan Policy Center.

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The Fiscal Cost of Unlawful Immigrants ...and Amnesty to the U.S. Taxpayer

BY ROBERT RECTOR AND JASON RICHWINE, PH.D.

In May 2013, the Heritage Foundation released a report on the fiscal burden of illegal immigration. The report detailed the "enormous fiscal implications" of unlawful, low-skilled immigrants in the U.S. It concluded, "The United States offers enormous economic opportunities and societal benefits. Countless more people would immigrate to the U.S. if they had the opportunity. Given this context, the U.S. must be selective in its immigration policy. Policymakers must ensure that the interaction of welfare and other financial transfer programs with immigration does not expand the fiscally dependent population, thereby imposing large costs on American society."

"Current immigration policies with respect to both lawful and unlawful immigration encourage the entry of a disproportionate number of poorly educated immigrants into the U.S. As these low-skill immigrants (both lawful and unlawful) take up residence, they impose a substantial tax burden on U.S. taxpayers. The benefits received by unlawful and low-skill immigrant households exceed taxes paid at each age level; at no point do these households pay more in taxes than they receive in benefits."

"Current immigration practices, both lawful and unlawful, operate like a system of trans-national welfare outreach, bringing millions of fiscally dependent individuals into the U.S. This policy needs to be changed. U.S. immigration policy should encourage high-skill immigration and strictly limit low-skill immigration. In general, government policy should limit immigration to those who will be net fiscal contributors, avoiding those who will increase poverty and impose new costs on overburdened U.S. taxpayers." ■

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