

U.S. Immigration Policy – a Contrived Failure?

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While life has improved for Hispanic U.S. citizens, there is a large population of Hispanics in the United States who are not citizens and are working illegally. U.S. trade and foreign policy have contributed to the problem. The North American Free Trade Agreement (NAFTA) opened Mexican markets to subsidized US agribusiness products, while putting an estimated 2 million Mexican workers out of work. Critics claim that U.S. foreign policy contributed to the civil and military conflicts in Guatemala, El Salvador, and Nicaragua. Thus, there has been an influx of people during the last three decades from both Mexico and Central America who seek asylum or illegal employment in the United States.

The Pew Research Center published an article, “5 Facts About Illegal Immigration in the U.S.” based upon information from the US Census Bureau. The five facts that they highlighted are:

- 1) There are approximately 10.5 million unauthorized immigrants in the U.S. in 2017. This is a decline from 12.2 million in 2007.
- 2) 47% of the unauthorized immigrants were from Mexico.
- 3) 7.6 million of the unauthorized immigrants are in the U.S. civilian labor force. This represents 4.7% of the civilian labor force.
- 4) Six states account for 57% of unauthorized immigrants: California, Texas, Florida, New York, New Jersey, and Illinois.
- 5) 66% of unauthorized immigrant adults in 2017 had been in the U.S. more than 10 years.

Statista.com estimates that the total cost of removing all illegal aliens from the United States as of 2015 would be between \$103.9 billion and \$303.7 billion. The difficulty in estimating the cost of apprehension accounted for the wide difference between the lower and upper estimates.

Two economists at Queens College in the City University of New York, Ryan D. Edwards and Francesc Ortega, estimated the economic impact of deporting all illegal aliens. In their 2016 report prepared for the Center for American Progress, they estimated that

the impact of mass deportation would be an immediate decline of 2.6% of GDP and that the cumulative decline in GDP over 10 years would be \$4.7 trillion. Unauthorized workers are concentrated in certain industries: agriculture, construction, and leisure and hospitality. These industries would experience workforce reductions of 10 to 18 percent.

A decline in GDP has a magnified impact on corporate earnings. Consider the last financial crisis. For the calendar year 2008, U.S. GDP declined by -0.1% according to the St. Louis Fed. During the same period, according to Multpl.com, S&P 500 revenue grew by 1.7% while earnings declined by -77.6%. The S&P 500 Index declined by -38.5% during 2008.

The 1986 Immigration Reform and Control Act set penalties for employers who knowingly hired undocumented immigrants. The fines can vary between \$250 and \$10,000 per illegal employee and prison time can be imposed. Apparently, this has created a thriving black market for fake birth certificates and social security cards but has done little to reduce the employment of illegal immigrants. Prosecution and prison time for employers is rare. According to Immigration and Customs Enforcement, for the 12 months ending March 2019, only 11 individuals (and no companies) were prosecuted for employing immigrants without proper documentation.

The Immigration Reform Law Institute filed a Freedom of Information Act (FOIA) lawsuit against the Social Security Administration (SSA) seeking records related to “no-match” letters sent to employers. From 2012 to 2016, there were 39 million instances where names and Social Security numbers on W-2 forms did not match the corresponding Social Security records. During those 5 years, \$409 billion was added to the Earnings Suspense File (ESF), which tracks uncredited gross wages that can’t be matched to SSA’s database.

The failure of U.S. immigration policy seems contrived. Immigration by legal means is limited while some businesses owners say they cannot operate without illegal immigrants. Employers often accept documentation that may be questionable and are rarely prosecuted for employing illegal immigrants. When the SSA sends “no match” letters to employers, further action by either SSA or the employer is rarely taken. SSA keeps payroll taxes deposited for the “no match” employees without putting much effort into reconciling the discrepancies.

The problems related to illegal immigration in the U.S. have been going on for decades. For those who come to the U.S. to work illegally, the passage is often dangerous and costly. The current system suppresses wages for illegal immigrants. It is a system that

makes it impossible for many Hispanic families to gain an economic foothold in the U.S. While the language today regarding illegal immigration focuses on the legal process for immigration rather than racial or ethnic distinctions, the system that is currently in place seems designed to deny many Hispanic families a decent life.

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