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Evidence on the Economic Benefits of Legalization and Citizenship

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The significance of legal status and citizenship

- Why does lack of legal status result in lower wages?
 - Direct effect: employer risk; exploitation
 - Indirect effect: lack of training, education; lack of safety net, benefits; adverse health effects
- Mattered less before
 - Undocumented immigration was less distortionary without interior enforcement; 9/11 ushered in a new era
- Economics of legalization are mostly a win-win
 - Increased productivity and wages
 - Higher efficiency, less occupational mismatch
 - Fiscal impact possibly negative in short run
 - Higher tax contributions likely offset by higher usage

The wage impact of legal status

Study	Program	Wage Increase %	Notes
Orrenius & Zavodny (2015)	TPS	13	ES men
Orrenius, Zavodny & Kerr (2012)	Chinese Student Protection Act	6-25	
Ortega et al (2018)	DACA, DREAM Act	12, 15	52 % (indirect)
Hall et al (2010)	Undoc/Doc	17 gross, 8 net	Mexican men
Lozano & Sorensen (2011)	IRCA	15	
Kossoudji & Cobb-Clark (2002)	IRCA	6 ; 14-24	
Lynch & Oakford (2013)	Legal status and citizenship	25	5 years
Kaushal (2006)	NACARA	3-5	
Lofstrom et al (2013)	Green card	No effect	Least skilled

Evidence on effects of citizenship

- Self-selection a major challenge in studying effect
- Naturalization leads to faster wage growth and improved jobs distribution (Bratsberg et al 2002)
 - Access to public sector, white collar and union jobs
- Naturalized immigrants have
 - Lower unemployment, less cyclical outcomes, wage premium of 5 % (Sumption & Flamm 2012)
 - Higher employment and home ownership, 9% higher wages (Enchategui & Gianarelli 2015); 8-11% higher wages (Pastor & Scoggins 2012); 15% higher wages and lower poverty (Schierholz 2010).
- Citizenship has larger effects for less-skilled, Latinos, women

Conclusions

- Research suggests significant wage gains associated with legal status
 - Larger and more lasting if come with more education
 - Important these programs target young people, who are more likely to enroll in college
- Effect on employment rates more mixed
 - Employment rates will tend to fall for men, but rise for women and students
- Naturalization leads to additional wage gains, other benefits

