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Legalization of Undocumented Immigrants Can Reduce Crime

by *Scott Ross Baker*

A new immigration policy promises legal status to an estimated 1 million undocumented young people in the United States. My research suggests that one effect of this policy may be a reduction in crime across the country, based on effects seen after a similar immigration policy, the 1986 Immigration Reform and Control Act.

In recent days, hundreds of thousands have lined up around the country for the promise of a fresh start on their lives in the United States. On August 15, a new immigration policy—Deferred Action for Childhood Arrivals¹—took effect,

offering a path to legal status for an estimated 1 million undocumented young people in America. Aimed at young people who have lived in the United States for extended periods, often since they were small children, the primary purpose of the policy is to allow for the integration of applicants into the formal labor force and to give assurance to applicants that they will not be suddenly deported to a country where they have not lived in years. In addition to these effects, this new policy could have an important

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About The Author

Scott Ross Baker is a fifth-year Ph.D. candidate in the Stanford Department of Economics. He is both a Shultz Scholar and a Bradley Research Fellow through SIEPR. His research is concentrated on empirical labor and public economics, especially in the area of federal policy analysis and evaluation. He is currently engaged in a variety of empirical research projects regarding effects of policy uncertainty, immigration policy, federal contract distribution, as well as the effects of unemployment benefits on job search intensity. Scott was born and raised in San Diego, California and received B.A.'s in Economics and Political Science from the University of California, Berkeley in 2007.



¹ Department of Homeland Security (June 15, 2012). "Secretary Napolitano Announces Deferred Action Process for Young People Who Are Low Enforcement Priorities," <http://www.dhs.gov/news/2012/06/15/secretary-napolitano-announces-deferred-action-process-young-people-who-are-low>.

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implication that has not been discussed: It could play a role in reducing crime rates throughout the country.

My research has investigated the role of the 1986 Immigration Reform and Control Act (IRCA) in reducing crime rates during the 1980s and 1990s.² The early 1980s featured a national debate over undocumented immigrants, just as similar debates have permeated American politics of the 21st century at local, state, and national levels. In the years prior to the passage of the IRCA, the population of undocumented immigrants in the United States had begun to increase dramatically, with many people believing that this increase was the cause of numerous social ills and a worsening job market for natives. The IRCA, signed into law by President Ronald Reagan, was a bipartisan effort to strengthen the nation's controls on undocumented immigrants. It was designed to help stem the flow of undocumented immigrants into the United States but also served to provide legal status to those already here.

In principle, there were two

primary groups of immigrants that the IRCA applied to—immigrants who had entered the United States prior to 1982 and had lived here continuously and many of the agricultural workers who would come to the United States for temporary stays. In practice, due to lax controls and poor document-checking by the agencies running the application program, the 1986 IRCA offered a path to legal status for virtually all undocumented immigrants, regardless of whether they belonged to one of the two target groups. Of the estimated 3.2 million undocumented immigrants in the country at the time, more than 3 million applied to the program and almost 90 percent of applicants were eventually granted legal status. This represented an enormous shift in the United States' immigration policy, giving legal status and a path to citizenship to more than 1 percent of the national population and, in many counties, affecting several percent of the population (Figure 1).

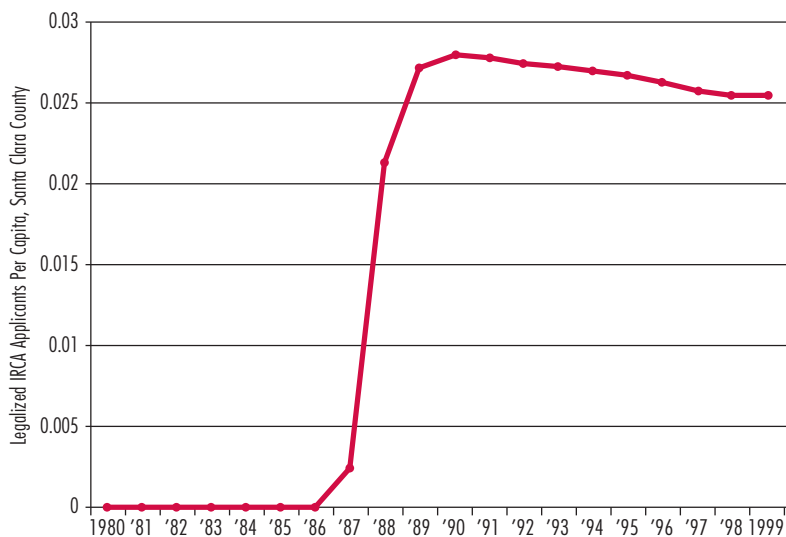
For an undocumented immigrant, the process

began by submitting an application to a local office. Acceptance of an application would take between 3 and 18 months. Upon acceptance, an undocumented immigrant was granted "Temporary Resident Alien" status, a step toward a green card, which lasted 18 months. During this time, they could legally enter the formal workforce as well as legally enter and leave the United States. Following their temporary status, they were able to sponsor family members to join them and access government benefit programs.

Using data from the IRCA application process alongside crime statistics from the FBI, I examined how crime was impacted at a county level, as IRCA applicants attained legal status. As more applicants gained legal status, crime fell faster in those counties with highest number of legalizations per capita. In the years after legalization, I find a fall in crime per capita of approximately 2 to 3 percent, consistent across a number of specifications, associated with an increase in the legalized

² Baker, Scott R., (June 2012). "Effects of the 1986 Immigration Reform and Control Act on Crime," <https://sites.google.com/site/srbaker/papers/IRCACrime.pdf>.

Figure 1



proportion of a county's population of one percentage point. This decline is equivalent to about 200,000 fewer crimes each year. I find that the fall in crime is concentrated among property crimes, with declines in property crimes about twice the decline observed for violent crimes. If an equivalent effect is seen from the current policy reform with 1 million applicants, it would represent a decrease of approximately 50,000 crimes every year.

I conduct placebo tests prior to the IRCA's enactment, finding no evidence that these

declines were simply part of a pre-existing trend downward in crime. The results are also robust to the inclusion of a number of other explanatory variables, such as changes in number of police, the number of people in prison, and indicators of the crack cocaine epidemic, in the analysis. In addition, I control for differences in demographic composition of undocumented immigrant populations across counties. The reasoning for this is that if legalization causes changes in criminal behavior among or against undocumented immigrants, it will have different

levels of effects in a county where the entire undocumented population consists of elderly women relative to one in which the undocumented population primarily consists of younger men.

This decline in crime may have had its roots in a number of sources. One potential source may have been shifts in family structure following legalization. With their newfound legal status, many immigrants started families or brought to live with them their existing wives and children, who were often still residing in their home country. Given that existing literature generally finds declines in criminal behavior following marriage and upon fatherhood, these trends may have decreased crime. Secondly, obtaining legal status may have led formerly undocumented immigrants to no longer be fearful of going to the police to report crimes or of aiding police in the investigation of crimes committed against the members of the undocumented immigrant community. Such changes in the relationship of newly legalized immigrants with local police forces may have led to decreases in crime in

3 Bell, Brian, Stephen Machin, and Francesco Fasani, (2010). Crime and immigration: evidence from large immigrant waves. CEP Discussion Paper, No. 984. Centre for Economic Performance, London School of Economics and Political Science, London, UK.

counties with large numbers of legalizations.

Finally, one of the largest drivers of a reduction in crime may have been due to increases in labor market opportunities among legalized immigrants. As IRCA applicants are legalized, they gain access to higher paying work in the formal labor market, lessening the incentive to commit crime for profit. In addition, time spent at a full-time job decreases the amount of time available for other activities, such as crime.

To bolster this view, I examine the relationship between crime and the timing of legalization and the timing of application to the IRCA, as legalization could take up to a year and a half from the time of application. I find that crime is unaffected when applicants apply to the program, and only falls upon the conferral of legal status. This is consistent with crime falling when applicants are actually able to enter the formal labor market and not only when they apply for the program. Related research by Bell, Machin, and Fasani (2010)³ examines different waves of immigration in the United

Kingdom, with the various waves primarily differing in their legal access to the labor market. They find increases in property crime associated with the waves of immigrants without labor market access and no such increase for waves with full legal access to the British labor market.

Moreover, the link between an immigrant's legal status and better labor market outcomes is well established. A number of surveys, some conducted in conjunction with the 1986 IRCA, have found strong wage premiums for legal immigrant labor relative to undocumented immigrants and that IRCA

applicants' access to formal labor markets was greatly enhanced (Table 1). The IRCA legalizations also had the effect of inducing applicants to undertake skill-building activities such as undergoing more years of education and improving English proficiency. These general productivity increases, alongside their newfound access to formal labor markets, aided newly legalized immigrants in finding jobs and improving their working conditions. All of this serves to increase the benefits of formal and legal work and decrease the

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Table 1: Self-Reported Effects of Legalization

	On Ability to Find Work	On Ability to Advance in Job
Made it Much Easier	1,098	1,380
Made it Somewhat Easier	510	885
No Effect	418	1,355
Made is Somewhat Harder	52	37
Made it Much Harder	18	13
Total Respondents	2,096	3,670

Answers taken from LPS2 survey conducted on IRCA applicants in 1992, subsequent to their legalization. First column denotes response to question "How has receiving legal status effected your ability to advance at work?" Second column denotes response to question "How has receiving legal status affected your ability to get work?"

appeal of committing crimes for monetary gain.

To more formally test this channel, I develop a dynamic labor market model to illustrate trade-offs between participation in the formal labor market, informal labor market, and committing crime for monetary gain. I propose a model with these competing sectors having different “wages” and where the crime sector also has some probability of being caught and going to prison. The changes derived from the IRCA are captured by disallowing undocumented workers from working in the formal labor market until they have attained legal status. I calibrate this model using national labor market data on wages and employment levels and estimate the effect on crime of previously undocumented immigrants being allowed unfettered access to the formal labor market. I find that the model predicts gradual drops in crime of approximately 3 percent due to changes in labor market opportunities, corresponding relatively well to the empirically observed declines (Figure 2).

The recently enacted immigration policy, the Deferred

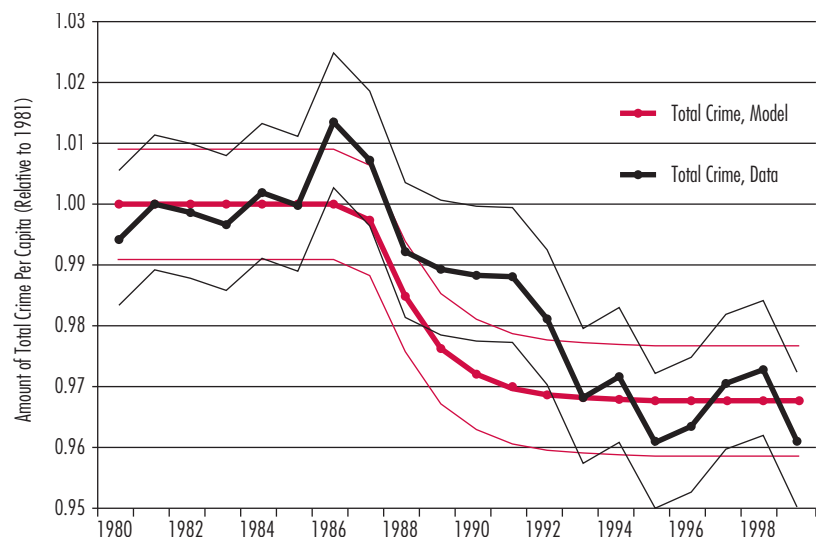
Action for Childhood Arrivals, allows for certain undocumented immigrants to receive work authorization for a period of two years, subject to continued renewals. It affects those who came to the United States under 16, have resided here for the past 5 years, are in or have graduated from high school or the military, have not been convicted for any series offenses, and are not over the age of 30. This differs from the 1986 IRCA, which offered something more akin to a blanket amnesty and a defined path toward permanent residency and citizenship.

While being more limited in size and scope, the current immigration reform policy has

the potential to have many of the same effects on crime as seen after the 1986 IRCA. It promises higher levels of civic engagement and, potentially most importantly, offers greater labor market opportunities to currently undocumented immigrants. Given the effects seen in the years following the 1986 Immigration Reform and Control Act, the current legalization program may presage tens of thousands of fewer crimes per year across the country.

This article summarizes “Effects of the 1986 Immigration Reform and Control Act on Crime” by Scott R. Baker (<https://sites.google.com/site/srbaker/papers/IRCACrime.pdf>).

Figure 2



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