

## NEW STUDY: Regularization of undocumented immigrants reduces labor exploitation but the impact on wages depends of the type of policy

A new report on [IZA World of Labor](#) looks at the consequences of different regularization policies for undocumented immigrants on social safety, wages, human capital investment and employment

Immigration is one of the big global issues of the day, not only in the upcoming US presidential election campaign. European countries have seen an unprecedented rise in asylum applications over the last year. Denied asylum applications often lead to undocumented residence and large numbers of undocumented residents create demand for new policies. A new report by economist Sherrie A. Kossoudji of the University of Michigan summarizes latest research on the effects of different types of immigration policies on undocumented immigrants.

Undocumented immigrants live and work in the shadows to avoid deportation. They have access to fewer jobs that often don't match their qualifications. Tales of overwork, a lack of breaks, being underpaid or unpaid, human rights abuses, or threatened with exposure are common. Kossoudji cites research from a number of countries, including the US and Italy, showing that while in all cases regularization substantially benefits social safety, not all policies have a positive effect on wages and employment.

Findings from the US that utilize the most comprehensive data available show that wage gains principally arise because of job and occupational mobility. Studies reveal that occupational mobility was swift for regularized Mexican workers in the US and led them to move away from the ten traditional occupations of undocumented immigrants within two years after regularization. Better job matching meant higher productivity. And evidence shows that workers indeed received higher wages after regularization. The magnitude ranged from 2–10% for men and from 0–21% for continuously employed women. Interestingly women may not experience wage increases at all, and their benefits may be less tangible, including better and safer working conditions.

If the principal path to higher wages is job or occupational mobility, then special regularization policies that require continued employment with a specific employer (as often the case in European countries), could lessen or prevent higher earnings as an Italian study confirms. On the other hand these type of policies encourage employment among immigrants.

Koussoudji urges policy makers to be clear about their policy's goals. A policy that does not require employment is more likely to lead to wage gains if workers can move freely through the labor market. It is certain that workers will not gain the wage benefits of job or occupational mobility if regularization is tied to an employment contract, though this may lead to significant employment increases among the undocumented population prior to application.

To read the full article and further reports on migration issues please visit: [IZA World of Labor](#).

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Notes for editors:

- IZA World of Labor (<http://wol.iza.org>) is a global, freely available online resource that provides policy makers, academics, journalists, and researchers, with clear, concise and evidence-based knowledge on labor economics issues worldwide.
- The site offers relevant and succinct information on topics including diversity, migration, minimum wage, youth unemployment, employment protection, development, education, gender balance, labor mobility and flexibility among others.
- Established in 1998, the Institute for the Study of Labor (**Error! Hyperlink reference not valid.**) is an independent economic research institute focused on the analysis of global labour markets. Based in Bonn, it operates an international network of about 1,300 economists and researchers spanning more than 45 countries.