2007

Prohibiting the Employment of Unauthorized Immigrants: The Experiment Fails

Michael J. Wishnie

Yale Law School

Follow this and additional works at: https://digitalcommons.law.yale.edu/fss_papers

Part of the Law Commons

Recommended Citation

https://digitalcommons.law.yale.edu/fss_papers/925

This Article is brought to you for free and open access by the Yale Law School Faculty Scholarship at Yale Law School Legal Scholarship Repository. It has been accepted for inclusion in Faculty Scholarship Series by an authorized administrator of Yale Law School Legal Scholarship Repository. For more information, please contact julian.aiken@yale.edu.
For a century before 1986, federal law permitted employers to hire undocumented immigrants. The Immigration Reform and Control Act of 1986 ("IRCA") marked a sea change in immigration law by extending federal immigration regulation into the private workplace through the prohibition of employment of unauthorized immigrants. In the two decades since passage of this dramatic new ban, codified in the "employer sanctions" provisions of the Immigration and Nationality Act ("INA"), there has been almost no critical examination of its merits. Few commentators have...
analyzed whether sanctions achieve their twin purposes of deterring illegal immigration and protecting United States workers. Nevertheless, all serious proposals for immigration reform now under debate assume the continuation and even intensification of the prohibition on employment of unauthorized immigrants.

Congress’s enactment of employer sanctions followed many years of study by a bipartisan congressional committee, academic researchers, and non-governmental organizations, as well as the production of several extensive sets of policy recommendations. Substantively, the employer sanctions provisions forbid an employer from “knowingly” hiring or employing any unauthorized worker. IRCA also created new paperwork requirements, obligating employers to examine an employee’s work authorization documents and complete a Form I-9 within three days of hire. Congress established civil and criminal penalties for violations of either the substantive prohibition on employment or the paperwork requirements. Congress also repealed the “Texas proviso” that had shielded employers from criminal liability for employing unauthorized immigrants, and extended the criminal prohibition on the use of fraudulent documents in immigration matters to penalize their use in connection with private employment. In short, for the first time in our nation’s history, IRCA made employment of undocumented immigrants unlawful across the country.


6 As a result, employers are now criminally liable under the “harboring” statute, as well as the employer sanctions provisions, for employment of undocumented immigrants. See, for example, United States v Kim, 193 F3d 567, 573–74 (2d Cir 1999) (affirming criminal conviction of factory owner who knowingly employed undocumented workers for violation of harboring statute).

7 IRCA § 103, codified at 18 USC § 1546(b) (establishing criminal penalties for use of false documents to establish work authorization under § 1324a).

8 IRCA contained numerous other provisions as well, notably a one-time amnesty program that eventually resulted in allowing approximately three million people to obtain lawful permanent residence. IRCA § 201, codified at 8 USC § 1255a. IRCA also made
It is time to consider whether, and if so to what extent, the employer sanctions regime has deterred illegal immigration and protected U.S. labor markets. This article argues that the prohibition on employment has achieved neither of its purposes, and in fact has led to increased workplace exploitation of undocumented immigrants, strengthened the “jobs magnet” that sanctions aimed to weaken, encouraged illegal immigration, and eroded wages and working conditions for U.S. workers. Sanctions have also increased workplace discrimination and undermined public safety and homeland security by driving millions of undocumented immigrants and their families into the shadows of civic life, fearful that cooperation with ordinary law enforcement, public health, and other social programs may lead to their deportation.9 Furthermore, the prohibition on employment has operated to grant an unfair competitive advantage to outlaw firms that violate labor and immigration laws as against law-abiding firms that respect both. By delegating immigration enforcement powers to private employers, sanctions have created inherently exploitative conditions in the workplace. Employer sanctions have failed and should be abandoned.

The historical genesis of employer sanctions is not in dispute. In the 1980s, proponents of sanctions argued and some congressional and other research studies concluded,10 first, that the “jobs magnet” in the United States inexorably attracted undocumented immigrants, who entered the country illegally or failed to depart upon the expiration of a visa, and second, that their presence had significant negative effects for domestic workers, especially “low-income, low-skilled Americans, who are the most likely to face direct competition” from the undocumented.11 IRCA sought to influence the incentives for employers inclined to hire undocumented immigrants by prohibiting and penalizing discrimination in the verification of immigration status as an unlawful employment practice, 8 USC § 1342b, expressly preempted state employer sanctions law, 8 USC § 1324a(h)(2), and directed labor enforcement funds to immigrant-intensive industries, IRCA § 111(d).


10 See, for example, SCIRP Final Report at 11 (cited in note 4).

There was also a political rationale for employer sanctions. The provisions were part of a grand bargain and the principal *quid pro quo* for the one-time amnesty provision that was the other major element of IRCA.\(^{12}\) The AFL-CIO and NAACP supported employer sanctions, as did a variety of anti-immigrant and nativist organizations. Business groups, Latino organizations, and civil liberties groups, including the ACLU, U.S. Chamber of Commerce, and National Council of La Raza, opposed employer sanctions.\(^{13}\) But even opponents of employer sanctions recognized that the prohibition on employment might be a reasonable price to pay for the IRCA amnesty provision, which led to the eventual legalization of three million people. Many predicted that employer sanctions would burden business, encourage discrimination in hiring, fail adequately to protect U.S. workers, and do little to discourage illegal immigration. But all agreed that the nation’s immigration system was flawed and in need of reform, and IRCA promised both legalization and increased enforcement—politically, something for all sides.

Curiously, however, as Congress and the Administration struggled through complex and politically fraught negotiations in 2006 to enact comprehensive immigration reform, all major voices assumed that Congress would and should continue employer sanctions.\(^{14}\) The same has been true thus far in 2007.\(^{15}\)

---

\(^{12}\) See 8 USC § 1255a (2000). Although envisioned as a one-time measure in which persons present in the US since 1982 applied for amnesty within a one-year filing period, implementation of the amnesty prompted extensive litigation. See *Courts Approve Settlement Agreements in LULAC/Newman, CSS, Filing Instructions Expected at End of March*, 81 No 9 Interp Rel 275 (Mar 1, 2004).


\(^{14}\) Notably, in the aftermath of Hurricane Katrina, President Bush announced that the Department of Homeland Security would temporarily suspend enforcement of employer sanctions in affected regions. Gregory Rodriguez, *La Nueva Orleans: Latino immigrants, many of them here illegally, will rebuild the Gulf Coast—and stay there*, Los Angeles Times M1 (Sept 25, 2005).

\(^{15}\) See, for instance, the lead House immigration reform bill, Security Through Regularized Immigration and a Vibrant Economy Act of 2007, HR 1645 (2007) (“STRIVE Act”), Title III, Sec 301, and the lead Senate bill, *The Border Security, Economic Opportunity,
This is particularly odd given that, in the years since 1986, some major proponents of employer sanctions, including the AFL-CIO and African-American civil rights organizations, have switched their view and now formally oppose sanctions—even as the original critics of sanctions, such as the business community, remain opposed. Instead, the discussions are shaped by the national security needs of a post-September 11 world, concerns about economic competition in the 21st century, and the determination of both political parties to secure the mythical “Latino vote.”

For example, in January 2004, President Bush offered a vague proposal for a mammoth new guest worker program; since then, several major immigration reform measures have been introduced in Congress, sponsored by many of the most powerful legislators of each party, and in 2006 both the House and the Senate passed major immigration legislation. But despite a consensus among business, labor, civil rights, Latino, and African American communities that employer sanctions should be abandoned, each one of the major proposals that preceded Senate and House action, as well as the bills passed by each chamber, assumes the continuation of employer sanctions, and most seek to make more efficient the present system of document verification. Even centrist immigration researchers and adva-
icates presume that any liberalization of the current immigration regime will depend on another political trade for increased penalties and enforcement, including expanded employer sanctions provisions.21

I. THE ORIGINS OF IRCA

During the first century of federal immigration regulation there was no prohibition on the employment of unauthorized immigrants, and as the Supreme Court observed, employment of immigrants was “at best” a “peripheral concern” of the INA.22 Nevertheless, labor market considerations frequently influenced immigration rules, at times favoring liberalization (as in the massive braceros programs of the 1940s–60s) and in other periods constriction (as in the anti-Asian laws of the late 19th and early 20th centuries).23 One prominent immigration historian concluded, “[i]t would be in fact difficult to determine where immigration policy ends and labor policy begins, the two are so closely interrelated.”24

Indeed, Congress was careful to protect employers of undocumented immigrants from criminal sanction. Pursuant to the “Texas proviso,” Congress specifically exempted such employers from the federal criminal penalties for “harboring” aliens when these penalties were enacted in 1952.25 To be sure, undocumented immigrants could be arrested in the workplace and de-

21 See Spencer Abraham, et al, Immigration and America’s Future: A New Chapter: Report of the Independent Task Force on Immigration and America’s Future 45 (MPI Sept 2006) (“MPI Task Force”) (“Recommendation #3: The Task Force recommends that mandatory employer verification and workplace enforcement be at the center of more effective immigration enforcement reforms.”). The MPI Task Force was co-chaired by former Republican Senator and Bush cabinet member Spence Abraham and former Democratic Representative and 9-11 Commission co-chair Lee Hamilton. Its members included the leaders of immigration reform in both parties, such as Senators Edward Kennedy and John McCain, and its report is likely to prove influential in the continuing debate. See, for example, Editorial, Looking Over the Wall, NY Times A16 (Oct 9, 2006) (lauding recommendations of MPI Task Force).
23 See Grounds for Exclusion of Aliens under the Immigration and Nationality Act: Historical Background and Analysis, 100th Cong, 2d Sess 8 (1988) (“The Chinese Exclusion Act ... was enacted out of a concern for protecting domestic labor from foreign competition, combined with racial prejudice.”).
24 E.P. Hutchinson, Legislative History of American Immigration Policy 1789–1965 492 (Penn 1981). See also id at 502 (“Congress in designing immigration legislation has been responsive to considerations of the labor supply and the labor market.”).
25 Harboring was criminalized in 1952, but employment was exempted from the start. 8 USC § 1324(a) (1952) (“Provided, however, That for the purposes of this section, employment (including the usual and normal practices incident to employment) shall not be deemed to constitute harboring.”).
ported, as they could be arrested anywhere, but such workers faced no additional immigration or other penalties because of their employment. Nor was the employer acting unlawfully merely by employing such workers. Further, labor and employment laws generally applied to all covered firms and workers, without regard to the immigration status of employees, with the principal exception that deported workers could not pursue certain remedies.

The earliest legislative proposals for federal penalties on employers who hire undocumented immigrants date to the 1950s, but the first serious bill to accomplish this goal was introduced by Representative Peter Rodino in 1973, at the instigation of the AFL-CIO and NAACP. The Rodino bill twice passed the House in the early 1970s and won some support from the Nixon and Ford Administrations, but it died in the Senate each time. A 1977 Carter Administration bill containing a sanctions provision directed at a “pattern or practice” of hiring undocumented workers, as well as legalization measures, also went nowhere. These proposals faced substantial and “spirited” opposi-

26 See, for example, INS v Lopez-Mendoza, 468 US 1032 (1984) (rejecting challenge to INS worksite raid resulting in arrest and deportation of workers).
27 See, for example, NLRB v Apollo Tire Co, Inc, 604 F2d 1180, 1884 (9th Cir 1979) (Kennedy concurring) (arguing that “if the NLRA were inapplicable to workers who are illegal aliens, we would leave helpless the very persons who most need protection from exploitative employer practices”).
30 Brownell, Declining Enforcement at 1 (cited in note 13).
32 Montwieler, The Immigration Reform Law of 1986 at 4 (cited in note 13); SCIRP Final Report at 62 (cited in note 4). In 1974, Congress amended the Farm Labor Contra-
A desire to reform immigration policies persisted in some quarters, and in 1978 Congress established the Select Commission on Immigration and Refugee Policy ("SCIRP"). The Select Commission held public hearings around the country, commissioned numerous papers from social scientists, historians, and other scholars, reviewed mountains of data, and after extensive study issued its final report (complete with seven volumes of appendices) in 1981. As the final report explained: "In the hearings the Select Commission has held and in the letters it has received, one issue has emerged as most pressing—the problem of undocumented/illegal migration."

The notion of prohibiting employers from hiring undocumented immigrants was controversial. The AFL-CIO endorsed sanctions in a 1980 Executive Council statement, and labor leaders testified at SCIRP hearings in support of the measure, as did the American Legion, the National Urban League, and environmental groups. Many business groups declined to offer public testimony, but as the SCIRP staff noted, "[t]heir previous opposition to employer sanctions is well known, and it is likely that they will continue to espouse their old position." Those business groups that did testify emphasized the regulatory burdens of sanctions and the unfairness of deputizing the private sector to enforce public immigration laws. Latino organizations, civil rights groups, and the U.S. Catholic Conference of Bishops also testified in opposition, emphasizing that sanctions would encourage employment discrimination by employers.

Despite the lack of public consensus, in 1981 the Select Commission proposed a host of detailed legislative reforms. At their core lay the suggestion of a grand bargain—legalization in exchange for employer sanctions and increased border enforcement—that formed the foundation for what became IRCA.
tably, all eight members of Congress who served on the Select Commission voted to recommend adoption of employer sanctions. SCIRP’s rationale for sanctions was straightforward. Enormous wage disparities between the United States and many other nations attract undocumented immigrants to the U.S. labor market, and these disparities cannot likely be overcome by intensified U.S. penalties. Border and interior enforcement are inadequate to deter new illegal immigration or to locate and arrest persons already present in the United States. Employer incentives can be adjusted, however, through the imposition of penalties for hiring undocumented workers, especially when combined with enhanced labor standards enforcement. If fewer employers are willing to hire undocumented workers, Congress will achieve its twin goals of deterring illegal immigration and protecting U.S. workers.

Following completion of its report, Senator Alan Simpson and Representative Romano Mazzoli held several days of hearings on the Select Commission’s recommendations, and the next month, the Reagan Administration endorsed a similar package of reforms: increased border and interior enforcement, employer sanctions, and legalization, plus a temporary guestworker program. In 1982, Simpson and Mazzoli introduced legislation to codify this compromise package, and they continued to introduce the legislation annually until IRCA was passed in 1986.

The Simpson-Mazzoli legislation initially drew criticism from all directions. Business groups opposed sanctions as burdensome and inefficient, civil rights and Latino groups opposed sanctions as likely to spur employment discrimination, and Western agricultural interests and organized labor weighed in with various objections. Indeed, agribusiness interests were “frank about their dependence on undocumented labor and the severe financial problems that sanctions would impose.”

Commission debated proposals for a new guestworker program as well, noting the experience of European countries and that of the U.S. during the notorious braceros program. In the end, the Commission did not recommend a large-scale temporary worker program, although it did suggest some reforms to the visa program for farmworkers. Id at 45. The possibility of a special farmworker category, insisted upon by Western growers, would tie up Congress in its effort to enact broad reforms until a last-minute compromise in 1986.

40 SCIRP Staff Report at 566 (cited in note 2).
43 Fix and Hill, Enforcing Employer Sanctions at 28 (cited in note 29). Agribusiness
Proponents of sanctions responded with various arguments. Labor unions and the NAACP insisted that protection of U.S. workers, especially low-wage and African-American workers, demanded that employers be prohibited from hiring undocumented immigrants. Some “law-and-order” partisans emphasized the implications for the nation’s sovereignty of its failure to control the borders, while other sanctions supporters lamented the impact on natural resources and worried about the fiscal consequences for welfare programs, public education, and other government services of continued large-scale migration. Some warned, darkly, of the social and cultural implications of Latin American migration, legal and illegal.

In fall 1986, tortuous and prolonged congressional negotiations finally yielded a deal on an expanded agricultural guest-worker program. Both the U.S. Chamber of Commerce and the AFL-CIO had come to support the overall package, including the employer sanctions provisions that business interests had previously opposed, notwithstanding continuing business objections to a regulatory policy that deputized the private sector to enforce public immigration laws.

A conference bill containing the principal elements of the blueprint set forth in the SCIRP Report emerged from committee, and passage was secured. Major stakeholders were resigned to the compromise legislation that was, on the whole, likely to favor their interests. “It isn’t the Sistine Chapel, but remains candid about its dependency on immigrant labor to this day. See Inmates Will Replace Wary Migrants in Colorado Fields, NY Times A25 (Mar 4, 2007) (reporting that Colorado has expanded its prison labor program to replace immigrant agricultural workers deterred from working in state by new state penalties).

44 See, for example, Fix and Hill, Enforcing Employer Sanctions at 22–23 (cited in note 29) (quoting Attorney General Edwin Meese’s statement that “We cannot fairly speak of ourselves as a sovereign nation if we cannot responsibly decide who may cross our borders”).

45 Id at 26–27.

46 Id at 25–26.


48 See, for example, Editorial, The Immigration Nightmare, Wall St J 22 (Nov 10, 1986) (criticizing IRCA, especially sanctions provisions); William H. Miller, Alive and kicking; immigration bill gains, could still pass in ’86, Industry Week (July 21, 1986) (noting “heavy opposition by business lobbyists” to employer sanctions); Annelise Anderson, Employer Sanctions Don’t Work Elsewhere, Wall St J 1 (Sept 9, 1986) (“the employer-sanctions approach is fundamentally flawed”).


50 Id at 6–14.
it’s not a bad paint job,” commented Representative Dan Lun
gren, one of the many central players in IRCA’s passage.51

Congress, like SCIRP before it, described the primary pur-
poses of IRCA as discouraging illegal immigration and protecting
U.S. workers from wage competition with undocumented work-
ers. Employer sanctions and legalization were the means to
achieve these goals, frequently termed the “keystone” of IRCA.

The principal means of . . . curtailing future illegal immi-
gration[] is through employer sanctions . . . . Employers
will be deterred by the penalties in this legislation from
hiring unauthorized aliens and this, in turn, will deter
aliens from entering illegally or violating their status in
search of employment.52

Supporters of sanctions intended that over time IRCA would
establish a new employment standard, one that would become a
familiar, widely-accepted principle of the workplace, akin to
minimum-wage laws and Title VII’s anti-discrimination rules.53

Consistent with the focus on altering employer incentives to
hire and exploit immigrant workers, Congress also directed the
U.S. Department of Labor to target its wage-and-hour enforce-
ment activities so as to “deter the employment of unauthorized
aliens and remove the economic incentive for employers to ex-
ploit and use such aliens.”54 Senator Simpson himself empha-
sized the importance of labor enforcement in achieving immigra-
tion goals: “We are all aware that the answer to illegal immigra-
tion rests with increased border enforcement, and increased la-
bor law enforcement.”55 Senator Ted Kennedy made the same
point in his supplemental statement in the SCIRP report.56

51 Id at 17.
52 Immigration Reform and Control Act of 1986, HR Rep No 99-682(I), 99th Cong, 2d
Sess 46 (1986), reprinted in 1986 USCCAN 5649, 5650. See, for example, S Rep No 99-
132 at 1 (cited in note 11) (“The primary incentive for illegal immigration is the availabil-
ity of U.S. employment.”).
53 Robert Bach and Doris Meissner, Employment and Immigration Reform: Employer
54 IRCA § 111(d). See also SCIRP Final Report at 70 (cited in note 4) (“[T]he Select
Commission urges the increased enforcement of existing wage and working standards
legislation.”); SCIRP Staff Report at App H 261 (cited in note 2) (noting that in SCIRP
public hearings, “[t]here was no disagreement on the proposal to more vigorously enforce
wage and working standards legislation”).
55 Immigration Reform and Control Act of 1985, Hearings on S 1200 before the Sub-
committee on Immigration and Refugee Policy of the Senate Committee on the Judiciary,
56 SCIRP Final Report at 357 (cited in note 4) (“We must . . . intensify the enforce-
Congress also took pains to ensure that courts and executive branch agencies would not construe IRCA as excluding immigrants from mainstream labor protections, for the obvious reason that any such exclusion would increase employer incentives to prefer undocumented workers and therefore undermine IRCA’s purposes. Thus, the House Judiciary Committee report accompanying IRCA stated:

It is not the intention of the Committee that the employer sanctions provisions of the bill be used to undermine or diminish in any way labor protections in existing law, or to limit the powers of federal or state labor relations boards, labor standards agencies, or labor arbitrators to remedy unfair practices committed against undocumented employees.57

Likewise, the House Education and Labor Committee reported that to reduce labor protections for undocumented immigrants would “be counter-productive of [the] intent to limit the hiring of undocumented employees and the depressing effect on working conditions caused by their employment.”58

In short, IRCA’s enactment followed years of bipartisan discussion, study, and debate and adhered remarkably closely to the core structure outlined by the Select Commission. The choice to use employer sanctions to alter employer hiring incentives, diminishing demand for undocumented workers and thereby deterring illegal immigration, was deliberate and explicit. Guided by the SCIRP recommendations, Congress chose not to penalize workers for accepting employment without authorization but instead to increase labor standards enforcement as a necessary feature of the broad effort to discourage employers from hiring unauthorized immigrants. Maintenance of all existing labor protections for undocumented immigrants furthered the goal of discouraging their employment.

At the time of IRCA’s enactment, best estimates placed the undocumented population at approximately 4 million people.59
II. THE CONSEQUENCES OF IRCA

In evaluating the results of employer sanctions, several aspects of twenty years’ experience with IRCA stand out. First, after an initial dip caused by IRCA’s legalization program, the undocumented population in this country has grown tremendously. Second, employer sanctions have caused substantial employment discrimination. Third, despite contrary legislative intent, courts have interpreted the employer sanctions provisions as excluding undocumented workers from the mainstream of federal and state labor and employment protections. These judicial interpretations have functioned to exempt employers who hire undocumented immigrants from ordinary liability for the violation of basic workplace rights. This functional immunity, in turn, has undermined the deterrent effects of sanctions on the hiring of undocumented employees. Fourth, although the numbers have varied somewhat over two decades, overall, INS and then ICE have de-prioritized enforcing employer sanctions relative to other immigration enforcement responsibilities. Fifth, major proponents of employer sanctions from the 1970s and 1980s have changed positions, such that the AFL-CIO, business interests, civil rights groups, and Latino and African-American organizations now concur that sanctions have failed and should be abandoned. Finally, and most perniciously, the sanctions regime has granted to employers an enormous, coercive power over their non-citizen workers and over low-wage U.S. workers who compete with them. Nothing in this record indicates that the prohibition on employment of unauthorized immigrants has succeeded nor that it should be continued and intensified.

A. Growth in Undocumented Population

In the first few years after IRCA’s enactment, most estimates held that the total undocumented population in the U.S.
declined. This decline was principally due not to fewer illegal entries, but to the legalization of approximately three million persons.\textsuperscript{60}

Today there are approximately twelve million undocumented immigrants in the United States,\textsuperscript{61} with a net annual increase in the 1990s of approximately five-hundred thousand persons.\textsuperscript{62} This is a dramatic increase from the estimated four million undocumented persons present in the U.S. when IRCA was enacted. When one considers that nearly 3 million persons regularized their status pursuant to IRCA’s legalization program, the two-decade increase becomes even more startling. Many factors have influenced the growth in the undocumented population, of course, and no reliable regression analysis exists to determine the precise causal role of any one factor, but at first glance, these figures do not suggest IRCA has been a success.\textsuperscript{63}

The overwhelming majority of the undocumented are from Latin America (78 percent), and more than half are from Mexico alone (56 percent).\textsuperscript{64} Perhaps 25 to 40 percent have overstayed a visa; the balance crossed the border unlawfully.\textsuperscript{65} Of the nearly 12 million undocumented persons, 1.8 million are children.\textsuperscript{66} Most undocumented immigrants live in families.\textsuperscript{67}

\textsuperscript{60} Papademetriou and Lowell, Employer Sanctions at 225 (cited in note 29) (summarizing data regarding border apprehensions, and household surveys in sending communities, and concluding “to date, there has been relatively little reduction in illegal entries”); id at 226 (concluding data indicated that by 1988, number of visa overstayers “had basically returned to pre-IRCA levels”).


\textsuperscript{62} Passell, Unauthorized Migrants at 1, 10 (cited in note 59). In the decade 1995–2004, between seven hundred and seven hundred and fifty thousand persons entered the U.S. unlawfully or overstayed a visa each year, id at 6, but approximately two hundred thousand died, departed, or regularized their status each year, yielding a net increase in the undocumented population of approximately one-half million persons annually. Jennifer Van Hook, Frank D. Bean, and Jeffrey Passel, Unauthorized Migrants Living in the United States: A Mid-Decade Portrait 2 (MPI 2005), available at <http://www.migrationinformation.org/Feature/display.cfm?id=329> (last visited Feb 9, 2007).

\textsuperscript{63} In addition to IRCA’s influence, if any, those factors surely include harsh amendments to the immigration laws in 1990 and 1996 that narrowed the opportunities for many unauthorized immigrants to regularize their status, shifting global economic conditions, and substantial backlogs in processing family- and employment-based visas and naturalization applications.

\textsuperscript{64} Passell, Size and Characteristics at 4 (cited in note 61).

\textsuperscript{65} Id at 9.

\textsuperscript{66} Id at 7–8.

\textsuperscript{67} Id at 18.
force participation rates, particularly for men, are high, although concentrated in low-wage, low-skilled positions.68

B. Increased Employment Discrimination

In 1990, a Government Accountability Office (“GAO”) study concluded that employer sanctions had prompted significant discrimination in employment, as Latino and immigrant rights critics had warned.69 In particular, in a national survey of 4.6 million employers, GAO determined that a startling 19 percent had engaged in discriminatory behavior. The employer discrimination included not “hir[ing] job applicants whose foreign appearance or accent led [employers] to suspect that they might be unauthorized aliens,” “appl[yi]ng IRCA’s verification system only to persons who had a ‘foreign’ appearance or accent,” or “hiring only persons born in the United States or not hiring persons with temporary work eligibility documents.”70

GAO attributed this widespread discrimination not to employer bias or anti-immigrant animus, however, but primarily to “employers’ lack of understanding of requirements, employers’ confusion about eligibility determinations, and the prevalence of fraudulent documents.”71 The Comptroller General summarized these findings to Congress: “GAO also found that there was widespread discrimination. But was there discrimination as a result of IRCA? That is the key question Congress directed GAO to answer. GAO’s answer is yes.”72

In addition to its findings of widespread employment discrimination, the GAO suggested that sanctions appeared to have reduced illegal immigration for the reasons intended by Congress: employment of undocumented workers had declined and fewer persons were therefore making the dangerous border crossing.73 The GAO did not undertake an extensive analysis of this key question, devoting three pages of its lengthy report to summarize research done primarily by other entities, including a report by the Urban Institute and preliminary findings by the

70 Id at 5–7.
71 Id at 3.
72 Id.
73 GAO, Immigration Reform at 103–06 (cited in note 69).
RAND Corporation. GAO itself reported on a small survey of immigrants arrested in worksite enforcement operations, but several of the other studies noted by GAO failed to show that IRCA had reduced illegal immigration.

C. IRCA Proponents Now Oppose Sanctions

One important consequence of the 1990 GAO study was to prompt the NAACP to reverse course, abandoning its prior support for sanctions and instead declaring its opposition to the approach. A decade later, the AFL-CIO also switched positions and declared its formal and public opposition to sanctions. The labor movement’s change was a product not only of the evidence that sanctions caused employment discrimination, but also of an internal struggle among unions embracing traditional protectionist impulses, “perhaps reflecting a residual nativism,” and other unions that had successfully organized immigrant-intensive industries where employers used the sanctions provisions to retaliate against organizing employees.

Although business groups did moderate their long-standing opposition to sanctions in the run-up to IRCA’s adoption, they have not generally embraced sanctions. Many employers found the paperwork requirements less onerous than feared, and in the absence of vigorous enforcement by INS, business was not “in the forefront of repeal efforts” in the late 1980s and early 1990s. Nevertheless, business remains opposed on principle to sanctions as unnecessary regulation of the private workplace and as an

---

74 This survey found that 16 percent of arrested workers reported having been refused a job because of IRCA’s document verification requirements. Id at 104.

75 Id at 105–06 (noting RAND found initial reduction in illegal immigration but observed that long-term effects were unclear; Current Population Survey of US Census Bureau concluded it was “not possible to make a determination” whether IRCA had affected illegal immigration; and a University of Chicago study found “no evidence” that IRCA had reduced illegal immigration).

76 Brownell, Declining Enforcement at 6 (cited in note 13).

77 See AFL-CIO, Statement of the Executive Council (cited in note 16). For a recent affirmation of this position, see, for example, Letter to Senator Kennedy from SEIU Leaders (Jan 16, 2007) (“We must replace the current regime of employer sanctions with vigorous labor and civil rights law enforcement.”), available at <http://www.seiu.org/media/pressreleases.cfm?pr_id=1366> (last visited May 30, 2007).


79 Bach and Meissner, Employment and Immigration Reform at 289 (cited in note 53).
unfair deputization of the private sector to conduct public law enforcement.\textsuperscript{80}

D. Low Government Enforcement

Another important trend of the 1990s was a significant decline in government enforcement of employer sanctions. Employer audits (inspection by INS or, now, ICE, of employer I-9 forms) have declined 77 percent since 1990, from nearly 10,000 to fewer than 2,200 in 2003.\textsuperscript{81} Warnings to employers found after audit to have violated I-9 verification or record-keeping requirements have declined 62 percent in the same period, from nearly 1,300 in 1990 to fewer than 500 in 2003.\textsuperscript{82} Final orders in fine proceedings against employers have declined 82 percent, from nearly 1,000 in 1990 to 124 in 2003.\textsuperscript{83} The number of fines is certain to fall further still, as the government issued a total of only three “notices of intent to fine”—the document that commences a fine proceeding against an employer—in all of 2004.\textsuperscript{84} Finally, with fewer resources devoted to investigating and prosecuting employers who violate IRCA, immigration authorities have made fewer worksite enforcement arrests of undocumented immigrants.\textsuperscript{85} Even with a recent spike in worksite enforcement, at a time when the Bush Administration appears intent on demonstrating its commitment to immigration enforcement generally, these figures are unlikely to change dramatically in 2006 or 2007.

There are several reasons for the decline in government enforcement of employer sanctions. First, agency enforcement priorities have shifted over time.\textsuperscript{86} By the mid-1980s, INS had begun to focus enforcement resources on deportation of persons with criminal convictions, a trend which has continued to this

\textsuperscript{80} Id.
\textsuperscript{81} Brownell, Declining Enforcement at 3 fig 1 (cited in note 13).
\textsuperscript{82} Id at 3–4 fig 2.
\textsuperscript{83} Id at 4–5 fig 3. Fines collected have also decreased at a similar rate. Id at fig 4. Years refer to fiscal years, not calendar years.
\textsuperscript{85} In 2003, ICE worksite enforcement arrests totaled only 445 for the entire nation, down 84 percent from 1999. Id at 15 & fig 4.
\textsuperscript{86} Id at 12 (“Worksite enforcement was a low priority for INS and continues to be a low priority for ICE.”).
day. In 1994, INS launched a major enforcement operation along the southwest border, known as “Operation Gatekeeper,” and redeployed agents from sanctions enforcement to this mission. In 1999, INS announced new interior enforcement priorities which emphasized anti-smuggling and criminal investigations and downplayed worksite operations. After the terrorist attacks of September 11, worksite enforcement stopped almost completely, with the exception of targeted investigations of security-related locations such as airports and nuclear reactors.

Second, employer sanctions target employers, not undocumented immigrants, by obligating employers to verify status and to refuse to hire unauthorized workers. Federal immigration authorities have traditionally targeted non-citizens, however, and this reorientation may not be fully embraced within the immigration agency, which frequently “negotiate[s] down” fine amounts recommended by agents in subsequent discussions with employers or their counsel. Moreover, politicians of both parties regularly intervene when INS worksite enforcement disrupts important local industries.

Finally, amendments since 1986 have strengthened employer defenses, making it more difficult for the government to prove a substantive violation of the “knowing employment” requirements, and no doubt discouraging some prosecutions. The ready availability of false documents has “also made it difficult

---


88 Brownell, *Declining Enforcement* at 6 (cited in note 13).


90 GAO, *Immigration Enforcement* at 17 (cited in note 84) (“In keeping with the primary mission of DHS to combat terrorism, after September 11, 2001, INS and then ICE has focused its resources for worksite enforcement on identifying and removing unauthorized workers from critical infrastructure sites.”); Brownell, *Declining Enforcement* at 6 (cited in note 13).

91 GAO, *Immigration Enforcement* at 18 (cited in note 84) (“In keeping with the primary mission of DHS to combat terrorism, after September 11, 2001, INS and then ICE has focused its resources for worksite enforcement on identifying and removing unauthorized workers from critical infrastructure sites.”).

for ICE agents to prove that employers knowingly hired unauthorized workers. ³⁹³

E. Erosion of Labor Rights for the Undocumented

One of the most direct and corrosive effects of employer sanctions has been the undermining of labor and employment rights for undocumented immigrants who, notwithstanding IRCA’s prohibition, find work in this country. Before IRCA, courts and executive-branch agencies generally enforced labor and employment laws without regard for the immigration status of the employee. ⁹⁴ This practice was sensible, as few federal or state workplace statutes included immigration status among their exemptions from coverage, and employment of undocumented immigrants was not unlawful in any event. The Supreme Court did carve out an exception for workers who were deported to another country, holding that such workers were ineligible for certain remedies under the National Labor Relations Act (“NLRA”), ⁹⁵ but this exception affected relatively few workers. Even after IRCA’s enactment, most courts and agencies continued to enforce federal and state labor laws on behalf of all workers regardless of immigration status, including seeking all remedies but reinstatement, given that IRCA had prohibited the knowing employment of unauthorized workers. ⁹⁶ Employers regularly argued that IRCA now exempted them from ordinary labor and employment liability, but courts and agencies rarely agreed.


⁹⁴ See, for example, Donovan v Burgett Greenhouses, Inc, 759 F2d 1483, 1485 (10th Cir 1985) (enforcing Fair Labor Standards Act against employer of undocumented workers); NLRB v Apollo Tire Co, 604 F2d 1180 (9th Cir 1979) (undocumented worker covered by NLRB); Nizamuddowlah v Bengal Cabaret, Inc, 415 NYS2d 685, 685–86 (App Div 1979) (undocumented worker covered by state minimum wage and overtime law).


⁹⁶ See, for example, NLRB v APRA Fuel Oil Buyers Group, Inc, 134 F3d 50 (2d Cir 1997) (after IRCA, NLRB still allows back pay award to undocumented worker); Patel v Quality Inn, 846 F2d 700, 704 (11th Cir 1988) (same, as to FLSA); EEOC v Switching Sys Div of Rockwell Int’l Corp, 783 F Supp 369, 374 (N D Ill 1992) (same, as to Title VII); Dowling v Slotnik, 712 A2d 396, 405 (Conn 1998) (same, as to workers’ compensation). Consider Wishnie, Emerging Issues for Undocumented Immigrants at 499–508 (cited in note 95).
The legal landscape changed radically when the Supreme Court decided *Hoffman Plastic Compounds, Inc v NLRB*. There the Court held that an employee who tendered false documents to his employer upon hire, and was later illegally discharged for union organizing, was eligible for neither back pay nor reinstatement. Relying explicitly on the employer sanctions and document fraud provisions of *IRCA*, the Supreme Court overturned decades of decisions by state and federal courts and agencies by exempting employers of undocumented workers from back pay liability. “We hold that [back pay under the NLRA] is foreclosed by federal immigration policy, as expressed by Congress in the Immigration Reform and Control Act of 1986 (IRCA),” declared Chief Justice Rehnquist for the Court. The extensive legislative history demonstrating a congressional intent to preserve full labor protections for undocumented workers, lest employer incentives to hire them increase and the entire immigration-deterrent function of IRCA be undermined, did not trouble the *Hoffman* majority. Since the *Hoffman* decision, lower courts and state and federal agencies have generally conformed to the conclusion that IRCA renders employers exempt from ordinary labor or employment liability, albeit with some exceptions.

---

98 Id at 142.
99 Id at 148 (“[IRCA] makes it a crime for an unauthorized alien . . . [to] tender[] fraudulent documents.”); id at 149 (“What matters here . . . is that Congress has expressly made it criminally punishable for an alien to obtain employment with false documents.”); id at 151 (“We therefore conclude that allowing the Board to award backpay to illegal aliens would unduly trench upon explicit statutory prohibitions critical to federal immigration policy, as expressed in IRCA.”).
100 Id at 140.
101 The majority dispensed with the legislative history in a footnote. See *Hoffman*, 535 US at 149 n 4.
103 See, for example, *Rivera v NIBCO, Inc*, 364 F3d 1057 (9th Cir 2004) (*Hoffman* may not apply to Title VII cases); *Rosa v Partners in Progress, Inc*, 868 A2d 994 (NH 2005) (undocumented workers remain eligible for workers’ compensation benefits); *Balbuena v IDR Realty LLC*, 812 N.Y.S.2d 416 (NY 2006) (same as to benefits pursuant to state Scaffolding Law).
Apart from IRCA’s formal exclusion of undocumented workers from the mainstream of labor and employment protections, as discerned by the Supreme Court in *Hoffman*, the decision and statute have deterred immigrants from communicating with labor and employment agencies about unlawful activity they have suffered or witnessed. IRCA has thus pushed more people deeper into the shadows, weakening or severing the civic ties that would otherwise connect millions of immigrants to agencies and officials whose public mission has nothing at all to do with immigration enforcement.\(^{104}\) The social consequences of this phenomena reach more broadly than the undocumented immigrants themselves, extending to their families, co-workers, neighbors, unions, and other workers.\(^{105}\)

**F. Unfair Business Competition**

IRCA has also caused inevitable changes in business practices. In cost-sensitive, labor-intensive industries that rely on low-wage workers, employers who obey labor and immigration laws are at a competitive disadvantage with firms that hire undocumented workers and violate labor standards laws. Because the risk of being fined for an IRCA violation is slight and the cost-savings from employing and exploiting an undocumented worker potentially substantial (all the more so since *Hoffman*), unscrupulous employers have not hesitated to hire undocumented workers and to seize the unfair competitive advantage such a practice allows.\(^{106}\)

This unfair competition effect was foreseeable and evident even in the early years after IRCA’s passage.\(^{107}\) After the passage of IRCA, many agricultural employers swiftly increased the use of farm labor contractors, who would be responsible for “compliance” with employer sanctions. In reality, these contractors

---

\(^{104}\) See, for example, Wishnie, *Right to Petition* at 673–79 (cited in note 9).

\(^{105}\) Id. at 669, 673, 723, 736 (arguing that law enforcement policies that deter non-citizens from reporting crime and other illegal activities are unwise and may violate First Amendment right to petition the government for redress of grievances).


\(^{107}\) See, for example, Michael Fix, *Toward an Uncertain Future: The Repeal or Reform of Sanctions in the 1990s*, in Fix, ed, *The Paper Curtain* at 303, 318–19 (cited in note 29) (“in markets where law-abiding and law-evading firms compete with one another, the latter may come to enjoy an increased cost advantage”).
would simply bear the risk of any sanctions enforcement action, while supplying a labor force of undocumented workers that the large employer was free to exploit.\textsuperscript{108}

In the years since IRCA, reliance on labor contractors, subcontractors, and contingent workers of various kinds has expanded significantly, not only in the agricultural sector, but in many other price-competitive, labor-intensive sectors, from building services to construction to retail sales to computer programming.\textsuperscript{109} The logic is easy to understand. Large employers seek to insulate themselves from IRCA liability while reaping the cost-savings of using undocumented workers, who face greater practical and legal impediments to forming unions or enforcing overtime rules, health and safety regulations, and antidiscrimination requirements than do U.S. workers.\textsuperscript{110}

In the resulting race to the bottom, law-abiding employers must hire undocumented workers, often indirectly through subcontractors, or else suffer the consequences of unfair competition with outlaw firms that hire and exploit undocumented workers. The \textit{Hoffman} decision has intensified this dynamic, making it absolutely clear that employers of undocumented workers are in many instances immune from ordinary labor law liability. Thus the demand for undocumented workers continues, while the workers themselves now find employment opportunities concentrated with sweatshop employers or shadowy subcontractors whose entire raison d’être is to insulate mainstream firms from IRCA liability.

\textbf{III. A DIFFERENT WAY}

Not one immigration-reform proposal offered by the Bush Administration, Congress, or outside advocates presently con-

\textsuperscript{108} Id at 318.


\textsuperscript{110} See, for example, Greg Schneider, \textit{Grand Jury, Wal-Mart Probe Hiring of Workers; Investigation Focuses on What Executives Knew}, Wash Post E01 (Oct 25, 2003) (describing grand jury allegations that “Wal-Mart Stores Inc. executives knowingly hired cleaning-crowkontrollers that employed illegal immigrants” and noting “one of the ways some businesses hold down labor costs is to fill low-rung jobs—such as custodial positions—with undocumented immigrants, who are afraid to stand up for better wages”); \textit{Commercial Cleaning Services, LLC v Colin Serv Sys}, 271 F3d 374 (2d Cir 2001) (holding an allegation by a cleaning service that a competitor hired undocumented workers to underbid competing firms states a claim under RICO).
templates repealing employer sanctions, and nearly all would increase penalties for sanctions violations, increase resources dedicated to sanctions enforcement, improve online document verification systems, or all of the above. This makes no sense. The policy rationale for sanctions has proved mistaken, and there is now a labor/management/Latino/civil rights political consensus opposed to sanctions. As feared, sanctions have caused employment discrimination, unfair competition, and dramatic erosions of the labor rights of immigrants, while conferring a broad coercive power on employers, without deterring illegal immigration. Together this has almost certainly contributed to the depression of wages and working conditions for U.S. workers.

As it turns out, however, the worst feature of IRCA was neither the widespread discrimination feared by civil rights opponents nor the creation of onerous paperwork requirements and corporate liability dreaded by business opponents. Rather, IRCA's most pernicious consequence has been to strengthen the coercive power exercised by exploitative employers over non-citizens in the workplace, overwhelming any disincentive based on the risk of civil penalty and making employment of undocumented workers irresistible in low-wage, labor-intensive industries.

First, IRCA has made private employers the instrument of immigration enforcement. Employers are empowered to, and by law must, inquire into the immigration status of their employees. If immigrant workers seek to form a union, demand overtime pay, resist sexual harassment, or otherwise defend their interests in the workplace, employers often insist on “re-verifying” their documents or, more aggressively, request an immigration raid to target activist workers.

112 See Bach and Meissner, Employment and Immigration Reform at 291 (cited in note 53) (acknowledging uncertainty about impact of sanctions but speculating sanctions “may have slowed rate of increase of the flow” of illegal immigration).
114 See, for example, Montero v INS, 124 F 3d 381, 382 (2d Cir 1997) (employer, in response to union organizing campaign, threatened to contact INS and, through its counsel, a former INS official, did contact INS to request raid of its own employees); In re Herrera-Priego, USDOJ EOIR (Lamb, IJ, July 10, 2003) (describing employer's retaliatory call to INS to request raid of own factory to punish workers who have filed overtime complaints with state labor agency), available at <http://www.lexisnexis.com/practiceareas/immigration/pdfs/web428.pdf> (last visited Feb 9, 2007).
Second, after *Hoffman*, employers are now *de jure* exempt from ordinary labor liability in many circumstances (previously, employers were at best *de facto* exempt, in light of the reluctance of some undocumented workers to file labor complaints). Even legislative proposals to “fix” *Hoffman* by restoring immigrant eligibility for backpay under labor and employment laws are inadequate, because so long as immigration law forbids the employment of unauthorized immigrants, the traditional make-whole remedy of reinstatement will be unavailable.

Third, despite the negligible risk of a money penalty on employers who violate IRCA, sanctions have spurred an increasing reliance on subcontracted labor, beyond the agricultural sector where the practice first developed, thereby concentrating undocumented workers in underground cash economies and unregulated industries.

The coercive power of sanctions enables employers to claim a frighteningly sweeping control of the work-life of immigrants. Because of IRCA, a law-breaking employer may invoke the formidable powers of the government’s law enforcement apparatus to terrorize its workers and suppress worker dissent under threat of deportation. In this sense, sanctions recall in some respects the post-Civil War schemes of peonage and debt bondage, in which private landowners invoked the power of the state to enforce discriminatory and unconscionable labor agreements that perpetuated the enslavement of African-Americans after Emancipation. Indeed, some courts have even recognized that an employer who threatens deportation to control its workforce may be violating the Thirteenth Amendment’s prohibition on involuntary servitude, a prohibition that an earlier generation of labor advocates once invoked as the theoretical and rhetorical foundation for the union movement itself.

---


116 See United States v Kozminski, 487 US 931, 948 (1988) ("it is possible that threatening . . . an immigrant with deportation could constitute the threat of legal coercion that induces involuntary servitude"); Majlinger v Cassino Contracting Corp, 802 NYS 2d 56, 64 (App Div 2d Dept Sept 19, 2005) (concluding that to deny recovery under state law for undocumented worker injured in course of employment "may even implicate the constitutional prohibition of involuntary servitude").

The remedy is to repeal sanctions and restore mainstream labor protections to all covered employees, including reinstatement, regardless of the immigration status of the employee. While the proposal may seem counterintuitive, eliminating employers' terrible coercive power over undocumented immigrants would immediately diminish the incentive to prefer undocumented immigrants over U.S. workers. It would allow undocumented workers to defend their workplace interests far more effectively, whether by joining unions or reporting labor violations to appropriate agencies—thereby raising rather than lowering terms and conditions for all workers. Mainstream firms would dispense with the shadowy subcontractors and labor contractors. The original concerns with sanctions—increased discrimination and burdensome paperwork for firms—would be ameliorated. Finally, federal immigration authorities would have greater resources to devote to their genuine enforcement priorities. 118 And because the repeal of sanctions would deprive employers of their principal power over undocumented workers, employers would at long last have fewer incentives to prefer undocumented workers; the “jobs magnet” against which Congress sought to legislate in 1986 will be weakened, and there will be less illegal immigration.

The prohibition on employment of unauthorized immigrants may have endured largely because of its symbolic value 119 and because it has offered political protection for officials seeking to reform immigration laws in other ways. 120 But the sanctions law has neither protected U.S. workers nor deterred illegal immigration. Instead, the sanctions law has undermined both purposes. It is time to take a new path.

---


119 See, for example, Peter Schuck, The Great Immigration Debate, Am Prospect (Sept 21, 1990), available at <http://www.prospect.org/web/page/ww?section=root&name=ViewPrint&articleId=5313> (last visited Feb 9, 2007) (discussing symbolic power of sanctions because “[i]mmigration threatens Americans’ sense of control by seeming to jeopardize three fundamental values: national autonomy, economic security, and the ‘social contract’ that secures the welfare state”).

120 Fix, Toward an Uncertain Future at 323 (cited in note 107) (noting sanctions may supply “political ‘cover’ for liberalizing our immigration laws”).