



AMERICAN
COMPASS

Mandatory E-Verify

MAINTAINING TIGHT LABOR MARKETS
FOR AMERICAN WORKERS

WHAT'S THE PROBLEM?

The typical American worker's wages have stagnated for a half-century and are currently falling.



The American immigration system has **disproportionately added workers to the labor market's low-wage segments**, thus increasing supply faster than demand and benefiting employers, high-wage workers, and consumers at the expense of low-wage workers.

A skills-based immigration system is possible only if the United States can **enforce its immigration laws effectively and restrict access to its labor market** to those who are legally authorized to work.

WHERE DO RAISES COME FROM?

Economists and business leaders know that immigration into a tight labor market reduces the pressure to raise wages. That's why they've been clamoring for policymakers to allow just that in response to recent inflation and purported "labor shortages." Especially for low- and moderate-income workers whose wages have stagnated for decades, a tighter labor market with fewer available workers is crucial to ensuring the raises they deserve.

America needs a skills-based immigration policy that welcomes highly skilled workers while tightly controlling entry into struggling segments of the labor market. Achieving that requires serious immigration enforcement that prevents people from working illegally. Such enforcement will need to deal prospectively with the future flow of immigrants as well as grapple with the millions of illegal workers already here.

WHAT'S THE SOLUTION?

Policymakers should **focus on enforcing immigration law in the labor market**, which offers the most straightforward opportunity to deter illegal immigration and protect American workers from many of its costs. Congress should:

- Mandate the use of E-Verify by all employers and establish catastrophic and criminal penalties for repeated or willful violations.
- Create short-term work permits available to illegal immigrants who have already been in the country for a significant period of time, establishing the timeframe within which they must leave, proportionate to the length of time they have been present.
- Allow, only once enforcement has proved successful, those who have resided in the country longest to obtain permanent legal status after paying a substantial fine.

FINDING A FIRMER FOOTING

The U.S. should **give employers the tools to ensure that they hire lawfully, and punish them harshly if they choose instead to exploit foreign labor illegally** for profit. The E-Verify system already validates the legal status of American workers. What's lacking is the political will to ensure its consistent use.

For immigrants already in the country illegally, **policy-makers must neither send sudden shocks through the labor market and millions of lives nor signal lackluster commitment to enforcing the law.** Those who have only just arrived, migrate frequently across the border, or have a criminal record would be barred from the labor market immediately. Short-term work permits would be available for others, proportionate to how long they have resided here. Those the U.S. has allowed to settle in the country over five years or more would be granted a five-year work permit that could lead to permanent legal status after payment of a substantial fine, on the condition that the nation has demonstrated firm control over its borders and its labor market.



FREQUENTLY RAISED OBJECTIONS

“E-VERIFY IMPOSES AN ONEROUS BURDEN ON EMPLOYERS.”

Employers are already required to verify the legal status of all employees and virtually all use digital HR systems into which they enter the relevant information. The added step of validating that information against government records would be barely perceptible and is a common-sense improvement to the integrity of the process.

“WITHOUT A READY SUPPLY OF LOW-WAGE LABOR, PRICES WILL RISE.”

Providing goods and services legally is often more expensive than doing so illegally; that is hardly an excuse for lawlessness. A tighter labor market for low-wage workers would bring them badly needed gains after decades of falling behind and they would see their own wages rise faster than overall prices. If higher-wage workers find their paychecks don't go quite as far, or corporate profits fall, that is the market working.

“IMMIGRANT WORKERS BENEFIT FROM ACCESS TO OUR LABOR MARKET.”

Legal immigration can offer many benefits, to both immigrants and their new communities. But every nation has a right and responsibility to establish laws controlling entry and to enforce those laws firmly. In a democratic republic, lawmakers are accountable to their constituents, which makes the interest of the existing American population the relevant one in deciding what those laws should be.

FURTHER READING

Oren Cass. “Jobs Americans Would Do.” *American Compass*, 2023.

A policy essay outlining the case for tight labor markets and the need for immigration enforcement.

“A Guide to Labor Supply.” *American Compass*, 2023.

Data debunking claims of a post-COVID “labor shortage” and highlighting the labor market’s real challenges.

“The Balancing Act.” *American Compass*, 2022.

A comprehensive whitepaper presenting options for policymakers to manage cross-border flows of goods, capital, and labor.

Oren Cass. “The Immigration Shimmy.” *American Compass*, 2021.

An overview of the economic research on immigration’s labor-market effects.

KEY FACTS

1% Total increases in average wages from 1972 to 2022¹

51% Immigrant share of the increase in the American labor force from 2008 to 2023²

32% Immigrant share of employment in occupations with earnings below \$30K (2019)³

2.8M Illegal crossings of the southwest border encountered by CBP in FY2022⁴

ABOUT AMERICAN COMPASS

Our mission is to restore an economic consensus that emphasizes the importance of family, community, and industry to the nation’s liberty and prosperity. American Compass is a 501(c)(3) nonprofit organization.

For more information, visit americancompass.org

¹ U.S. Bureau of Labor Statistics.

² U.S. Census Bureau.

³ Ibid.

⁴ US. Customs and Border Protection.