

Macro Roundup Article

Headline: [Monopsony, Efficiency, and the Regularization of Undocumented Immigrants](#)

Article Link: <https://docs.iza.org/dp16297.pdf>

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Publication	IZA Institute of Labor Economics
Publication Date	July 18, 2023

Tweet: George Borjas finds that a 1981 French program giving legal status to undocumented workers who represented about 1% of all workers resulted in increased employment and wages for low-skill native and immigrant men and raised GDP 1%.

Summary: This paper documents the economic consequences of a large amnesty program implemented in France. In July 1981, the newly elected government of President François Mitterrand proposed to regularize all undocumented workers. The regularized workers were predominantly male, low-skill, and lived disproportionately in the Paris region. The regularized immigrants composed 2.0% of workers in Paris and nearly 1% of all workers in France. In short, by reducing monopsony power in the undocumented labor market, a regularization program improves labor market efficiency and can generate a substantial increase in output, a “regularization surplus.” Our empirical analysis of employment, wage, and output data in the French labor market confirms that the regularization program indeed had positive effects on the employment and wages of many groups, and particularly for male, low-skill workers. Moreover, there was a sizable jump in the growth rate of per-capita GDP in the affected region, suggesting an increase in total French GDP of around 1%.

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Primary Topic: Immigration

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