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ILR Impact Brief - Doomed to Fail: The
Unintended Consequences of
Guestworker Programs

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IMPACT BRIEF

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Doomed to Fail: The Unintended Consequences of Guestworker Programs

Policy question: Should the United States enact a guestworker program enabling the temporary immigration of low-skilled foreign nationals to relieve alleged labor shortages and/or to minimize illegal immigration pressures?

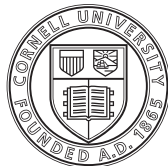
Conclusion: An influx of temporary foreign workers would swell the existing supply of low-wage workers and further disrupt labor markets already grappling with large numbers of illegal immigrants. Guestworker programs satisfy the needs of private interests (i.e., employers seeking low-cost workers) but do not serve the public or national interest (i.e., letting the market set the wages that will attract American workers to less desirable jobs).

Policy implications: Past experience indicates that guestworker programs generate negative outcomes. Government and academic research has shown that temporary work permits for low-wage foreign workers depress wages at the bottom of the skill ladder, facilitate exploitation of a labor force bound to particular employers by short-term contracts, foster dependence on foreign labor, encourage illegal immigration, and impose social and fiscal costs on host communities and on the federal government. Immigration policy should focus on removing illegal immigrants from the workforce rather than creating another class of low-wage workers.

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Abstract: Guestworker programs historically were enacted in response to national crises, such as major wars. In each instance, agricultural employers complained of labor scarcity and successfully pressured the federal government to facilitate access to a cheap supply of foreign workers. Each program in turn engendered loud condemnation, largely by labor and community groups that pointed to the negative impact on low-wage American workers, the difficulty of enforcing the rules designed to protect the foreign workers, and the rise in illegal immigration that invariably resulted when guestworkers did not return home after their contracts expired and others used their knowledge of U.S. labor markets to re-enter the country illegally.

The first formal program was established in the midst of World War I by the Immigration Act of 1917. Under the guise of labor shortfalls, farmers in the southwest sought an exception to the law's literacy requirement for the right to hire unskilled Mexican workers on a temporary basis. The resulting guestworker program lasted until 1922 and was followed 20 years later by legislation that again attended to agricultural employers' claims of war-induced labor shortfalls. Bilateral negotiations between the U.S. and Mexico yielded an agreement establishing the so-called *bracero* program, which allowed several hundred thousand Mexican nationals to enter the U.S. each year, so long as they worked in agriculture. A boon to growers in the southwest, the program nonetheless expired at the end of 1947; it was revived in 1951 during the Korean War and terminated unilaterally by the U.S. on December 31, 1964. A similar deal, nego-



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tiated in 1943 with the British West Indies, allowed agricultural employers on the east coast to recruit thousands of nonimmigrant agricultural workers annually.

Congress dealt with immigration issues again in 1952, passing a bill that established a special category for temporary workers. Not surprisingly, agricultural employers were the largest users of this new H-2 visa, particularly those in the Southwest, the Northeast (for apples), and Florida (for sugar cane). The H-2 program peaked in 1969, when more than 69,000 guestworkers joined the farm labor force. Meanwhile, temporary workers with H-2 status flooded into the U.S. Virgin Islands and Guam, distorting local labor markets. By the late 1960s, H-2 workers constituted half the workforce on the Virgin Islands, unemployment among citizen workers was widespread, and social conditions had deteriorated. In Guam, the presence of foreign workers led to a triple-tier wage system that relegated H-2 workers to the lowest level.

As illegal immigration soared throughout the 1970s and 1980s, some policymakers promoted guestworker programs as an antidote. Two governmental commissions studied and rejected the idea, citing the unintended and damaging consequences inflicted by earlier programs. Debate about temporary foreign workers and immigration continued until 1986, when Congress passed the Immigration Reform and Control Act (IRCA). This bill retained the H-2 visa for temporary foreign workers but divided it into two categories: H-2A for agricultural labor and H-2B for nonagricultural seasonal workers. Perhaps

the most controversial aspect of IRCA was an amnesty provision that granted permanent resident status to anyone who could prove they had performed agricultural labor for 90 days during the preceding 12 months. More than one million people applied to adjust their status; 997,000 applications were approved. The number of applicants far exceeded expectations and most experts soon conceded the amnesty program was riddled with fraud.

The linked issues of illegal immigration and temporary foreign worker programs continued to hold lawmakers' attention. Two new commissions, one created by IRCA and the second established in the wake of the Immigration Act of 1990, investigated anew the role of guestworkers in containing illegal immigration and the impact of temporary foreign labor on unskilled American workers. Both commissions reaffirmed the findings of their predecessors and dismissed the notion that guestworkers could possibly have any salutary effect.

And yet, temporary visas for foreign workers and amnesty for some illegal immigrants have surfaced again in 2006 as possible solutions to these related and intractable problems. The Bush administration and Congress would be well advised to heed the lessons of the past before taking action.

Source publication: "Guestworker Programs Lessons from the Past and Warnings for the Future," *Backgrounder*, Center for Immigration Studies, March 2004.

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