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

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Abstract
The ILR Impact Brief series highlights the research and project based work conducted by ILR faculty that is relevant to workplace issues and public policy. Brief #2 highlights the authors’ research on immigration policy and the American labor force.

Keywords
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Comments
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From write up of Senate testimony, please see: Guestworker Programs Lessons from the Past and Warnings for the Future.

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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.

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 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-
tiated in 1943 with the British West Indies, allowed agricul-
tural 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 em-
ployers were the largest users of this new H-2 visa, par-
ticularly 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 Is-
lands 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 de-
teriorated. 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 pro-
grams 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 immigra-
tion 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 any-
one who could prove they had performed agricultural la-
bror 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 appli-
cants 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 Immigra-
tion Act of 1990, investigated anew the role of
guestworkers in containing illegal immigration and the
impact of temporary foreign labor on unskilled Ameri-
can 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 am-
nesty for some illegal immigrants have surfaced again in
2006 as possible solutions to these related and intract-
table 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,
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