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Does the U.S. Need a Guest Farm-Worker Program?

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For over a century, immigrant workers have been key contributors to U.S. fruit and vegetable production. So much so that when proposals began surfacing in Congress in the early 1980s to limit illegal immigration, U.S. agricultural interests took steps to ensure their supply of workers was protected. Farmers were successful in having legislators insert a provision into the 1986 Immigration Reform and Control Act (IRCA) that assured growers of a continued supply of immigrant workers, and created a Commission on Agricultural Workers (CAW) to assess the outcome of the special agriculture provisions.

Immigrant agricultural workers are once again the subject of congressional discussion. Several proposals are under consideration to create a guest worker program to deal with an alleged shortage of farm workers. To help articulate the issues involved, ground the debate in a common factual basis, and learn from the experience of other countries with guest worker programs, the Urban Institute sponsored a workshop last spring for leading immigration researchers and representatives of interested advocacy groups. The participants reviewed the effects of IRCA's agricultural provisions on illegal immigration, workers, and growers; assessed whether a labor shortage now exists; and discussed criteria that should govern the design of a guest worker program if one were enacted.

Effect of IRCA on Farm Workers and Growers

Nearly ten years after the passage of IRCA with its modified agricultural provisions, a number of researchers have tried to determine its actual effects. The general consensus is that the expected labor shortages did not materialize, that farm workers do not appear to be better off, and that growers were able to expand their businesses.

Absence of Labor Shortages

The labor glut seen in the agricultural market in the early 1980s continued after passage of IRCA in 1986. Because predicted shortages did not materialize, however, no workers were allowed into the U.S. under the Replenishment Agricultural Worker (RAW) program of IRCA. There are several explanations for this development.

First, the Special Agricultural Worker (SAW) program, which allowed farm workers to apply for legal status under very liberal rules, was an open invitation to fraud, and fraud did indeed occur. Although USDA analysts found that only 1.1 million persons (legal and illegal) performed 75 or more days of farm work for wages in 1985, and that no more than 200,00 of these were Hispanic, more than 1.3 million illegal aliens (with more than 1 million from Mexico) claimed to have worked 90 days or more in 1985-86. Because the burden of proof for these claims was with the Immigration and Naturalization Service (INS) and not the applicant, more than 1 million aliens became legal immigrants under the SAW program. Even if these immigrants had not been working in the agricultural sector before their arrival (SAW allowed aliens to apply for legal status from abroad), they provided a large pool of new farm labor once here and legalized.

Second, both SAW and the general IRCA legalization program effectively "legitimized" foreign workers, particularly Hispanics, in the U.S. No longer could nonwhite workers in rural areas be

automatically suspected of being illegal aliens. While this meant that newly legal immigrants could expect less harassment from the INS and other authorities, it also meant that illegal immigrants could blend in better than before the passage of IRCA. Illegal immigration could continue under this new cover.

Finally, the existence of the RAW program (even though it was never used) gave some aliens hope for another round of legalization. Presumably, if up to one million probationary immigrants would be allowed into the U.S. legally under IRCA, then illegal immigrants could hope to capitalize on the eventual assimilation of RAW recruits into U.S. society. It seemed reasonable that RAW workers would eventually be granted legal status and, with them, any other workers who had established themselves in the U.S.

It appears, then, that IRCA both increased the supply of legal immigrant workers through the fraudridden SAW program, and provided an incentive for continued illegal immigration by legitimizing foreign workers and holding out hope for further legalization efforts.

Deteriorating Wages and Working Conditions

Real wages in agriculture and other immigrant-dominated labor markets began slipping in the early 1980s. Labor unions and other groups concerned about the welfare of farm workers argued that illegal immigration contributed to this decline in wages because it produced a glut in labor and because illegal workers did not have a solid bargaining position. With the passage of IRCA, farm worker advocates hoped that the supply of workers would stabilize, forcing wages up, and that newly legal immigrants would join unions, thereby increasing their bargaining strength. Yet, real wages for field workers rose slightly in 1985-88 but then fell.

One development that had begun in the early 1980s -- the use of farm labor contractors (FLCs) to acquire farm help -- accelerated after the passage of IRCA. Farmers' reliance on FLCs to recruit and hire workers is now pervasive throughout the agricultural sector, and has allowed farmers to remove themselves from any direct responsibility for the lives of farm workers. This unprecedented use of FLCs can be attributed to the fact that, in most cases, FLCs have been made solely liable for immigration law violations under IRCA. Also, since many newly legalized workers became FLCs, there was intense competition among various brokers. Farmers were able to recruit a seasonal work force through an FLC for a cost often lower than recruiting directly, without incurring any of the liability.

Although the expansion of the FLCs might have been a positive factor for immigrant farm workers (e.g., FLCs could arrange a series of harvest jobs on different farms), it has not worked out that way.

There are several reasons why the expansion has not been beneficial. Because FLCs are competing in a tight market, they may bid low for a commission and then violate immigration and labor laws to make the profit they need to continue operating. Also, the growers no longer have direct contact with workers, and are more likely to see labor as just one input in their total equation. Finally, since FLCs use their own informal networks to acquire labor recruits, it is no longer necessary for farmers to provide housing and other basic necessities as incentives.

In sum, IRCA did not have the effect on wages and working conditions for farm laborers that advocates for this group had hoped. Because of the continued labor glut, real wages did not rise, and have even fallen in some areas. And because of the increased use of FLCs, housing and other living conditions also have deteriorated. There is some evidence that variations in wages and piece rates, working conditions, and recruitment practices are narrowing across commodities and regions, meaning that laborers are unlikely to find better conditions on other farms or in other areas of the country.

Farm Production Expansion

A number of studies show that labor-intensive fruit, vegetable, and horticultural production expanded after the passage of IRCA. Nationally, the area planted in fresh vegetables increased by 15 percent between 1970 and 1992, with nearly all of this increase occurring in the 1980s. Studies concentrated on

western agriculture show an increase in production there as well. It is doubtful that such expansion could have occurred if labor had been in short supply.

Program Rationale

Most other countries that have instituted guest worker programs have done so in sectors other than agriculture, but nevertheless their experience is useful. The experience of Germany and other industrialized countries shows that even though the rationale for the program is to bring in workers on a temporary basis, these workers tend to stay longer than the host countries either desired or anticipated. As one workshop participant reflected, the idea of the program is to bring in people to work but not to add to the population. But the latter has been the unintended result of most programs.

Can a guest worker program be designed to avoid such unintended consequences? Edward Taylor and Philip Martin, agricultural economists of the University of California at Davis, addressed this issue and provided a series of conditions or criteria for program development that theoretically could avert such unintended results.

The general consequences of guest worker programs have been dependence and distortion -- increasing dependence of guest workers on the host country and distortion of both sending and receiving economies and their labor markets. If employers can assume the continued availability of unskilled foreign workers, then both labor markets evolve in ways that become progressively less subject to governmental control. Experience with guest worker programs has shown that the longrun effects differ from shortterm goals, i.e., generally to ameliorate the effects on employers of labor shortages. They have not served to reduce illegal immigration and have not led inexorably to stay-at-home worker development in sending societies. Although guest worker programs have generally not met their stated goals, they will come closest to their aim of adding workers to the labor force, but not residents to the population, if three conditions are satisfied:

- There is little illegal immigration and there are strong labor market institutions.
- Taxes or levies on employers minimize the distortions due to the availability of foreign workers.
- Economic incentives promote the return of guest workers to their home countries.

Future Policy Directions

As Congress deliberates these issues, it will be instructive to keep in mind the experience of other countries with guest worker programs, the impact that IRCA has had on farm labor supply and on the well-being of farm workers, and the potential impact that such a program, if not designed correctly, could have on the overall U.S. population.

Of the varied goals of the 1986 IRCA legislation (slowing down illegal immigration, improving the lives of agricultural workers in the U.S., and protecting the interests of U.S. farmers), only one appears to have been realized. The demand for labor-intensive farm products is rising, and growers have been able to meet that demand with a large supply of immigrant labor.

Although IRCA was expected to improve the lives of immigrant farm workers by allowing them access to the broader economy through legalization, giving them better bargaining power in the agricultural sector, and increasing their wages because of an expected constraint on the labor supply, it does not appear that farm workers are better off now than they were before the passage of IRCA. Wages are down, bargaining power has been eroded, working and housing conditions have deteriorated, and illegal immigration continues. As another round of policymaking on illegal immigration begins, a review of the consequences of the 1986 Act (intended and unintended) should yield clues on how policy decisions made today will affect the lives of workers and the fortunes of growers tomorrow.

RELATED READING

Five papers related to farm labor and immigration are available from the Urban Institute Research Paper Sales Office:

- "Merchants of Labor: Farm Labor Contractors and Immigration Reform," by Philip L. Martin and J. Edward Taylor, May 1995, \$8.50.
- "Good Intentions Gone Awry: Immigration Reform and Agriculture," by Philip L. Martin and J. Edward Taylor, May 1995, \$8.50.
- "Guest Worker Programs and Policies," by Philip L. Martin and J. Edward Taylor, September 1995, \$8.50.
- "The Mexican Crisis and Mexico-U.S. Migration," by Philip L. Martin and J. Edward Taylor, September 1995, \$8.50.
- "Illegal Immigration: How Big a Problem?" by Jeffrey S. Passel, March 1995, \$5.00.

See also *Immigration Reform and U.S. Agriculture*, edited by Philip L. Martin, Wallace Huffman, Robert Emerson, J. Edward Taylor, and Refugio I. Rochin, Division of Agriculture and Natural Resources, University of California, Publication No. 3358, March 1995. Available from the University of California, (510) 642-2431.

Complementary hard copies of the PRR are available upon request.



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