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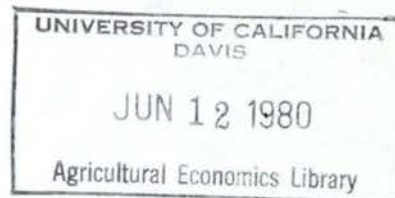
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Guestworkers and Immigration Policy

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Abstract

A frequently suggested remedy for illegal immigration is the initiation of a guestworker program to legally admit aliens for U.S. jobs. The three most frequently-cited reasons for such a program (the border cannot be closed, the U.S. needs alien labor, and Mexico needs a labor-export "safety-wide") are explored. The paper examines the economic arguments for and against continuing U.S. reliance on alien labor and concludes with a listing of the socio-economic issues which must be addressed to administer a guestworker program.

In FY 1979, the Immigration and Naturalization Service (INS) apprehended and returned 867,000 Mexicans illegally present in the U.S. Apprehensions count events, hence this figure is inflated by aliens who are caught several times. Despite the double-counting, the upward spiral in Mexican apprehensions (up from 220,000 in 1970) lends credence to the oft-asserted statement that the U.S. is receiving ever-increasing numbers of illegal entrants and visa abusers eager for U.S. jobs.

Illegal migration provides income for individual aliens and remittances through dependents to sending nations. U.S. employers benefit from low-cost labor, as do consumers when lower labor costs are translated into lower prices. The U.S. government (hence taxpayers) may benefit by collecting more in taxes than aliens cost in public services. In short, considerable numbers of aliens and natives benefit from current patterns of illegal migration, allowing the status quo to persist despite a decade of debate over the need to curb illegal immigration.

Few observers believe that the status quo can persist for another decade. The U.S. desires good relations with Mexico, but the current "exploitation" of Mexican nationals as well as threats to curtail access to the U.S. labor market increase bilateral tensions. Even though lack of consensus on the impacts of and remedies for illegal immigration allow the status quo to continue, many people are reluctant to tolerate widespread law-breaking into the indefinite future.^{1/} If current patterns of illegal migration persist, Mexican push and U.S. pull forces may result in dualism and economic distortions with deleterious consequences for both countries.

One frequently urged proposal to curb illegal immigration is the initiation of a legal guestworker or temporary worker program to substitute legally admitted workers for illegal aliens. Such a program delivers alien "guests" to U.S. employers facing "labor shortages." The alien guests remain in the U.S. for up to two or three years, then return to Mexico. Almost everyone apparently benefits.^{2/} Individual aliens have a chance to earn U.S. wages and enjoy legal protections, the U.S. government is able to regulate a currently unmanaged population of aliens, and Mexico maintains her labor export safety valve, exporting unemployment and importing remittances.

This paper reviews the arguments for and against a U.S. guestworker program. Mexicans may comprise only one-half the aliens here illegally; this paper explores the issues which must be resolved before beginning a temporary worker program with Mexico or any other sending country. After defining guestworker programs, the paper proceeds to detail the largely economic arguments for a guestworker program and the moral, economic, and administrative arguments against it. Guestworker programs must deal with four kinds of issues: U.S. labor market tests to certify employers' labor needs, the details of the labor migration arrangements, the employment and nonemployment rights of aliens in the U.S., and the circumstances under which guestworkers can adjust status to become permanent residents. The paper concludes with an evaluation of the prospects for a U.S. guestworker program.

Guestworker Programs

A guestworker program is a system admitting foreign nationals (aliens) for limited periods of employment. "Guest" best conveys the notion of a short-term stay; equivalent terms are temporary worker, migrant worker, and alien worker. The peculiar attribute of the guestworker concept is that aliens are admitted in a nonimmigrant category, meaning that their purpose (work) and duration of stay (one or two years) is determined upon entry. As temporary residents, they are granted only limited rights—more than nonimmigrant tourists but less than intending permanent residents.

Guestworkers enter host nations and work under a bewildering variety of laws and regulations. Half the world's 20 million guestworkers did not enter their country of employment legally,^{3a/} most aliens or host countries initially see the employment relationship as a temporary phenomenon, and no host country initially has well-developed plans to allow "guests" to adjust their status to permanent residents. Roger Böhning, a leading student of international labor migration, distinguishes "temporary workers" from "guests," arguing that the latter are not expected to stay but not forced to leave.^{3b/} U.S. discussion focuses on a temporary worker program which does expect returns.

U.S. discussions of a guestworker program proceed from the assumption that four to six million aliens are already illegally living and working in the U.S. Before discussing the guestworker arguments it is important to make two points about persons now illegally present in the U.S. First, persons already here have made a labor market impact—granting them amnesty will not change this impact unless their illegal status and enforcement

practices now constrain them to low-level jobs (social service impacts and personal aspirations, on the other hand, may change dramatically with amnesty). Second, illegal immigration must be curbed before a guestworker program is feasible. Essentially, if some combination of better Immigration and Naturalization Service enforcement, identification cards, and employer sanctions cannot curb illegal immigration, a guestworker program which improves on current practices is academic. As the U.S. learned in 1954, illegal aliens often accompany legal guestworkers.

The Pro-Guestworker Arguments

The simplest pro-guestworker argument denies that the border can be closed, assumes guestworkers can be substituted for illegal aliens, and asserts that legal guestworkers are far better than illegal aliens because legality:

(1) allows some management of aliens and their employers, helping prevent worker exploitation and minimizing negative impacts on U.S. workers, and

(2) buttresses general respect for law by discouraging the wholesale law-breaking now occurring. The "inevitable immigration" proponents of a guestworker program argue that the U.S. faces the choice of illegal aliens or legal guestworkers in U.S. labor markets.^{4/} The Library of Congress summarized this view by noting "that Mexicans have been heading North for employment since the beginning of this century, and the (U.S.) choice is essentially a binary one--between planned migration and unplanned migration."^{4a/}

A stronger argument for a guestworker program is that additional labor benefits the U.S. economy. Why would the United States want more labor in the 1980's? The answers fall into three groups:

1. Short-run economic reasons:

The most effective argument is one that begins by noting the need for structural changes in the United States--obsolete capital must be replaced, jobs and people are moving south and west, and savings are necessary to purchase new capital goods. Guestworkers help "cushion" these adjustments by stretching-out economic adjustment process and because their presence helps generate savings. An increased supply of workers holds down some wages and increases the rate of return to existing capital (profit). If new capital investment is financed from profits--guestworkers, by increasing profits, can make more money available for investment.^{5/}

Under certain conditions, the availability of (alien) labor can justify new investments. If a firm is reluctant to invest in (productivity-enhancing) capital because it cannot get enough labor to operate the capital "full-time," the expected rate of return may be too low to justify the investment. The availability of alien labor can, in this scenario, promote investment by permitting e.g., round-the-clock operations.

The U.S. can control legal entries under a guestworker program, allowing the U.S. to select only those aliens employers want. If our "labor shortages" are confined to marginal establishments, we can import only those (unskilled) workers necessary to keep such establishments in operation. Guestworkers may preserve farms, factories, and service establishments which would close if higher wages forced up costs and prices (meaning that some consumers only want the good or service at a labor subsidized price). Preservation benefits complementary domestic workers (supervisors, some skilled workers), the owner of the business'

capital who continues to get a profit return, the local governments and businesses helped by new and continued taxes and spending for housing and consumer goods, and consumers of the goods or services produced by preserved firms. The image here is a declining area or marginal firm requiring some form of subsidy to remain afloat; guestworkers willing to work at prevailing wages are one such subsidy.

Legal or illegal aliens can subsidize marginal firms without displacing domestic workers if aliens are truly noncompeting workers. If low-wage labor markets really do respond to different economic forces than mainstream or primary labor markets, aliens may only replace exiting domestic workers instead of displacing them. The unknown factor in this replacement theory is whether employers could and would have upgraded the jobs abandoned by natives--if aliens are the only salvation, they preserve jobs but promote economic dualism.

Guestworkers would enter the U. S. at working age, saving the U. S. the cost of rearing and educating them. Since most guestworkers are young and many are single, alien workers will make few demands on the social infrastructure while their payroll, income, and sales taxes contribute to the improvement of this infrastructure. If employed guestworkers pay taxes but require few tax-funded services, the U. S. benefits. Similarly, if guestworkers make social security and unemployment insurance contributions but are denied benefits, "Mexican migrants are something of a windfall for the U.S.,"^{5a/} since the burden (on domestic workers) of financing these pay-as-you-go systems is lessened. A guestworker contribution to social security is held to be especially important in the decades ahead,

because a slower-growing domestic workforce will be supporting a faster-growing retired population.

Guestworkers are a flexible labor force. The U.S. can select the total number and characteristics of alien workers. Alien labor can be channeled to industries and areas needing labor. Since aliens' attitudes toward work are shaped in a poor country with lower wage scales, aliens are generally docile and pliant workers.

2. Long-run economic reasons:

The most important long-run benefits from guestworkers follow from their short-term effects. Additional workers restrain (wage) inflation, generate profits and (presumably) new investment, and continue to finance social programs as long as guestworkers' contributions exceed their benefit withdrawals. Since wages would have risen without additional labor, guestworkers may lower prices for some goods and services.

The U.S. economy has grown by adding large numbers of professional, technical, and service workers but only gradually shrinking the number of manufacturing operatives and farm workers. In the 1950's and 1960's baby boom youth, women, and workers exiting agriculture assured an adequate supply of labor in both growing and declining industries. Some guestworker proponents want alien labor because there is work in the U.S. to be done. Most of today's "labor shortages" appear in low-wage jobs requiring physical exertion, unpleasant working conditions, or work at undesirable hours. The need for aliens to fill such jobs is not new. In 1928, a spokesman for the California Agricultural Legislative Committee, opposed to limitation of immigration from Mexico, told Congress: "Somebody,

somewhere, has to do hard physical labor because it is here to be done... Under our present system of education, we must either bring somebody in here to do our work or we must go elsewhere for our foodstuffs and clothing."^{5b/}

In most economic models the supply of labor is the factor which ultimately limits the rate of economic growth. In the 20th century, periods of rapid labor force growth appear to have been associated with economic prosperity, e.g., the early decades from immigration, the 1950's and 1960's with first women and then baby-boom teenagers. Domestic labor force growth is projected to decrease from the current 2.5 million new entrants each year to about 1.5 million in 1990, a decrease which may lower the potential economic growth rate.

3. Foreign policy considerations:

If the U. S. admits alien workers, dependent families and tax-collecting governments in labor-surplus nations will obtain additional income. Remittances are an "easy" source of foreign exchange because they begin as soon as workers are abroad (they don't require the construction of a factory and the development of foreign markets).

Labor-surplus nations exporting labor have a "safety valve"—exporting their unemployment, underemployment, and potential social unrest. U.S. employers may be able to transmit useful work skills via returned guestworkers, increasing the human capital of poor sending countries and accelerating their economic development. Finally, the acceptance of guestworkers can be seen as a U.S. response to international poverty, an attempt by an island of wealth to assist neighbors floundering in a sea of poverty.^{6/}

The Anti-Guestworker Arguments

The arguments against a guestworker program are of a different kind, stressing long-term socio-economic issues rather than short-term economic advantages. This long-term perspective argues that guestworker programs are no "quick fix" for illegal immigration, for domestic "labor shortages," or for our poor neighbors. Guestworker programs tend to provide short-run economic benefits to a few employers and individuals at the expense of more widespread longer-term socio-economic costs.

The U.S. operated a large-scale guestworker program between 1942 and 1964, when some five million Mexican braceros (strong-armed ones) worked in southwestern agriculture. The current H-2 program provides "temporary alien workers for temporary U.S. jobs" after employers are able to convince the Attorney General that domestic workers are unavailable and that the employment of aliens will not adversely affect U.S. workers.^{7/} Both the old bracero system and the current H-2 program are controversial, the former charged with exploiting farmworkers and the latter indicted for mal-administration and local wage depression.^{8/}

Opponents of a large-scale foreign worker program note five basic problems. They oppose (1) the concept of admitting aliens with restricted rights, (2) the concentration of any negative labor market impacts on already disadvantaged domestic groups, especially minority youth, and (3) the perpetuation of "jobs Americans won't take." These conceptual difficulties are buttressed by evidence which shows (4) that many temporary "guests" wind-up as permanent residents and (5) that exporting workers is as likely to impede as accelerate job-creating economic development in emigration countries.

One of the strongest arguments against a guestworker program is moral. Guestworkers are "second-class citizens." Guestworkers are temporary contributors to the nation's economic system. Their alien status, background, lack of skills and English give them little influence in the economic system and no direct influence in the political system. Decisions are made for guestworkers, not by them. This second-class status is inevitable and unavoidable, since extending the basic right of permanent residence—which permits the individual to plan and gives him an incentive to participate in decision-making institutions—negates the concept of temporary "guestworkers." The U.S. has traditionally not separated the right to work from the right to permanent residence, and eventual citizenship, a separation inherent in any guestworker program, e.g. the Chinese contract laborers brought to the U.S. in the nineteenth century were allowed to stay and become citizens.

Labor Market Impacts

Even if the program is well-planned and administered, there are negative impacts of guestworkers which fall most heavily on domestic workers with similar labor market characteristics. In the United States, this means unskilled youth, women, legal immigrants and refugees will bear the brunt of any labor market competition. In the 1980's, the youth cohort will be smaller but it will contain proportionally more minority youth, meaning that the aliens' labor market competition will be more directed against minorities over time.^{8a/} Without guestworkers, the 1980's may be a period when youth and other unskilled workers make real

wage gains and enjoy declining unemployment, "setting in motion a number of labor market adjustments that most observers would consider desirable."^{8a/} Michael Wachter notes that immigration may be "the 'swing' factor for the possible social improvement of young blacks" in the 1980's--without large-scale immigration, slow labor force growth will put upward pressure on youth wages, helping to reduce wage and income inequality.^{9/}

Most economists believe that diminishing marginal productivity produces downward sloping short-run demand for labor schedules. In this standard view, an influx of alien workers depresses wages and/or displaces domestic workers. Labor market competition between guestworkers and natives does not have to be direct, as when a native and an alien compete for a job which goes to the alien. More often, the competition is indirect, as when aliens willingly accept the wages and conditions offered by employers while domestic workers demand more. In one sense, any such native unemployment is "voluntary," but it should be emphasized that the availability of aliens alters the rules-of-the-game because employers simply hire aliens for jobs domestic workers refuse.

The availability of guestworkers leaves the current job structure more or less intact, since a ready labor supply provides few incentives to upgrade jobs.^{10/} In 1976, about 15 million workers--17 percent of the workforce--earned \$3 per hour or less. Without guestworkers, we would expect these bottom level wages to rise and working conditions to improve, closing the gap between bottom and middle-level jobs. With guestworkers, the gap will remain or widen. To regularly provide guestworkers for particular occupations, industries, and/or areas widens this gap by subsidizing (some) employers at the expense of actual and potential

domestic worker competitors. Introducing unskilled guestworkers to meet "labor shortages" implicitly assumes that we do not want to close the gap between bottom and middle-level jobs. Indeed, the availability of alien workers may increase the number of low-level jobs, as some domestic workers shun "guestworker jobs" and employers are "forced" to rely on alien labor.^{11/} A mid-1970's review of labor supply needs by the National Planning Association rejected the idea of tailoring immigration to manpower needs "on the grounds that, in the long run, such a policy would exacerbate social problems by encouraging exploitation of low-wage workers, by adding numerous new individuals to the ranks of the disadvantaged who require society's support, and by adding low-wage competition to the U.S. work force."^{11a/}

Instead of depressing wages and spurring new (productivity-enhancing) investments, as guestworker proponents suggest, the availability of additional labor can make labor "too cheap." In a survey of the reasons for the labor productivity slowdown of the 1970's Morgan Guaranty Bank notes that ". . . labor compensation rose 2.4 percent per year more rapidly than did the price of capital goods between 1948 and 1960 (but) only 0.4 percent more rapidly than did capital costs between 1969 and 1978. Consequently, the incentive for business to boost capital-labor ratios (a major and, until recently, steady spur to productivity improvement) has been much weaker in the 1970's than it was in previous decades."^{12/} Additional labor is a double-edged sword—it can depress wages and spur investment or wage depression can reduce investment incentives enough to retard investment, causing labor productivity to stagnate. Slower growth

in labor productivity translates into higher prices for internationally traded goods, exacerbating balance-of-payment deficits.

A guestworker can lead to economic distortions because not all employers will use alien workers. Since alien workers presumably lower production costs, a guestworker program confined to the Southwest could further erode the competitive position of the Northwest and Midwest. Alien labor can be viewed as government intervention to provide a cost subsidy. Employers arguing that they will "go out of business" without aliens are really saying that consumers will not purchase their goods and services unless production is subsidized. Alien labor willing to work at low wages is a labor subsidy, just as a low-interest loan is a capital subsidy.

Guestworker programs can be administrative nightmares. Controversies surrounding the H-2 program show how hard it is to operate a program supplying temporary workers for temporary (agricultural) jobs. Most illegal aliens now work in nonagricultural jobs.^{13/} It will be much more difficult to shuttle temporary workers through permanent industrial and service jobs since employers have no incentive to terminate an alien in a permanent job. Employers can be told that alien replacements are readily available, but these replacements must be screened, transported, and trained. The alien workers also have few incentives to end the employment relationship, necessitating some sort of permit and monitoring system to assure their return. Among all labor importers, only South Africa has erected a system which truly rotates temporary workers through permanent (mining) jobs.

Northern European countries imported Southern European Gastarbeiter from the mid-1950's until the 1973-74 energy crisis. Despite experience

with border crossing commuters and seasonal workers, European labor importers found it impossible to keep guestworkers from becoming permanent residents whether a country was very "tough," discouraging settlement, (Germany and Switzerland) or initially neutral about long term stays (France). Since labor recruitment stopped in 1973-74, about two million guestworkers returned, but five million stayed. Attempts to induce returns by offering departure bonuses (France) or attempting to set up factory jobs in the homelands (Germany and the Netherlands) have produced only a trickle of emigrants. The end result is "backdoor immigration," with a few employers selecting immigrants. Even though receiving countries controlled the number and characteristics of guestworkers, they faced a Hobson's choice with continuing use of alien labor. Labor-receiving nations can attempt to rotate temporary guestworkers (send them home after one or two years) or assimilate alien workers and integrate their children. Integration sometimes results in alien worker children rejecting the jobs held by their parent, forcing another round of imported labor to meet new "labor shortages."

With permanence come pressures for additional rights, especially the right to unite families in the host country. Initially a small minority, Europe's seven million alien dependents now outnumber the five million guestworkers. Originally prepared to return, then educated to function in either the host or the sending country, the "second generation" presents a very difficult return versus integration issue for nations originally planning to accommodate (single) alien workers for only a brief period. Despite an average duration of stay now exceeding six years, labor-host nations continue to stress the "temporary" character of the migrants' stay, granting

permanent residence rights but not relaxing vigorous naturalization standards.^{14/}

Guestworkers send remittances to dependents and return with skills learned abroad. Instead of domestic job-creation, remittance incomes are often spent to buy (or speculate on) land, build a house, and fill it with (imported) consumer goods. Instead of using foreign-acquired skills in domestic factories, returning guestworkers are more likely to buy a taxi or delivery truck.^{14a/} Guestworker programs could accelerate economic development, eventually diminishing pressures to go abroad, but no temporary labor program has yet made any such sustained positive development contributions.

Even though the long-term benefits of temporary labor emigration may prove chimerical ("yet another plot to keep poor nations poor"), most governments of labor-surplus nations are more influenced by the attractions of immediate remittances and diminished unemployment. Remittances to many labor-exporters (Turkey, Jordan, Egypt, and perhaps Mexico) can equal or exceed the value of exports. Work permits are highly prized, allowing governments to reward working class supporters.^{14b/} Thus, if offered the chance to export labor, most governments will immediately accept even if they recognize the long-term risks.

Instead of promoting mutual friendship, a guestworker program may sour relationships between sending and receiving nations.^{15/} Sending nations are sensitive about the treatment of citizens abroad, often lodging complaints with international organizations to improve employment rights, housing, and social services. While wanting nationals to (eventually) return, labor exporting nations protest sending unemployed nationals home

when recession strikes, arguing that wealthy labor-receivers can better support the unemployed during the recession. Finally, the rising expectations engendered by work abroad may lead some guestworkers to form political organizations aimed at changing their home governments. Host country governments are then caught in a crossfire between the home government's desire to extirpate opposition and migrant worker rights to political expression while abroad.

Every society importing ostensibly temporary guestworkers winds up accepting some alien workers as permanent residents. Since this "leakage into permanence" appears inevitable, labor-importing nations must decide what "leakage" is acceptable, e.g., if 30 percent of an annual inflow of, say, 900,000 migrants become permanent residents, the "leakage" from guestworkers would equal the worldwide quota of permanent immigrants to the U.S. This "unintended permanence" would allow low-wage, often marginal employers to select a significant fraction of the immigrant population. The U.S. has traditionally based its immigration policies on family unification and humanitarian criteria; a guestworker program gives priority to the economic criteria of those employers hiring guestworkers.

Evaluating the Arguments

The case for guestworkers rests on economic and foreign policy grounds. It is indisputable that individual alien workers and their U.S. employers benefit from legal entry. What is less clear is whether the U.S. and Mexico benefit as countries from the labor exchange.

In large part, the aggregate effects of labor flows will depend on the number of persons involved. Given Mexico's finite (70 million) population

there is some upper limit on the number of persons who will come to the U.S. even if entry is not restricted (perhaps 9-12 million). But Mexico sends only half to two-thirds of all the aliens here illegally. If one estimates the maximum number of potential entrants from all the Carribbean, Latin American, and Asian sending nations, the upper limit may reach 20-25 million in the 1980's. Thus, while there is an equilibrium level of emigration, it is at least two or three times the number of workers the U.S. could accept without very noticeable socio-economic effects.

A guestworker program is most attractive on short-run economic grounds. In the 1980's, the ability of a pay-as-you-go social security system to provide ever-increasing benefits to an aging population will be strained. The U.S. has not yet found an effective way to phase-out politically potent but labor-hungry sectors like textiles and agriculture--producers resist imports yet complain of labor shortages. Economic uncertainty pushes all employers to hire easily shed workers instead of buying capital whose costs must be paid even if production ceases,^{16/} which is one explanation for slowly increasing productivity. Finally, short-term foreign policy considerations in both the U.S. and abroad may encourage initiation of an alien labor program.

Acceptance of government intervention to assure a supply of alien workers would represent an inability to deal with more fundamental structural problems. Most of the economic benefits of alien workers are predicated on a system that actually does remove aliens after one or two years work. Since the U.S. does not appear ready to adopt the monitoring and enforcement

measures necessary to make the system work as planned, the U.S. is likely to wind-up with "unintended" permanent residents. One alternative to guestworkers is increased permanent immigration.

If the U.S. initiates a large-scale (e.g., 900,000 annual admissions) guestworker program, it will have to resolve a series of administrative issues. At the outset the U.S. will have to decide how many aliens to annually admit. Are local or regional labor market statistics accurate enough to set detailed admissions limits? Should admissions levels be reduced over time so that U.S. employers are eventually weaned from aliens? What happens if unemployment increases but aliens' work permits still have six more months validity? Will the guestworker program be confined to Mexico or will all countries now sending the U.S. illegal aliens get at least a few work permits? If the program is multi-lateral, how will the U.S. allocate visas among sending countries? Who will be responsible for screening applicants, matching guestworkers with U.S. employers, and transporting workers to the U.S.?^{17/}

Once in the U.S., will a guestworker be confined to one employer, to an industry or occupation, to a particular city or county, or will the migrant be free to take a job anywhere? If a guestworker comes into the U.S. with a contract-in-hand to work for a specified employer, will he be able to change employers at will? If guestworkers are not tied to employers, how long will they be allowed to remain in the U.S. looking for a job? Will these presumably poor aliens be eligible for any social services while looking (e.g., health care)?

What employment-related rights will be afforded guestworkers? Will they pay into the social security, unemployment insurance, and disability

insurance systems? If they do make payments, under what circumstances will the "guests" be eligible for benefits? If guestworkers neither pay into these systems nor become eligible for benefits, how will employers be taxed so that they do not prefer aliens because they are cheaper by the amount of these payroll taxes? Will guestworkers be eligible for an employer's normal range of benefits, including pension rights, vacation pay, educational leaves, and dependent's benefits? Once again, if guestworkers participate, will benefits be paid after leaving the U.S.? If guestworkers are ineligible after they leave, will they still leave?

Employed guestworkers need some forum to lodge complaints about wages and working conditions. Since most illegal aliens work in small, non-unionized industries, will the U.S. government have to set up migrant complaint centers? Who will staff these centers, nationals of sending countries or U.S. personnel? What remedies will be available to a guestworker fired unjustly by an employer—will the U.S. attempt to find him another job? What will be his status while awaiting a decision? Finally, should the temporary guest be encouraged to join unions? How can the U.S. government encourage union membership among guestworkers, especially in right-to-work states and in the nonunion, fragmented industries now using aliens.

Most proposals call for the guests to come to the U.S. without their dependents. If dependents are excluded at the outset, will they later be allowed to join the breadwinner abroad? Under what circumstances can dependents enter, e.g., after the migrant has been in the U.S. one year, if the migrant's employer agrees, or if the migrant can show suitable

housing is available? If dependents do come, what rights will they have? Can the children attend (bilingual) schools? Will spouses eventually be allowed to work? What happens to dependents if the guestworker is injured at work? What happens in the event of a separation or divorce?

The final administrative questions involve adjustment-of-status. Under what circumstances can guestworkers become immigrants? Will their past or current presence in the U.S. entitle them to any priority in the queue for permanent resident visas? Can work permits be renewed? How many times will such renewals be permitted? Who initiates the renewal procedure, the alien or his employer?

Aliens can be brought to the U.S. for employment as immigrants or as nonimmigrant guestworkers. Immigrants tend to impose short-term costs as they scramble for jobs, housing, and public services but soon earn as much or more than natives with similar characteristics,^{18/} i.e., immigrants impose short-term costs but yield long-term benefits. Guestworkers reverse the timing of benefits and costs--the benefits are immediate while costs are both longer-term and more ambiguous. The contemporary tendency to emphasize the short-run helps explain why permanent immigration is being replaced by legal and illegal worker migrations around the world.^{19/}

The U.S. may adopt a large-scale guestworker program. The questions raised here show that converting illegal aliens into legal guestworkers does not eliminate the underlying forces pushing and pulling aliens into the U.S.--the guestworker option simply replaces one set of problems with another.

Footnotes

1/ It is sometimes argued that a lack of data precludes definitive analyses of illegal immigration's impacts, e.g., President Carter's 1977 justification for a partial amnesty for aliens now in the U.S. in illegal status noted:

The purpose of granting a temporary status is to preserve a decision on the final status of these undocumented aliens, until much more precise information about their number, location, family size and economic situation can be collected and reviewed.

Illegal immigration is like many policy issues in this respect—they are debated precisely because analysts lack the data and methods to conduct definitive studies.

2/ Among those losing are domestic workers who must compete with aliens whose attitudes toward work and wages are formed in a much poorer country, U.S. employers who do not use aliens yet compete with employers who do, and unions which find it difficult to enroll alien "guests." Employers in sending countries may have to raise wages to keep workers from migrating and workers may move from rural to urban staging areas awaiting their turn to leave.

3a/ See P. Martin and A. Richards, "International Labor Migration" Monthly Labor Review (forthcoming).

3b/ Under U.S. immigration law, Böhning's guests would be permanent resident aliens. See W. R. Böhning, "Causes and Temporariness of Guest Worker Employment in Western Europe," mimeo, 1980.

4/ See Edwin Reubens Temporary Admission of Foreign Workers: Dimensions and Policies (Washington: National Commission for Manpower Policy, March

1979). Clark Reynolds, "Labor Market Projections for the U.S. and Mexico and their Relevance to Current Migration Controversies," Stanford, mimeo, 1979 and Wayne Cornelius, "Proposal for System of Temporary Worker Migration Visas," mimeo, 1977.

4a/ Temporary Worker Programs: Background and Issues (Washington: Congressional Research Service, 1980) p. 104.

5/ Or, ". . . an increased annual average rate of labor force increase will tend to lower the (average) real (hourly) wage rate which will increase the yield derivable from a given rate of investment which, in turn, will stimulate a greater rate of investment." . . . these statements (refer) to what would happen on the long-run growth path. (However) what is needed for public policy is much more detailed knowledge of the interrelation of labor force growth and the rate of investment, both in demand and supply . . . At present, we are unable to say how great a percentage change in per capita output—or even its direction—would result from a given percentage increases in the rate of immigration." Melvin Reder, "The Economic Consequences of Increased Immigration," ReStat, August 1963, pp. 222-223.

"In the country of immigration, short-run elasticity of the labor supply has a favorable impact on wages (holding them down), on profits (holding them up), on investment and growth, and on price stability. High rates of savings and of remittance abroad of the average emigrant makes him contribute more to supply than to demand and thus hold down inflation." Charles Kindleberger, Europe's Postwar Growth: The Role of Labor Supply (Cambridge: Harvard University Press, 1967) p. 200.

5a/ Wayne Cornelius cited in Lou Cannon, "Three Cheers for Illegal Aliens," Washington Post, August 5, 1979, p. B-1.

5b/ Cited by Paul Taylor, "Immigrant Groups in Western Agriculture," Agricultural History, Vol. XLIX, January 1975, p. 180.

6/ This foreign policy view calls for the U.S. to weigh the benefits accruing to our neighboring countries against the adverse labor market impacts of guestworkers in the U.S. A separate issue is the role guestworkers may play in promoting an eventual North American Common Market.

7/ For an excellent review of both programs see Temporary Worker Programs; Background and Issues (Washington: Library of Congress,) (1980).

8/ Border commuters are a subset of resident aliens ("green-carders") who live in Mexico or Canada but enter the U.S. for daily or seasonal employment. Some 70,000 Mexicans were daily green-card commuters in 1970, almost 10 percent of total employment in U.S. border counties. See David North The Border Crossers: People Who Live in Mexico and Work in the U.S. (Washington: Trans-Century Corporation, 1970).

8a/ One could reasonably assume that these adverse impacts will fall most heavily on Chicano youth in the Southwest, yet the Chicano community is divided in its attitudes toward Mexican migration. Vernon Briggs suggests that some Chicano leaders ". . . simply dismiss the economic arguments [because] illegal immigration is seen as a way of increasing the eventual size of the Chicano community in the long run and as a means of increasing their collective political strength in the short run." See "Migration as a Socio-Political Phenomenon," mimeo, February, 1980, p. 17.

8b/ Harold Wool. The Labor Supply for Lower Level Occupations. (Washington: U.S. Dept. of Labor, 1976) p. 108.

9/ Michael Wachter, "The Labor Market and Immigration: The Outlook for the 1980's," Interagency Task Force Companion Papers, August 1979, p. 217.

10/ This point is often overlooked. The General Accounting Office, for example, notes that BLS "has projected a continuing decline in the employment of private household workers, despite an increasing demand for their services, primarily because of the low wages and strenuous nature of the work." Economic theory predicts that wage increases will simultaneously decrease the demand for household workers while encouraging more people to become or remain household workers. See "Illegal Aliens: Estimating Their Impact on the U.S.," Washington: GAO, March 14, 1980, PAD-80-22, p. 37.

11/ Some employers may be able to expand the number of secondary jobs they offer if "secondary labor" is available. Michael Piore suggests that "social forces" limit the expansion of the "required" number of secondary jobs in industrial societies. See Birds of Passage: Migrant Labor and Industrial Societies (New York: Cambridge University Press, 1979) p. 185. For another perspective, see P. Martin and M. Miller Migrant Labor in Industrial Societies (forthcoming).

11a/ Wool, op cit. p. 110.

12/ "Investment and the Growth in Productivity" The Morgan Guaranty Bank Survey, September 1979, p. 11.

13/ Walter Fogel estimates that 80 percent of the nation's illegal aliens have nonagricultural jobs. See "Illegal Alien Workers in the U.S.," Industrial Relations, October 1977, p. 254.

14/ One of the most vigorous anti-immigrant countries in Europe may be ready to relax citizenship requirements for resident guestworkers. Germany's representative for foreign worker affairs, Heinz Kuehn, has proposed

that foreign children born and reared in Germany "automatically" receive German citizenship at age 18 (an alien juvenile can now be deported for minor offenses like shoplifting). Some West Berlin parliamentarians proposed allowing Turks (10 percent of Berlin's population) to become policemen. Popular opinion appears to be against both integration proposals. See Worldview, March 1980, pp. 18-19.

14a/ Rick Mines' recently completed a study of emigration's impacts on Las Animas, a village of 1333 in Mexico. Mines concludes that "Las Animas has served principally as a recreation and retirement center for current migrants, and as a low-cost reproduction center for future migrants." Richard Mines, Las Animas, California, mimeo, April 1980, p. 105.

14b/ Mines notes that the migration option "has a profoundly conservatizing influence on the village-migrant community" he studied in Mexico. Even though the Mexican government was viewed as a hindrance rather than an accelerator of local economic development, "there is no potential under present circumstances that anti-government hostility will express itself politically." Mines op cit. p. 103.

15/ The French-Algerian migration relationship may parallel the U.S.-Mexican experience in one important respect--the role of oil in transforming a previously "colonial relationship." Algeria suspended emigration to France after a series of racial incidents in 1973. See Mark Miller, "Reluctant Partnership: Foreign Workers and Franco-Algerian Relations, 1962-1979," Journal of International Affairs (forthcoming) and Stephen Adler, International Migration and Dependence (Hampshire: Saxon House, 1977).

16/ A recent Wall Street Journal story notes that:

Labor is a relatively cheap and flexible expenditure for companies to make, especially when you compare it with the price of capital and energy.

"Total Jobs Keep Rising Despite Many Layoffs and Talk of Recession,"

March 24, 1980, p. 1.

17/ If the U.S. government certifies employers' labor needs and maintains visa granting offices abroad, who will pay for these administrative services? If employers are billed, won't they have an incentive to turn to illegal entrants?

18/ See the evidence presented in Barry Chiswick, "The Economic Progress of Immigrants: Some Apparently Universal Patterns" in William Fellner (Ed.) Contemporary Economic Problems (Washington: American Enterprise Institute, 1979).

19/ For documentation of this trend see Philip Martin and Marion Houstoun, "The Future of International Labor Migration," Journal of International Affairs (forthcoming).