



On the political economy of guest worker programs in agriculture



Bradley J. Rickard*

Charles H. Dyson School of Applied Economics and Management, Cornell University, Ithaca, NY 14853, United States

ARTICLE INFO

Article history:

Received 12 March 2014
Received in revised form 19 December 2014
Accepted 30 January 2015

Keywords:

Guest worker programs
Horticulture
Immigration reform
Political economy
Simulation model

ABSTRACT

Guest workers have provided a source of agricultural labor supply in many countries. Recent legislative proposals on immigration reform in the United States have renewed discussions about the role of guest worker programs, and highlighted the arguments for and against such programs. Even within the agricultural sector, there has not been strong broad-based support for an expansion in the number of guest workers. A model is developed that considers competing interests between commodity groups (horticulture crops and grain crops) to explain this lack of support, and then a series of simulations are conducted to highlight the possible economic effects of an expanded guest worker program. Results suggest that an increase in the labor supply would have much larger economic impacts for horticultural producers and firms in the supporting input markets. Furthermore, under some conditions, simulation outcomes show how an increase in the labor supply may lead to small revenue losses for both producers and input suppliers in grain markets.

© 2015 Elsevier Ltd. All rights reserved.

Introduction

Potential reform in immigration policy has fueled much political debate in the United States (Martin, 2013); immigration reform also remains a significant policy question in other developed countries (Reichert and Massey, 1982; Wong, 1984; Yamanaka, 1993; Castles, 2006). Such debates have generally focused on three issues: (1) enforcement against illegal migration, (2) development of rules for unauthorized immigrants currently in the host country, and (3) administration of guest worker programs. Guest worker programs allow foreign citizens to temporarily reside and work in the host country; they are typically used to employ laborers in industries such as agriculture, hospitality, and other industrial sectors that have seasonal production patterns. Guest worker programs in the United States have had a long history and have been at the nexus of the recent negotiations surrounding immigration reform (Martin, 2002; Kim, 2014).

As a result of labor shortages during World War II, the U.S. government began a guest worker program known as the Bracero Program which allowed Mexican laborers to enter the United States and work in agriculture. The Program (also referred to as Public Law 78) continued until 1964, and at its peak it allowed up to 440,000 guest workers to enter the United States per year. In 1953 the U.S. government began the H-2 Visa Program, a guest worker program separate from the Bracero Program that allowed

a small number of foreign citizens to be employed in the United States for work that was classified as seasonal. The H-2 Visa Program has not been specific to agriculture,¹ but it has been used to bring temporary workers to the United States to work in agriculture and the Program continues to employ approximately 60,000 guest workers in agriculture in recent years. At the same time, it is estimated that half of the 1.2 million workers employed in U.S. crop agriculture are unauthorized (U.S. Department of Labor, 2005).

The most recent legislation at the national level on immigration in the United States was in 1986; the Immigration Reform and Control Act of 1986 granted legal status for certain unauthorized immigrants and increased border surveillance to increase enforcement, but effectively did little to the guest worker program (Martin, 1994; Thilmann, 1996). Since 1986 there have been several legislative attempts nationally to introduce additional reforms; however, none of these legislative proposals have become law and there remain an estimated 12 million unauthorized immigrants in the United States (Passel et al., 2013). In 2006 the U.S. Senate proposed a comprehensive plan targeting enforcement, legalization of unauthorized immigrants, and an expansion of the guest worker program. The 2006 Senate Act included AgJobs, or

¹ The H-2 program was formally divided into two guest worker programs in 1986; the H-2A program is a guest worker program specific to agriculture and the H-2B guest worker program is used to fill non-farm jobs related to landscaping (for resorts, hotels, and golf courses). Both programs are used for temporary employment, but one important distinction is that the H-2A program is restricted for seasonal employment. As a result, the H-2A program is rarely used by agricultural employers involved in the livestock and dairy sectors.

* Tel.: +1 607 255 7417.

E-mail address: bjr83@cornell.edu

the Blue Card Program, which proposed allowing up to 1.5 million unauthorized immigrants to obtain immigration status if they engaged in farm work. In addition to the legislative bills introduced nationally, there have also been a significant number of immigration-related bills introduced (of which some were enacted) at the state level. In particular, legislation was enacted in Alabama, Arizona, Georgia, Indiana, and South Carolina that focused on unauthorized immigrants (Jones-Correa, 2012).

In 2013, the U.S. Senate again introduced legislation that proposed a broad set of reforms to immigration policy, including an expanded guest worker program. This Senate proposal called for a replacement of the H-2A visa with a W visa; under this program there would remain a cap on the total number of visas, but the total number of guest workers allowed at any one time would rise to approximately 350,000. Later in 2013 the U.S. House proposed a set of so-called piecemeal bills for immigration reform; this included the Agricultural Guestworker Act that proposed to replace the H-2A Program with the H-2C Program. The number of visas under the proposed H-2C program would be determined by the Secretary of Agriculture, and up to 500,000 visas would be issued per year. Late in 2014, there was presidential executive action that sought to authorize employment for a significant number of unauthorized immigrants, but this proposal was not expected to largely affect the number of authorized workers available to the agricultural sector (Jordan, 2014).

There are two main criticisms of guest worker programs. First, labor rights advocates are critical of the conditions faced by guest workers, and of potential opportunities for agricultural employers to exploit guest workers. Second, critics of immigration reform opine that guest worker programs provide an avenue for immigrants to enter a country legally but then become unauthorized immigrants if they overstay their visa (Basok, 2000). There are also benefits associated with guest worker programs. For immigrants, the benefits may include higher wages, and migrant-sending countries may benefit from greater remittances and the return of workers who gained skills abroad (Chiswick, 1988). Employers in the migrant-receiving country may benefit from the expanded economic output created by the stable and reliable labor force supplied by immigrant workers. Agricultural economists have highlighted the important role that immigrant workers have contributed in the production of labor-intensive horticultural crops (a category that includes fruit, vegetable, and nursery crops). In general, research in this arena finds that large changes in the supply of foreign-born agricultural workers (through border enforcement or guest workers) would have positive impacts in markets for horticultural crops—some horticultural crops are expected to be impacted more than others—whereas the effects in markets for non-horticultural markets are less clear.

Emerson (2007) notes that technological improvements in agriculture have been biased toward labor-intensive crops between 1970 and 2005; this research also suggests that a closed border approach would shift the crop mix away from horticultural crops whereas an increase in legal migration would have a very limited impact on the crop mix. Zahniser et al. (2012) simulate the implications from two policy scenarios in a general equilibrium model: the first is a modest increase in the number of guest workers, and the second is a substantial decrease in the number of unauthorized workers in the United States. Their results show that an increase in the number of guest workers by 156,000 would lead to a 1.0–2.2% increase in the production of horticultural crops, and a 0.1–1.5% increase in the production of other (non-horticultural) crops. When the supply of unauthorized workers is decreased by 5.8 million, their simulation results show that horticultural crop production would fall between 2.0% and 5.4% and non-horticultural crop production would fall between 1.6% and 4.9%. Gunter et al. (1992) find a similar range of results for production of selected horticultural

crops with a 10% change in the agricultural labor supply. Calvin and Martin (2010) examine the relationship between immigration reform that leads to fewer guest workers, labor costs, and the production of key horticultural crops. They find evidence that a decrease in the supply of guest workers would further encourage mechanization among producers of raisins, processing oranges, and baby leaf lettuce; it would also increase pressure for consolidation among producers in these industries. They also find that labor-intensive, highly traded, and non-mechanized agricultural sectors (such as asparagus and apples) would lose export market share, whereas crops with little import competition (strawberries and select lettuce crops) would be less affected by an increase in labor costs. The current Congressional debate on immigration reform continues without a clear consensus on how to proceed with guest worker programs. As part of this larger debate, many stakeholders within the agricultural community would back legislation that would expand the labor supply, and this seems reasonable given that many agricultural industries are relatively labor-intensive. However, and perhaps surprisingly, there is not unanimous support across agriculture industries for an expansion in the number of guest workers. There are efforts to establish a greater coalition of support for immigration reform across agricultural commodity groups and across regions, but a large share of the active members in this group represent stakeholders from horticultural markets.² The apparent lack of support from grain and oilseed groups suggests that immigration reform is either a non-issue for them, their policy preferences are elsewhere, or that there are complex multiple dimensions of policy at play (Grossman and Helpman, 2001).

The objective of this paper is to consider the effects of an expanded guest worker program for both labor-intensive crops (horticultural crops) and land-intensive crops (grains and oilseeds), and for the input markets that serve these two crop categories. Previous work finds that an increase in the agricultural labor supply would lead to producer welfare gains for both types of crops, but that the labor-intensive crops would receive a disproportionately larger share of the gains (e.g., Zahniser et al., 2012). Little attention has been paid to the welfare effects in the relevant factor markets including land and other capital inputs. The hypothesis here is that, under some conditions, an expansion in the labor supply could lead to small decreases in welfare for input suppliers in the markets for land-intensive crops. I test this hypothesis using a series of simulations that assess the implications of an expanded guest worker program in a two-output, three-input model. If an expansion in the number of guest workers has the capacity to generate negative welfare effects for stakeholders in input markets for land-intensive crops, it will help to explain the lack of consensus support for immigration reform across the agricultural industry.

Competition among pressure groups within agriculture for political influence

Others have drawn attention to the differences in policy preferences among agricultural stakeholders due to regional and commodity-specific interests, and how this makes it difficult for general farm organizations to articulate unambiguous policy preferences (e.g., Barnett and Coble, 2011). Guest worker programs are clearly favored by some commodity organizations, and have proven to be a controversial issue for broad-based farm lobbying groups. As evidence of this, I collected information published in 2012 by 41 state-level agricultural lobby groups on their (i) crop mix, and (ii) volume of text in the publication that focused on labor

² The agricultural organization that is most often associated with advocacy for immigration reform is the Agriculture Workforce Coalition (the member list for the Coalition can be found at <http://www.agworkforcecoalition.org/about-awc-awc-members/>).

Download English Version:

<https://daneshyari.com/en/article/5070370>

Download Persian Version:

<https://daneshyari.com/article/5070370>

[Daneshyari.com](https://daneshyari.com)