



AMERICAN
COMPASS

Guestworker Phasedowns

ENDING TEMPORARY WORKER PROGRAMS
THAT DEPRESS AMERICAN WAGES

WHAT'S THE PROBLEM?

The typical American worker's wages have stagnated for a half-century and are currently falling.

Policymakers have accepted a narrative of “jobs Americans won’t do” that, rather than place the onus on employers to create good jobs, calls for large pools of easily exploited low-wage labor.



Temporary worker programs have grown rapidly and undercut American workers.

WHAT'S THE SOLUTION?

Guestworker programs should steadily wind down. Congress should:

- **Cap the H-2A and H-2B visa programs** at current levels and establish a schedule for their predictable phase down to zero over the next decade.
- **Revise the criteria for issuing H-1B visas** so that they go exclusively to those jobs offering the highest wages; establish a plan for phase down as part of the broader transition to a skills-based immigration system.
- **Establish a pre-competitive consortium of firms** in the agriculture and related equipment industries to develop new technologies for high-productivity agriculture; match industry spending with federal funds.

TEMPORARY INSANITY

Both the H-2A and H-2B programs, for temporary agricultural and other seasonal work, respectively, provide employers with an alternative to offering jobs to Americans at competitive wages in good conditions.

The only economic rationale for doing so is to artificially suppress wages and prices below levels where the market would otherwise settle, benefiting consumers and employers at the expense of American workers, and disproportionately benefiting higher-income households that enjoy the lower prices without seeing their own labor undercut. The H-1B program is designed for high-skilled workers unavailable in the domestic market but in practice goes to junior workers and outsourcing firms who use the visas to replace incumbent workers.

JOB AMERICANS WOULD DO

The phrase “jobs Americans won’t do” is so potent because, in setting out certain classes of work as beneath the dignity of the people issuing the judgment, it makes clear exactly what they really think. But classifying which jobs Americans will do wrongly assumes that jobs have fixed characteristics—such a job pays poorly, makes difficult demands, and is performed under harsh conditions; programming apps is a job Americans will do because it pays well and comes with great perks. Employers should be expected to provide jobs that Americans will do—that is how capitalism channels the pursuit of profit toward the public interest.

With a predictable phasedown and investments in new technology, employers will have both the time to adjust their operations and the resources to incorporate new technology. Business models will invariably change, some goods or services may be discontinued and others introduced. The resulting jobs will be better ones and, though likely fewer in absolute number, will represent a net increase in opportunities for American workers.



FREQUENTLY RAISED OBJECTIONS

“THE CROPS WILL ROT IN THE FIELDS.”

No, they won't. In other contexts, proponents of capitalism celebrate the power of competition in free markets to solve any problem, overcome any scarcity, innovate around any obstacle. Yet when labor is the problem, scarcity, or obstacle, all is suddenly lost. If creating jobs that Americans would do were a non-negotiable prerequisite to profit, imagine what capitalism's awesome power might achieve. When the U.S. excluded nearly 500K Mexican *bracero* farm workers in the 1960s, farms quickly introduced technology to continue production and shifted crops as necessary.

“WITHOUT A READY SUPPLY OF LOW-WAGE LABOR, PRICES WILL RISE.”

The price of goods and services should reflect the cost of their production, and when the labor that workers can provide is in scarce supply and high demand they should be entitled to the proceeds of their efforts. In other contexts, this is called “the market working.” For some reason, when low-wage workers are concerned, it instead becomes an excuse to undercut them. A tighter labor market for low-wage workers would bring them badly needed gains after decades of falling behind and they would see their own wages rise faster than overall prices. Higher-wage workers and employers may fare less well, but they seem to be doing OK.

“AMERICA NEEDS MORE FOREIGN TALENT.”

Immigration reform should aim to ensure that talented workers from around the world choose to move to the United States. The H-1B program ensures no such thing. If filling the most in-demand jobs is the primary concern, reorienting the program to fill whichever jobs offer the highest wages is an effective reform. In the long-run, the better solution for American workers, prospective immigrants, and employers is replacing the program with a skills-based immigration system that prioritizes highly skilled workers for permanent residency.

FURTHER READING

Oren Cass. “Jobs Americans Would Do.”
American Compass, 2023.

A policy essay outlining the case for tight labor markets and the need for immigration enforcement.

“The Balancing Act.” *American Compass*, 2022.

A comprehensive whitepaper presenting options for policymakers to manage cross-border flows of goods, capital, and labor.

Michael A. Clemens, et al. “Immigration Restrictions as Active Labor Market Policy: Evidence from the Mexican Bracero Exclusion.” *American Economic Review*, 2018.

An econometric analysis of the effects of the Mexican *bracero* exclusion in the 1960s.

Jonathan A. Berry. “Mandate for Leadership: Department of Labor and Related Agencies.” *Heritage Foundation*, 2023.
Synthesis of policy recommendations, including the phasedown of guestworker programs, from conservative policy experts.

KEY FACTS

1%

Total increase in average wages from 1972 to 2022¹

<50K

H-2A visas issued in 2005²

>250K

H-2A visas issued in 2021³

40%

Share of H-1B visas going to 30 companies, most of which are outsourcers⁴

85%

Share of H-1B visas going to entry-level or junior workers⁵

ABOUT AMERICAN COMPASS

Our mission is to restore an economic consensus that emphasizes the importance of family, community, and industry to the nation's liberty and prosperity. American Compass is a 501(c)(3) nonprofit organization.

For more information, visit americancompass.org

¹ U.S. Bureau of Labor Statistics.

² U.S. Department of Agriculture.

³ Ibid.

⁴ Hira & Costa, Economic Policy Institute (2021).

⁵ Ibid.