Temporary migrant workers - economic and social aspects

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Abstract
International labour migration has played a significant part in economic development in nearly all advanced industrial countries since 1945. In recent years, it has also been significant in processes of industrialisation in the oil states and the so-called "newly industrialised countries" (NICS). Temporary international labour migration has been important in many areas. It takes several forms, and is not always clearly distinguishable from permanent migration (particularly in the long term). The following list summarises the main types of migration. Note that not all types are intended as labour migration, though all have a labour market and economic impact.
TEMPORARY MIGRANT WORKERS
- ECONOMIC AND SOCIAL ASPECTS

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1. TYPES OF MIGRATION

International labour migration has played a significant part in economic development in nearly all advanced industrial countries since 1945. In recent years, it has also been significant in processes of industrialisation in the oil states and the so-called "newly industrialised countries" (NICS). Temporary international labour migration has been important in many areas. It takes several forms, and is not always clearly distinguishable from permanent migration (particularly in the long term). The following list summarises the main types of migration. Note that not all types are intended as labour migration, though all have a labour market and economic impact.

Seasonal Workers: Employment and residence legally restricted to less than a year (sometimes renewable), no rights to family reunion or settlement. Work usually in industries with seasonal peaks, such as agriculture, catering and hotels, construction. Used in France, Switzerland, USA.

"Guest workers" or contract labour: residence for specified and restricted periods. Work generally permitted only in specified industries, sometimes for specified employers and/or workplaces. Restrictions on family reunion and settlement. State regulation of recruitment and employment. Used in most Western European countries (mainly between 1945 and 1974), the USA, Arab oil states and South Africa.

Temporary migration of highly qualified personnel. Movement of managerial, technical and scientific personnel, often within multinational corporations or intergovernmental bodies. Such persons often move within international bureaucracies, as part of their normal career development. They are often exempted from restrictions on residence and family reunion, sometimes from tax regulations too. This affects all countries, but relatively little research has been done on the phenomenon.

Systems of free labour movement. Special arrangements to link labour markets on a regional basis, most notably Britain and Ireland, the European Economic Community, the Nordic Labour Market (Scandinavia), Australia and New Zealand. The aim is generally to make agricultural labour reserves available for industry (e.g. Southern Italians for the Federal Republic of
Germany, Finns for Sweden). Such workers usually have rights to long-term residence, settlement and family reunion.

**Spontaneous or illegal migration.** Unregulated or clandestine movements of undocumented workers. Employed in agriculture, construction and catering, but also in manufacturing and the services. Employment mainly in informal work-relationships, or through sub-contractors, but nonetheless used systematically by large companies and even the public sector. No rights to employment, residence, settlement, social security or political participation. Some states have set up arrangement to "regularise" such workers, i.e. grant them work and residence permits, once they have found employment.

**Post-colonial migration.** Movement of workers from colonies or former colonies to the colonial power. Generally ethnically distinct, "third world" groups involved. Migrants often possess right of entry and settlement, sometimes citizenship of immigration country. Intentions vary, e.g. South Asians coming to Britain in 1950s generally intended temporary residence, as did many Puerto Ricans coming to the USA, but such migration quickly becomes permanent. Post-colonial migration has been used mainly by Britain, France, the Netherlands and the USA.

**Permanent migration.** Overseas movements of persons, seen from the outset as permanent. These generally apply to "new world" countries, concerned with population building (Australia, New Zealand, Canada, USA, Latin America). Typically, such migrants are encouraged to bring in their families, to settle and become citizens. However, for many migrants the choice between temporary and permanent migration is far from clear. Initial demographic characteristics are similar to those of temporary migrants (young adults, male predominance) and up to one third do return to the country of origin.

**Refugees.** People forced to flee their countries by political and social upheavals. The main initial issue in most countries is selection and recognition of refugee status. This process may take several years, during which integration is sometimes discouraged, and employment prohibited, leading to ghetto situations and illegal work. Upon recognition, rights of settlement and employment, and sometimes of family reunion, are granted. Length of residence is unpredictable, depending often on changes in the country of origin, but permanent settlement is frequent. Refugees are not selected for employability, but do enter the labour market, sometimes taking up a marginalised position. Refugee settlement has affected nearly all
advanced countries. There have been two main periods: postwar 1945 displaced persons (particularly from Eastern Europe), Third World refugees in the 1970s and 1980s.

2. TEMPORARY MIGRANT WORKERS - AN OVERVIEW

Nearly all advanced industrial countries have recruited temporary migrant workers (TMWs) at some time since 1945. There have been considerable variations in size and duration of programs, organisational, legal and administrative forms, the degree of state intervention, and the long term economic, social and political effects. A country-by-country description is to be found in Attachment 1. Here main trends will be summarised.

2.1 Western Europe

Britain, France and Belgium all set up recruitment systems to bring in TMWs to meet the labour needs of post-war reconstruction. The British system of "European Voluntary Workers" was relatively small in scale and only continued until 1951. The Belgium contingentensysteem was crucial for the growth of heavy industry, and continued until 1963, after which migration of a more spontaneous type was permitted. The French Office National d'Immigration (ONI) recruited in Southern Europe on behalf of employers. However, it rapidly lost control of entries: workers came in spontaneously and were granted "regularisation" once they had jobs. Moreover ONI had no control of migration from former colonies (particularly in North Africa).

Switzerland also imported Southern European labour from 1945 onwards. Recruitment was carried out by employers, but conditions of residence and employment were regulated by the Government. An extremely restrictive system was developed to keep labour mobile, and to prevent settlement. Workers were granted limited residence permits, restricted to specific jobs and employers, and not permitted to bring in dependants.

Switzerland and France also make large-scale use of seasonal workers, who were granted permits valid for less than a year (although many seasonal workers came year after year). Switzerland has annual averages of around 100,000 seasonals, mainly in agriculture, catering and construction. France used to employ around 150,000 seasonals per year, mainly in agriculture, though the number has fallen in recent years.
In the late 1950s, the Federal Republic of Germany and the Netherlands also started recruiting TMWs from Southern Europe, North Africa and Turkey. Their systems of recruitment and control were modelled on those of France and Switzerland. The West German * Gastarbeiter system was the most highly developed form of temporary migrant labour: workers were carefully selected for good health and work capability, they were to be employed where W. German industry needed them for 3-5 years, and "rotation" after this period was to prevent family reunion and settlement.

However, even countries which intended to strictly limit family reunion found themselves forced to liberalise regulations in the 1960s, due to increased international competition for labour. In addition, as certain sectors of the economy (typically construction and mass production branches of manufacturing) became structurally dependent on migrant labour, employers found it necessary to retain skilled and experienced workers, and began to oppose "rotation". Even seasonal workers in Switzerland progressed to annual permits, and later on to settlement permits. By the end of the 1960s, family reunion and settlement was evident, and pressures on housing and education were developing. There was a gradual convergence in policies between countries recruiting TMWs and those whose workers had come mainly from former colonies.

Such trends became far more evident when the global recession started in the early 1970s. Almost all countries stopped recruitment in 1973-4. The expectation was that the rotation built into the TMW system would lead to a rapid and automatic decline in both the migrant workforce and the migrant population. The hope was to export unemployment and to reduce the social costs of the recession for the labour-receiving countries. In fact, while migrant workforces did decline initially, family reunion continued. Migrant populations became stabilised in size, while shifting to more normal demographic structures. The result was a need for social capital expenditure on housing, education, welfare, etc., at a time when the countries concerned were already suffering fiscal constraints. Most governments were slow to recognise what was happening - even today with a stable migrant population of 4.3 million the West German Government says that the FRG "is not a country of immigration".

2.2 North America
The largest US temporary worker scheme was the "Bracero Program", which started in 1942, to provide Mexican labour for the farms of the South-West. It involved half a million workers per year
at its peak in the mid-1950s. A similar program for migrants from the British West Indies was established during the second world war and still continues today.

The 1952 Immigration and Nationality Act established the "H Program" for foreign workers to fill temporary jobs. There are three categories:
- H-1: workers of distinguished merit and ability (managers, scientists, academics);
- H-2: other temporary workers (in recent years mainly West Indian and Mexican farm workers and Canadian lumberjacks, but also middle level skilled urban workers and entertainers);
- J-1, exchange visitors, students and other short term qualified persons.

H-2 workers are only supposed to be admitted if the Department of Labor is satisfied that unsuccessful efforts have been made to find domestic workers for the job. At its peak, the H-2 category admitted 69,228 workers in 1969. Since then it has declined to about 25,000 per year, and been overtaken by the highly qualified H-1 category - 41,000 workers in 1984.

In fact the overwhelming majority of TMWs for U.S. agriculture have been illegal migrants from Mexico and, to a lesser extent, from other Central and Latin American countries. By the early 1980s, estimates of their number varied from two to five million. Cheap migrant labour is often seen as threat to US workers' wages and conditions and as a deterrent to technological change in agriculture. Illegal workers often moved out of the agricultural sector, and became marginal workers in the cities.

After years of debate the Immigration Reform and Control Act (Simpson-Rodino Bill) finally became law in November 1986. It provided for an amnesty program for illegal migrants employed in agriculture; and for a "replenishment program" for the fiscal years 1990-93. Penalties are laid down for employers who continue to use illegal workers. The Act also created a new H-2A sub-category for foreign temporary agricultural workers. The law grants improved protection for workers with regard to housing, travel, compensation and legal services. According to some US observers, the Act is unlikely to prevent exploitation of seasonal migrant workers or to discourage illegal migration. Former illegal workers will be able to sponsor dependants as migrants, once they gain permanent residence status after two years. This is likely to lead to unplanned chain migration, providing a source of cheap labour.
In Canada, a system of "Employment Authorisation Visas" was introduced in 1973 to permit the entry of workers for less than a year. From 1973-85 over 1.4 million authorisations were granted, corresponding to approximately 550,000 person years of employment. The issuing of employment authorisations is based on two principles: protecting the Canadian worker, and ensuring that Canadian employers have access to skills not immediately available from the domestic labour force. However, many persons are granted permission to work temporarily without assessment of their labour market impact. Such exemptions apply in the case of persons needed for emergency services, persons possessing unique professional skills, students, "applicants for landing" (usually family members of Canadian residents), and persons who have applied for refugee status. In recent years, the number of "exempt" authorisations has exceeded the number of "validated" authorisations by almost two to one. Boyd et al. therefore argue that Temporary Employment Authorisation is related to family reunion and humanitarian considerations, rather than to desires for a guest-worker program.

2.3 The Oil States
Vastly increased oil revenues of OPEC countries after 1973 led to rapid economic development. This induced large-scale flows of both highly-skilled and unskilled manpower from some countries (Egypt and Jordan - including Palestinian refugees) to the Gulf states (Kuwait, Saudi Arabia, etc.). Labour was also recruited outside the Arab areas, for instance from Turkey and the Philippines. Strict regulations were to keep workers from settling and to prevent family reunion. By 1980, it is estimated that there were around 3 million labour migrants in Arab countries, of whom about 2.5 million came from other Arab countries. The effects on the receiving countries were profound - in some cases temporary workers outnumbered the indigenous labour force - or even the population (e.g. Kuwait). Some sending countries, such as Jordan, found themselves so deprived of skilled manpower that they in turn had to seek migrant workers.

As oil demand and prices fell in the mid-1980s, large numbers of migrant workers were sent home. Inflows declined sharply, but the reduction in stocks of migrant workers was less than expected. This seems to have been due to employer desires to retain labour, especially as it became harder to get new migrants. Despite strict regulations to prevent settlement, the Arab countries appear to be repeating the experience of Western Europe a decade earlier: temporary migrant workers have become economically
indispensable, and cannot be eliminated, even after an economic down-turn.7

2.4 Discussion
The above overview indicates that "short-term" or "temporary" migration has meant different things. In some cases it refers mainly to seasonal employment for agriculture, catering or construction. In others (e.g. Canada) "temporary" means for less than one year (though renewal is possible). Some countries, have regarded all workers not granted permanent residence status as "temporary". This applies to "guestworkers" in Western Europe, and to migrants in the Arab countries. Illegal migrant workers have often been seen as an alternative to organised recruitment. This applies to the U.S. and France particularly, but is true of all countries to some extent. Temporary workers also move within free labour movement systems (European Community, Nordic Labour Market, New Zealand and Australia, Britain and Ireland). European experience indicates that such arrangements encourage people to remain temporary (i.e. not seek settlement), since repeated migration is possible. Restrictions on labour recruitment in the early 1970s turned temporary migrants into permanent settlers.8

TMWs have been employed in a wide range of economic sectors:
- Most seasonal workers are, of course, employed in agriculture; some are in catering and construction.
- Countries using guest-worker systems have employed the migrants throughout their economies, but typically they have been highly concentrated in manufacturing, construction and certain services sectors. Within these areas they have mainly been employed in low-skilled manual occupations. Problems arise when temporary workers are employed to meet labour market shortages which prove to be long term. Then employers tend to renew contracts, and migration becomes structurally essential.9
- All countries also employ highly-qualified temporary manpower: visiting scholars, managers, scientists, artists, technical and other experts. There is very little statistical data on such movements, if residence is for less than one year, though U.S. and Canadian statistics do give some indication. Some such movements are within the structures of multinational corporations or international organisations, in which cases there is frequently no formal employment relationship in the receiving country. It is hard to give exact information on such movements, or to separate it from the more permanent "brain drain".
3. COSTS AND BENEFITS
There has been much debate on the costs and benefits of temporary worker employment. It is clear that these vary for the different social groups involved. There are also significant differences between short and long-term effects. Analysis is complicated by the difficulty of distinguishing between effects of labour migration, and conjunctural and structural changes in the economy. It will be noted that some of the benefits and costs mentioned directly contradict each other. As Mark Miller writes:

Perhaps the most important statement to be made about the labour market effects of temporary workers is that relatively little is known for certain, that research findings are often contradictory and that a great deal of caution is in order when discussing them.10

3.1 Labour Market Effects
The following benefits of TMW programs have been claimed:
- provision of labour to meet seasonal peaks,
- provision of labour to meet exceptional needs (e.g. in wartime or post-war reconstruction)
- sustaining growth by overcoming sectoral or occupational bottlenecks
- increased mobility or flexibility of labour.

However, these aspects may turn out to be less beneficial in the long run. Use of relatively cheap migrant labour reduces the incentive for modernisation and technological progress, leading to relatively labour-intensive forms of growth. This may lead to a stagnation or even decline in the capital-labour ratio. Countries which rely heavily on migrant labour may become technologically backward, although the evidence on this is far from conclusive. Probably the effect is sectoral, rather than general, with certain industries falling behind. In a paper written for the OECD, Körner argues that hiring cheap foreign labour was an effective strategy for enhancing the competitiveness of Western European consumer goods industries in the 1960s, but:

under the conditions of of economic recession and energy crisis of the 1970s it became clear that policy had resulted in a certain "overcapitalisation" of these industries in the sense that not enough human capital and related technology had been related into the production process. This resulted in the well-known shrinking of competitiveness and market performance of these countries during the last decade.11

Increased mobility and flexibility is also likely to be a short-term benefit only. As the migratory process matures, migrant workers become less able to shift in response to labour market conditions.
Indeed, lack of education and training may make them less responsive to change than other workers.

### 3.2 Macro-Economic Effects

In the 1960s, W. German and Swiss economists emphasised the macro-economic benefits of temporary labour recruitment:

- permitting expansion and therefore increased returns to scale
- downward pressure on wages (in general or for specific industries and occupations)
- higher profit rates, leading to higher investment
- deflationary effects on domestic markets through workers' remittances
- improved export performance and better balance of payments.

Each of these points is in itself complex enough to require a doctoral dissertation (and there are many to be found in Swiss and German university libraries). In brief:

- As already pointed out, TMWs did contribute to W. European growth in the 1950s and 1960s. The long-term impact was ambivalent. On the one hand structural change may have been delayed; on the other, capital accumulation through this type of growth was central to the internationalisation of production in the 1970s and 1980s. The countries which used migrant labour most efficiently led the trend to to transnational production later on. However, this had negative consequences for employment in the countries concerned.

- Whether lower wages and higher profits are seen as a benefit depends on whether you are a wage-earner or a coupon-clipper. However, as I have argued elsewhere, short-term wage restraint seems to have lead to faster growth and higher wages later on, as a comparison of Britain and the FRG shows.

- Deflationary effects on domestic markets would not be considered a benefit in Australia, but must be expected from TMW systems, as workers tend to remit 25-50 per cent of their salaries to dependants abroad. The shift to settlement reduces this, but leads to social capital demands. Under certain conditions, TMW programs may have an inflationary effect, as was the case in Switzerland in the 1960s and early 1970s. This was because large-scale import of both labour and capital led to an "overheating" of the economy, causing increased factor costs and diminishing returns. This is a special case not likely to occur in Australia.

- Improved export performance is clearly a benefit, but does not come about automatically. It applied to W. Europe in the 1960s because world market conditions were favourable. It would only apply to Australia if TMWs were employed in appropriate
sectors, and if it were possible to improve other factors contributing to export performance.

3.3 Socio-Economic Effects

Benefits claimed in this area include:
- easing upward social mobility for domestic workers
- providing a buffer against unemployment for domestic workers
- savings on education and training costs
- reduction in social capital expenditure per capita of the workforce.

Again, there are opposing views:
- Upward mobility for domestic workers certainly applied in expansionary periods in W. Europe. Currently, attempts are being made to persuade domestic workers to return to sectors they have deserted. The result is social conflict and the growth of racism. It is hard to predict what the effects would be in Australia at present.
- The buffer against unemployment argument was premised on non-settlement of TMWs. As the migrants settled, this effect declined.
- Savings on education and training are a two-edged sword. They lead to structural dependence on cheap foreign labour, and reduce international competitiveness in the long run. This would be a highly mistaken strategy for Australia.
- Savings in social capital, again, are premised on non-settlement. In W. Europe, settlement has taken place without planning or provision of the necessary infrastructure. This contributes to urban decline and racial conflict. This strategy benefits the economy in the short run at the price of mortgaging the future.

3.4 Demographic Effects

It is claimed that TMW programs:
- Reduce the average age of the workforce
- Reduce age dependency ratios
- Increase labour force participation rates.

Against this, it may be said:
- The effect on the average age and the dependency ratios is a short-run one, and can only be sustained if migration really remains temporary, or if entry levels have a long-run upward tendency. Where migrant workers in fact settle, this has a positive effect on birth-rates, but improvements in age dependency ratios may be cancelled out by increases in youth dependency ratios. Whether this is beneficial or not depends on the labour-market situation and is hard to predict.
Increased labour-force participation depends on a range of factors, including conjunctural conditions, structural change, dependency ratios, participation in education and the settlement process. In the FRG, migrants now have far lower participation rates than the general population; the same probably applies in other immigration countries.

4. DO TEMPORARY WORKERS REMAIN TEMPORARY?
This is really the key question in assessing the costs and benefits of temporary worker employment. If there is a trend towards settlement, then there may be major differences between short and long-term cost-benefit considerations. The question has two parts: firstly do the effects of temporary worker employment on the labour market or on industrial structure create pressures for longer-term employment? Secondly do social, demographic or political factors cause a shift from temporary migration to permanent settlement?

In extreme cases (Switzerland, the Arab oil countries) whole economies have become dependent on migrant workers. Nationals have moved out of certain occupations, or indeed deserted manual work almost entirely. In such cases, attempts to reduce dependence on foreign labour have proved costly and futile. Temporary migrants inevitably become permanent, for employers have a strong interest in retaining trained and/or experienced workers. Migrants then lose much of the mobility that was initially seen as an advantage. The same has happened, if to a lesser extent, in virtually all Western European countries which recruited guest-workers. Nationals moved out of certain industries and occupations during the boom, and have been unable or unwilling to return subsequently, despite high unemployment rates. Structural dependence on foreign labour is behind the relatively small scale and the lack of success of programs to encourage repatriation in France, Belgium, the FRG and the Netherlands.¹³

Such structural dependence may apply to specific industries rather than whole economies. U.S. agriculture is an example of this: availability of relatively cheap temporary workers (many of them illegal) has kept wages and conditions from improving, and has made the industry unattractive to nationals. In other cases TMWs may have hindered mechanisation (though opinions differ on this), in which case migration may have had a long-term negative effect, reducing international competitiveness. The large-scale use of migrant labour has probably held back technical progress in the construction industry throughout Europe. On the other hand, employers also
have used migrants to break down craft barriers and to rationalise employment practices. Attempts to "renationalise" construction in France starting in the mid-1970s have been based both on increased mechanisation, and reduced use of migrant workers. The debate on the impact of TMWs on productivity and technological innovation is complex and cannot be pursued here.

Finally, reliance on temporary foreign workers may have negative effects on education and training systems. Firstly, it may encourage use of labour-intensive methods requiring low worker skills. Secondly it may lead to dependence on imported skilled personnel, which leads to problems if these become scarce, and provides a short-term but ultimately less satisfactory alternative to retraining and reskilling domestic workers.

We now turn to social, demographic and political factors. The majority of international migrants initially see their movement as temporary. Piore has argued that this applied even to pre-1914 migrants to the USA - although a majority did settle, a substantial minority did not, and few came with that original intention. Motivation changes in response to length of residence, and to the experience of migration. As the stay in the new country lengthens, formation of new families or family reunion become inevitable. The most stringent guest-worker systems have not been able to prevent this. Even seasonal workers in Switzerland became settlers in the long run. Most U.S. observers believe that seasonal farm-workers (legal or illegal) often move into other sectors and stay on. Demographic normalisation leads to demands on social capital (housing, schooling, medical care) in the new country. It is politically very difficult for democratic governments to resist such demands. Where they do, the long-term costs may be even higher: urban crisis, unrest and conflict. In the long run, there is no alternative to improving residence status, granting social rights, and, in the long run, moving towards citizenship.

There is no escape from the conclusion that where temporary worker recruitment is used to meet a labour demand that is in essence not temporary, economic, social, demographic and political factors almost invariably cause a transition to permanent settlement. As Miller says: "a scholarly consensus has emerged that temporary worker policies frequently eventuate in immigration or permanent residency." Temporary worker recruitment may bring short-term economic benefits, but should only be embarked upon if the country concerned is willing to accept the long-term consequences too.
5. EFFECTS ON SENDING COUNTRIES
Temporary (like permanent) migration creates links between nations. "With time, temporary worker migration interweaves societies in multifaceted ways. It links them economically, socially and politically."\(^{16}\) The initial motivation of temporary migrants matches the interests of the receiving countries: they wish to work abroad, to gain funds to improve their situation at home. This motivation is a poor guide to actual behaviour, since the experience of migration leads to drastic modifications.\(^{17}\) The crucial question is the extent to which TMW programs benefit the country of origin, or more specifically whether they contribute to socio-economic development and modernisation. During the mass labour migration of the 1960s and early 1970s, economists and governments of receiving countries argued that admitting foreign workers was tantamount to a form of foreign aid. This was based on the following factors:
- Inflow of foreign exchange for capital formation via migrants' remittances
- Increased output per head due to the outflow of of unemployed and under-employed labour
- reduction of the pressure on public capital stock
- Inflow of human capital when workers return through skills and industrial experience gained abroad.\(^{18}\)

No adequate discussion is possible here\(^{19}\), but all these arguments have been questioned:
- Remittances do help the families of the migrant workers, but may have an inflationary effect on prices for land and consumer goods, thus distributing income away from non-migrants. They rarely lead to productive investment, flowing into consumption or small tertiary businesses. Attempts to encourage productive investment (e.g. through employee investment funds such as *Turksan* in the FRG) have met with little long-term success.

- Changes in consumption patterns through migration may lead to increased imports and worsen the balance of payments.

- Often it is not the unemployed rural population but the most qualified workers who emigrate, especially where there are selective recruitment systems. In some cases (e.g. Yugoslavia, Greece, Jordan) migration has caused shortages of skilled labour, with serious results. The export of human capital thus appears as a form of foreign aid from the poor to the rich countries.
- Few workers gain useful skills abroad, as they are generally employed in unskilled jobs; the most skilled tend not to return at all.

- Temporary migration is not controlled by the sending countries. The receiving countries may unilaterally stop movements, and send workers home, which is likely to have a destabilising effect. In fact this is just what happened in Europe in 1973-74: the industrialised countries decided they no longer needed migrant workers, and tried to induce them to leave, at the very time when the recession made it hardest for the countries of origin to re-absorb them. Remittances, of course, also declined at this time.

In a paper written for the OECD, Heiko Körner discusses these issues, and concludes:

Striking an overall balance of the short-term and the long-term effects of the worker migration one must come to the conclusion that the positive short-term effects with respect to remittances and labour market relief are outweighed by the negative long-term effects tending towards the perpetuation of the balance-of-payments disequilibria, inflation and structural imbalances which made the sending countries so vulnerable when the general economic crisis in the wake of the first oil crisis occurred. As a consequence of this the sending countries today are in many respects in a worse position than at the beginning of the 1960s, because they are now confronted with a rising number of returnees and the additional difficulties connected with their economic and social reinsertion.

5. LESSONS FOR AUSTRALIA

Since the days of "blackbirding" in the late 19th century, Australia has not pursued temporary labour migration schemes. Migration policy has been based not only on economic considerations, but also on population-building and on humanitarian concerns. Migrants have been seen as settlers, and have been encouraged to bring their dependants. Once in the country they have enjoyed labour market mobility (except for limited periods for some post-war migrants), secure residence status, social and civil rights, and have been encouraged to become Australian citizens.

The only exceptions have been highly-skilled manpower moving within international corporate or governmental structures, who have in many cases not sought permanent residence status. Often their stay is too short to warrant this. Without having carried out specific research on this topic, it would appear that this functions
effectively, that such manpower has not been constrained by lack of specific arrangements, and that the shift to permanent residence status has been achieved smoothly where necessary. (Further examination is probably necessary in this area).

What would be the effect of some specific temporary labour system for low to medium-skilled workers (that is workers without qualifications, or with trade certificates)? In my view, the worldwide experience, particularly in W. Europe and the USA leads to the following conclusions:

1. There would probably be short-term economic gains, particularly for employers in industries using such workers to a large extent. Typically, such employment would be in low-wage, relatively labour-intensive areas.

2. Temporary migration might help to overcome specific labour shortages and bottlenecks, such as seasonal shortages, regional shortages, or shortages of specific skills. It might also be useful in processes of restructuring and adaptation.

3. Temporary migration might improve age-dependency ratios, reduce the average age of the work force, and increase participation rates. However these benefits would probably be only of short duration, and would be conditional upon preventing family reunion and settlement.

4. In the long run, temporary migration might hinder improvements in education and training, by encouraging the persistence of labour-intensive work processes.

5. Temporary migration might slow down rationalisation of production, deter technological innovation, and hold back growth of productivity.

6. A temporary labour scheme would create a dual migration system, with a division between first and second class migrants, whose rights varied considerably. Policing such a system would be difficult, and lead to constraints on the rights not only of temporary migrants, but also of permanent migrants, who would be required to prove their status in many situations.

7. High transport costs to Australia would restrict temporary migration of low to medium-skilled workers to persons from nearby regions, viz. The Pacific Islands and S.E. Asia. Low incomes
typical for such areas would generate pressure for family re-union and settlement.

8. In the long run, it would be very difficult to keep workers on a temporary footing, to prevent family reunion, to enforce repatriation if their labour were no longer needed, and to prevent settlement.

9. Temporary migration is likely to generate currents of illegal migration, and create a pool of illegal overstayers.

10. Temporary labour migration is likely to lead to permanent settlement of an unplanned and uncontrolled kind, leading to high social costs in the long run, and possibly to political and racial conflicts.

11. The economic, social and political costs of a temporary migration scheme are likely to outweigh the economic benefits. Moreover, the benefits are mainly of a short-term nature, while costs are mainly long term. In addition, benefits and costs accrue to different social groups and institutions. Benefits would go in the first place to employers, and to the Commonwealth Government (through increased tax revenue). Costs would be born by certain sections of the domestic workforce (especially those in competing low to medium-skilled occupations), and by state governments and local authorities (who would have to make the necessary infrastructural and social investments).

12. The policy implications of the above are two-fold:
   - Temporary migration of highly-skilled persons should continue. Procedures in this area appear to work effectively, though it would be worth looking for possible improvements.
   - Temporary migration of low to medium skilled persons is a risky strategy which is likely to prove costly in the long run. It is not to be recommended for Australia.

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* This applies least to Japan, of all advanced countries. A discussion of the reasons for this would go beyond the scope of the present paper. It appears that currents of illegal temporary workers are now developing, and there is some discussion of a contract labour system. See: The Australian, 17 September 1987.


5 Boyd et al., passim.


8 This point is developed in Castles, S. et al, Here for Good - Western Europe's New Ethnic Minorities, Chs. 3 and 4.


10 Miller, p. 746.


12 Castles and Kosack, Ch. 9.


14 Piore, M.J., Birds of Passage, Cambridge University Press, 1979, p.. 50 ff.

15 Miller, p. 744.

16 Miller, p. 749.

17 This is explored in Castles, Here for Good, ch. 4; and in Piore, M.J., op. cit.


19 See Castles and Kosack, Immigrant Workers..., ch. 9. also Hiemenz and Schatz; and OECD, Migration, Growth and Development.

20 Miller, p. 749.

21 Körner, op cit., p. 19.
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A good summary of debates on temporary migration to Canada. The authors emphasis the importance of family reunion and humanitarian consideration, and argue that Canada does not have a "guestworker" program.

A discussion of the development of temporary worker programs, with information on illegal migration, and a detailed account of the debates leading to the new legislation of 1986.

A very detailed study of labour migration to Britain, France, West Germany and Switzerland, and a discussion of its social and economic effects. Second Edition 1985 has a postscript on developments in the phase of recession and settlement since 1973.

A study of the shift from labour migration to settlement and formation of new ethnic minorities in Western Europe, with statistics and discussion of policies. First part gives overview of labour migration and settlement in seven countries; second part presents detailed study of the FRG, with comparisons with Britain and other countries.
An overview article on the development of labour migration, and the causes of the shift to settlement.

The classic account of the structural transformation of the world economy, and the development of off-shore production. Some analysis of the role of labour migration, particularly in the W. German and Swiss clothing and textiles industries.

A useful account of one type of temporary labour migration to the U.S., with examination of conditions in the area of origin.

Authoritative case studies of Sweden, the Netherlands, Britain, France, the FRG and Switzerland, and a valuable comparative section by the editor.

Useful in this context for an account of the European Voluntary Worker scheme of 1945-51, with special attention to legal and administrative structures.

A study by economists of the Kiel Institute for World Economy on the benefits of exporting labour-intensive workplaces as opposed to importing labour.

International Migration Review.
The most useful general source on temporary migration, in particular the following special issues: vol. 18, no. 68, Winter 1984, Women in Migration; vol. 19, no. 71, Civil Rights and the Sociopolitical Participation of Migrants; vol. 20, no. 76, Temporary Worker Programs: Mechanisms, Conditions, Consequences.
An important early study on the economics of labour migration and its role in Western European "economic miracles".


A very valuable overview of the issues.

A discussion of the effects of labour migration on sending and receiving countries, with examination of possible alternative strategies.

This report has appeared annually for about the last fifteen years, and is an invaluable source of comparative statistics, descriptive material on migration and settlement, and information on policies. Formerly only on W. Europe, but now includes material on the U.S.A., Canada, and on sending countries. Australia ought to join!

A valuable study on economic and social dimensions of Turkish emigration, particularly to the FRG.

A useful overview on trends and policies in W. Europe since 1972.

A comparative study by a well-known economist on labour migration to the U.S.A. and Western Europe. Includes discussion of dual labour market theory.
An analysis of temporary worker programs in the U.S.A. Reubens find much merit in "guestworker" type systems, as opposed to Briggs (see above).

A useful overview, with statistics, followed by a thoughtful analysis. Widgren says "the guestworkers of yesterday are the life-long short-term commuters of tomorrow." This leads to "human integration" between sending and receiving countries.

The author argues that Canada's temporary worker scheme constitutes a "guestworker" system. (Compare Boyd et al. above).
ATTACHMENT 1

EXPERIENCES OF TEMPORARY WORKER PROGRAMS

1. The United Kingdom
In 1945, pressing labour needs caused the British Government to establish the European Voluntary Worker (EVW) scheme, to recruit about 90,000 workers from refugee camps, and from Italy. Only single persons were eligible, they were not regarded as permanent residents, and their civil rights were severely restricted. Tied for three years to a job chosen by the Ministry of Labour, they were liable to deportation for ill-health or misconduct. Dependants were rarely admitted. British unions insisted on restrictions on the employment of EVW's. The system only operated until 1951, mainly because sufficient labour was available from Ireland and from the disintegrating Empire. The EVW scheme provided only a small fraction of Britain's post-war migrant workers. Some settlement did take place.1

2. Belgium
The Belgium Government started recruiting foreign workers immediately after the second world war, through what was called the contingentensysteem. Workers were recruited through bilateral agreement with Southern European countries, and were employed mainly in the coal mines and the iron and steel industry. In 1946, about 60,000 Italians were recruited. Belgian regulations on family reunion were fairly liberal, and many of the workers settled permanently. The contingentensysteem was abolished in 1963, apparently because employers found spontaneous migration more flexible and appropriate to their needs. Southern European, North African and Turkish workers entered in large numbers. Once they found work, they were "regularised" i.e. granted work and residence permits. They found work in a far wider range of industries and occupations than previously. Temporary labour entry was stopped in 1974, due to the recession, but family reunion continued. Temporary migration shifted to permanent settlement, as happened elsewhere in W. Europe at the same time.

3. France
The French Government established an Office National d'Immigration (ONI) in 1945 to organise recruitment of foreign workers. Labour migration was seen as a solution to post-war labour shortages, and was expected to be mainly of a temporary nature (including seasonal workers for agriculture). In view of war losses and low birth rates, some family settlement was envisaged. ONI recruited upon the request of employers (who had to pay a fee).
In fact, ONI rapidly lost control of immigration. Many workers entered on tourist passports, and ONI provided "regularisation". Moreover, ONI did not control migration from France’s former African colonies. Altogether, despite frequent reviews and changes of policy, the French state lost control of the situation. Large-scale uncontrolled immigration led to formation of ghettos and to social conflict. Entry of workers was banned in 1974, but clandestine worker immigration and family reunion continued. The Mitterand Government offered an amnesty to illegals. Various attempts have been made to encourage repatriation, mainly through the payment of premiums to unemployed workers willing to depart. However, the effect of such scheme has been marginal. France continues to recruit seasonal workers for agriculture. Around 150,000 workers per year come mainly from Spain and Portugal to work on large estates. Workers do return year after year, and often become long-term migrants and settlers.

4. The Netherlands
Like Britain and France, the Netherlands have had both colonial migrants and guest-workers. In this case the colonial migrants came first; Mediterranean guestworkers were recruited mainly in the 1960 and early 1970s. The Government concluded bilateral agreements with Italy, Spain, Portugal, Turkey, Greece, Morocco, Yugoslavia and Tunisia, which provided a legal framework for recruitment, employment and social security. The Mediterranean workers were regarded as temporary labour, who could be used as a buffer against economic fluctuations. The recession of 1967 demonstrated this function: the number of foreign workers fell by about 7,000, effectively exporting a share of unemployment. Nonetheless, 39,000 migrant workers remained, even though many Dutch workers were jobless. Employed in jobs rejected by the Dutch, the migrant workers had become indispensable. After the recession, recruitment of migrants increased rapidly, only to be stopped again in 1974. But in this new recession, employment of foreign workers did not decline. Family reunion also continued, and permanent settlement became the rule. In recognition of this situation, the Government officially moved from a migration to a minorities policy in the early 1980s.

5. Switzerland
Since 1945 Switzerland has followed a policy of large-scale import of labour. Workers were recruited abroad (mainly in Italy) by employers, with control of admission and conditions of residence by the Government. Policies were extremely restrictive in the immediate post-war years. The aim was to ensure the "rotation" of
workers, to prevent them from settling. Admission of dependants was kept to a minimum. Work permits were restricted to a specific place of work, and could be withdrawn at any time. Large scale use was made of seasonal workers, and of frontier workers (i.e. workers who enter daily from neighbouring countries. However, by the 1960s, growing international competition for labour, together with employers' desire for more stable workforces, led to some liberalisation: spouses and children were admitted once a worker had been in Switzerland three years; foreign workers could be granted "Establishment Permits" after ten years (five for some nationalities), giving more security and rights to labour market mobility; seasonal workers gained the right to annual residence, after five consecutive seasons' work. Switzerland is the classic case of the guestworker system: migrants were recruited to allow rates of growth which would have been unthinkable with a restricted labour market: a third of the labour force and half of all factory workers were migrants. Yet precisely because they became structurally indispensable for the economy, the guestworker system broke down. When migrant workers became scarce in the 1960s, the authorities had to grant more secure residence and rights to family reunion. Just as in other countries, this laid the groundwork for a shift from temporary migration to permanent settlement in the 1980s. However, Switzerland still uses about 100,000 seasonal workers, and the same number of frontier workers today.

6. The Federal Republic of Germany (FRG)
Due to late post-war recovery, and the presence of large internal labour reserves, the FRG did not start recruiting migrant labour until the late 1950s. Then employers and the state drew on the experience of other countries to set up the most highly-organised state recruitment apparatus anywhere in Europe. The Federal Labour Office (Bundesanstalt für Arbeit - BfA) set up recruitment offices in the Mediterranean countries. Employers requiring foreign labour had to apply to the BfA and pay a fee. The BfA selected workers, tested their skills, carried out medical examinations and screened police records. Workers were then brought to the FRG, where employers had to provide accommodation for an initial period. Recruitment, work arrangements and social security were regulated by bilateral agreements with the countries of origin. Workers were bound to specific jobs, rotation was encouraged, and family reunion was very difficult. Rapid economic growth, together with a declining domestic labour force, led to large migrant intakes. The number of foreign workers peaked at 2.6 million in 1973. As in other countries, industry became heavily dependent on migrant labour, which led to relaxations of restrictions on job mobility, length of
stay and family reunion. By the time the downturn came and labour recruitment was stopped in 1973, the economy could not readily dispense with foreign workers, while family reunion was leading to a situation of permanent settlement. Today, 14 years after the stopping of labour migration, the FRG's migrant population has stabilised at about 4.3 million (7% of total population), but politicians still cling to the principle that "the FRG is not a country of immigration". This prevents the adoption of realistic citizenship and social policies, and continues the marginalisation of the migrant population.

7. The Scandinavian countries
Sweden and other Scandinavian countries have had considerable migration. It is estimated that one million of Sweden's eight million people are either migrants or children of migrants. Nearly half the migrants in Sweden are Finns, who have moved within the Nordic Labour Market. Scandinavian countries have not followed temporary labour policies - once allowed to enter, migrants have been granted full social and political rights, and regarded as potential citizens. Despite this, foreign workers have played an economic role similar to that of guestworkers in other countries.

8. The USA
The USA has also had temporary worker programs ever since the Civil War. Indeed, such measures have been used particularly at time of war, to meet additional demand for labour. The largest temporary worker scheme was the "Bracero Program", which started in 1942, to provide Mexican labour for the farms of the South-West. The Bracero Program involved half a million workers per year at its peak in the mid-1950s. The program was run on a bilateral basis by Mexican and US authorities, but has been criticised on several grounds: there was corruption in selection of participants; minimum wages and conditions were often not adhered to by employers, it threatened jobs and conditions of US workers, and many Mexicans remained in the US as illegal migrants. A similar temporary worker program for migrants from the British West Indies was established during the second world war.

Parallel to this legal migration, there was considerable spontaneous migration of undocumented workers from Mexico and other Central American and Caribbean countries. For employers, legal and illegal workers were often interchangeable. After mass deportations following "Operation Wetback" in 1954, employers turned to braceros.
The 1952 Immigration and Nationality Act established the "H Program" for foreign workers to fill temporary jobs. There are three categories:
- H-1: workers of distinguished merit and ability (managers, scientists, academics);
- H-2: other temporary workers (in recent years mainly West Indian and Mexican farm workers and Canadian lumberjacks, but also middle level skilled urban workers and entertainers);
- J-1, exchange visitors, students and other short term qualified persons.

H-2 workers are only supposed to be admitted if the Department of Labor is satisfied that unsuccessful efforts have been made to find domestic workers for the job. In practice, employers often put considerable pressure on the authorities, and use the courts to obtain permits, claiming that US workers are not available or are not productive enough for some agricultural jobs. At its peak, the H-2 category admitted 69,228 workers in 1969. Since then it has declined to about 25,000 per year, and been overtaken by the highly qualified H-1 category - 41,000 workers in 1984.

In fact the overwhelming majority of temporary migrant workers for U.S. agriculture have been illegal migrants from Mexico and, to a lesser extent, from other Central and Latin American countries. By the early 1980s, estimates of their number varied from two to five million. Illegal migration suited the interests of employers well: it provided a flexible and docile workforce, willing to work for poor wages and conditions, and with no legal recourse or trade union rights in the event of disputes. For the same reasons, illegal migration was seen as a threat by U.S. workers, and as a barrier to trade union organisation of farm labourers. Cheap migrant labour was also regarded as a deterrent to technological change in agriculture, and hence as a long-term disadvantage to the industry. Since there was little control, illegal workers often moved out of the agricultural sector, and became marginal workers in the cities.

In the early 1980s there was much debate on the introduction of a guestworker system on the European model, to get control of temporary movements. After years of failure to get proposals through Congress, the Immigration Reform and Control Act (Simpson-Rodino Bill) finally became law in November 1986. It provided for an amnesty program: illegal migrants employed in agriculture for at least 90 days in the twelve months prior to 1 May 1986 could apply for temporary resident alien status. After two years in this status they may apply for permanent residence status, and after a further five years for U.S. citizenship. The Act further
provided for a "replenishment program" for the fiscal years 1990-93 in the event of a shortage of seasonal agricultural workers. Penalties are laid down for employers who continue to use illegal workers. The Act also created a new H-2A sub-category for foreign temporary agricultural workers. The Secretary of Labor is only to permit such entries if unsuccessful attempts have been made to recruit domestic workers. The law grants improved protection for workers with regard to housing, travel, compensation and legal services.5

According to Briggs, the new Act is a "quick fix" compromise, which does not establish a temporary worker system of the "guest-worker" type, but is unlikely to prevent exploitation of seasonal migrant workers or to discourage illegal migration. Briggs sees temporary worker programs as:

essentially a form of wage subsidy that is authorised by the Federal government. Hence (employers) seek to retain the programs by claiming that citizen workers are not available under the altered (.i.e depressed) market conditions that these very programs themselves created.6

Other observers have pointed out that former illegal workers, will be able to sponsor dependants as migrants, once they gain permanent residence status after two years. This is likely to lead to unplanned chain migration, providing a source of cheap labour. Briggs concludes:

Historically, temporary worker programs, have contributed significantly to the immigration phenomenon. Once exposed to the U.S. labour market, some will not return home and others who do go back will later return as illegal immigrants when the programs end or they are not chosen to participate again.7

The Act of 1986 has not ended the debate on the merits of a broader temporary worker program for the U.S., and some observers still argue that such policies would be economically beneficial.8

9. Canada
A system of "Employment Authorisation Visas" was introduced in 1973 to permit the entry of workers for less than a year. From 1973-85 over 1.4 million authorisations were granted, corresponding to approximately 550,000 person years of employment.9 The issuing of employment authorisations is based on two principles: protecting the Canadian worker, and ensuring that
Canadian employers have access to skills not immediately available from the domestic labour force. The Canada Employment Centre (CEC) is only supposed to grant authorisations if no suitable Canadian job-seeker is available. It has been argued that this system is very similar to European guest-worker recruitment, in particular as it appears to be based on forced rotation. \(^{10}\) Boyd et. al, however, point out that many persons are granted permission to work temporarily without assessment of their labour market impact. Such exemptions apply in the case of persons needed for emergency services, persons possessing unique professional skills (entertainers, visiting academics, scientists, religious and charity organisation workers), indigent students, "applicants for landing" and persons who have applied for refugee status. In recent years, the number of "exempt" authorisations has exceeded the number of "validated" authorisations by almost two to one - e.g. in 1985 101,649 exempt authorisations compared with 54,484 validated authorisations. The two largest groups have been "applicants for landing" (persons within Canada, who have applied for permanent residence, usually as relatives of residents) and refugees, waiting for decisions on their status, which may take up to five years. Boyd et al. therefore argue that Temporary Employment Authorisation is related to family reunion and humanitarian considerations, rather than to desires for a guest-worker program.\(^{11}\)

10. The Oil States
Vastly increased oil revenues of OPEC countries after 1973 led to rapid economic development. This induced large-scale temporary migration. In the case of Arab countries, traditional migratory patterns were transformed, with flows of both highly-skilled and unskilled manpower from some countries (Egypt and Jordan - including Palestinian refugees - in particular) to the Gulf states (Kuwait, Saudi Arabia, etc.). Labour was also recruited outside the Arab areas, for instance from Turkey and the Philippines. In most cases, strict regulations were introduced, to keep workers from settling and to prevent family reunion. In some countries, labour needs were met by uncontrolled spontaneous migration, for instance to Nigeria from neighbouring W. African countries. By 1980, it is estimated that there were around 3 million labour migrants in Arab countries, of whom about 2.5 million came from other Arab countries.\(^{12}\) The effects on the receiving countries were profound - in some cases temporary workers outnumbered the indigenous labour force - or even the population (e.g. Kuwait). Some sending countries, such as Jordan, found themselves so deprived of skilled manpower that they in turn had to seek migrant workers.
As oil demand and prices fell in the mid-1980s, industrialisation programs had to be reduced. Large numbers of migrant workers were sent home. The most dramatic case was Nigeria, where over a million non-documentated workers were expelled at once. Libya also deported large numbers of migrant workers. Other Arab countries relied on the rotation built into their temporary worker systems to achieve cut-backs: non-renewal of contracts rather than deportation was their method. Inflows declined sharply, but the reduction in stocks of migrant workers was less than expected. Migrants appear to have stayed on after completion of their initial contracts. This appears to have been due to employer desires to retain labour, especially as it became harder to get new migrants. Thus it appears that, despite strict regulations to prevent settlement, the Arab countries are to some extent repeating the experience of Western Europe a decade earlier: temporary migrant workers have become economically indispensable, and cannot be eliminated, even after an economic down-turn.13

11. South Africa
It should be noted that the employment of black labour in mining, manufacturing and agriculture is to a large extent based on temporary migrant worker systems, using workers both from the so-called "homelands" and from independent countries like Lesotho, Swaziland, Mozambique, Malawi, Botswana and Zimbabwe. Since no one would assert that these serve as a model for Australia, they will not be analysed further here.

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1 Hepple, B., Race, Jobs and the Law in Britain, Harmondsworth, Penguin, 1968.


5 Briggs, p. 1012-3.

6 Ibid., p. 1014.

7 Ibid., p. 1015.

8 E.g. Reubens, loc. cit.


11 Boyd et al., passim.
