

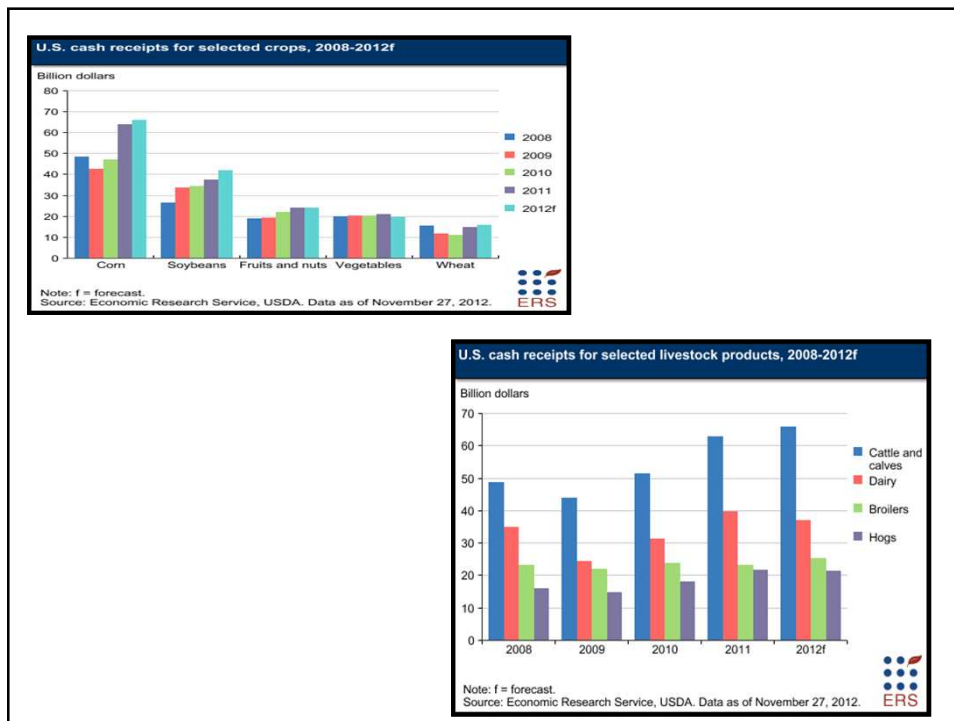
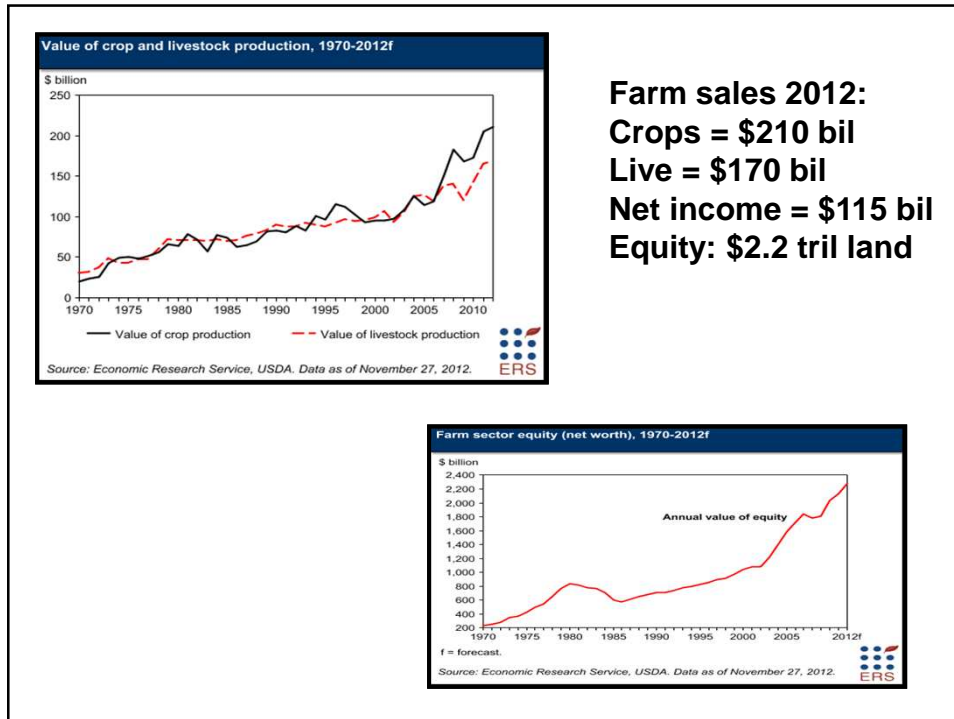
US & California Agriculture: Dimensions and Challenges

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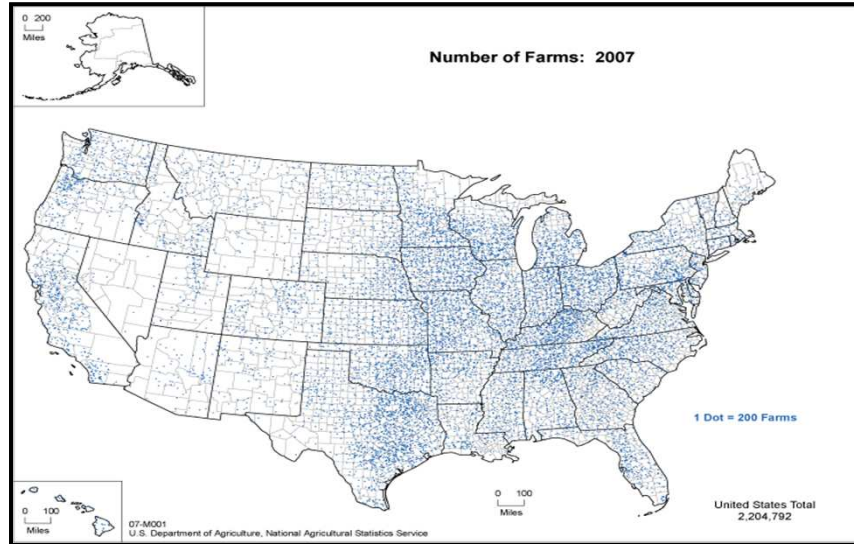
<http://migration.ucdavis.edu>
February-March 2013

Highlights

- US agriculture: \$375 billion sales in 2012, 55% crops, 45% livestock, \$114 billion net farm income
- Hired workers: 60% of average employ in US ag; Almost 100% in FVH ag, whose sales of \$60 bil are 30% of crops
- $\frac{3}{4}$ of hired workers = Mexican immigrants; half are unauthorized
- How will immigration reform affect farm labor costs?



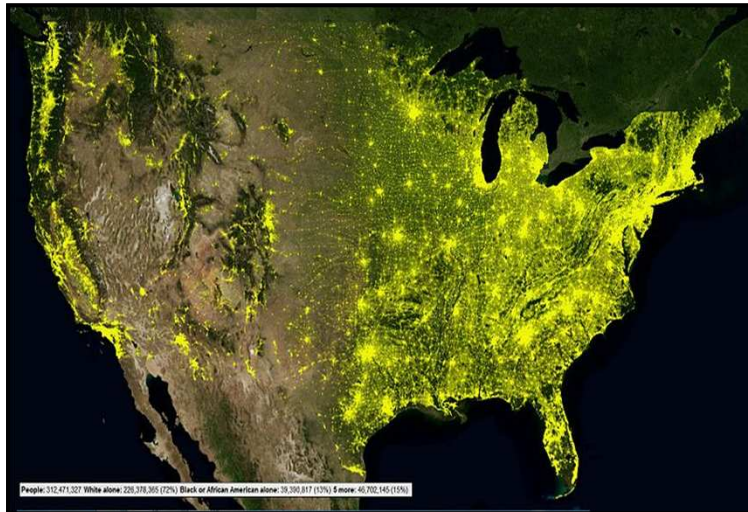
US Farms (2007): more than 10% of US farms in Texas



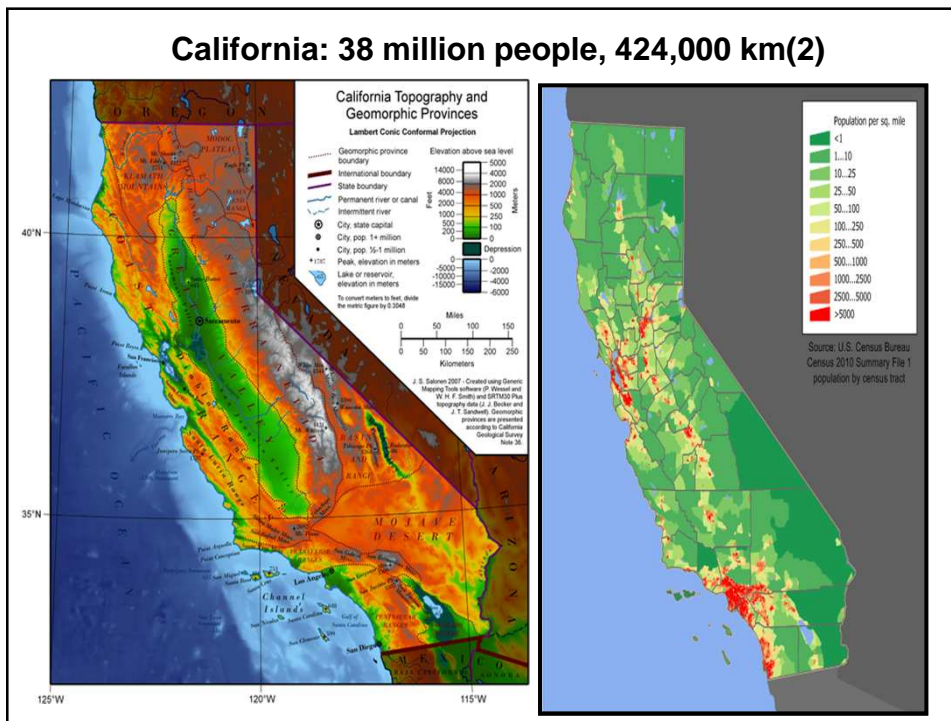
Harvesting corn in Illinois; broccoli in California

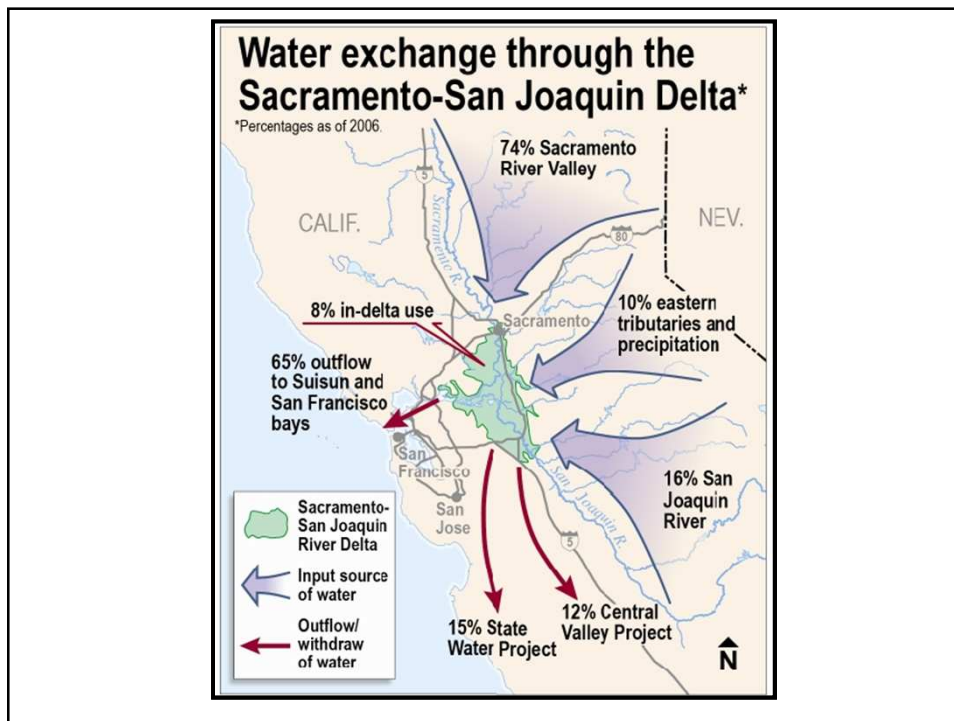
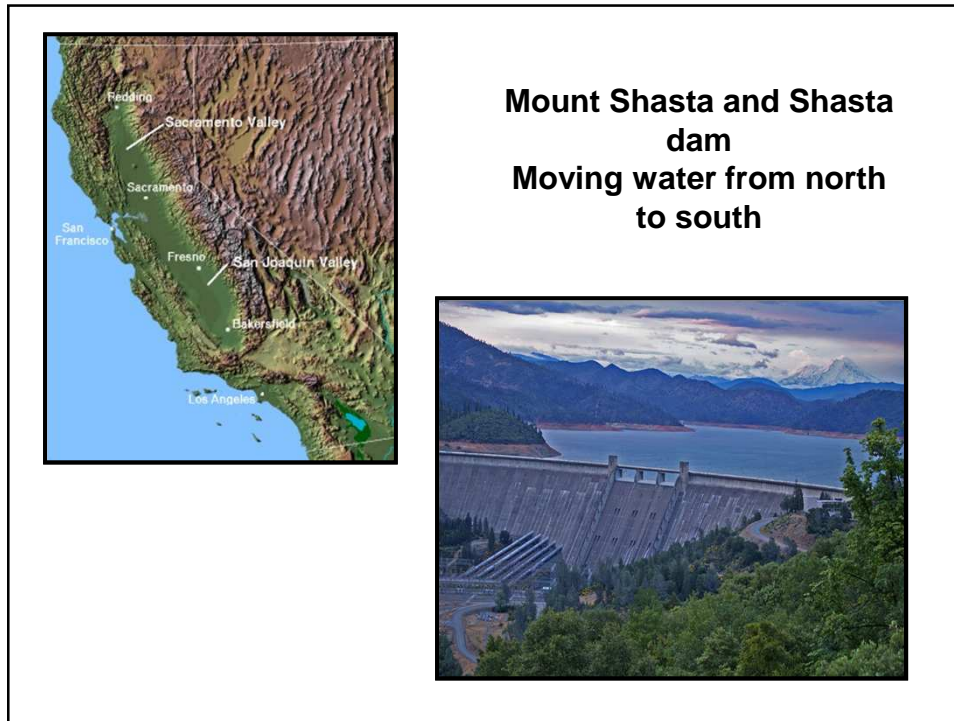


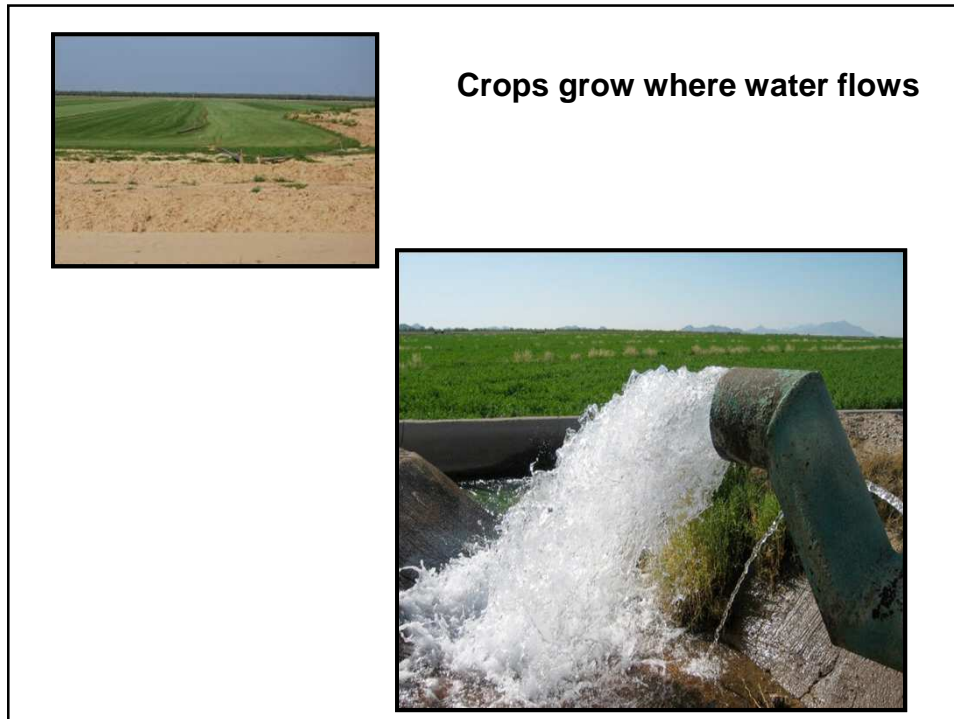
East Coast oriented USA: 50% of Americans in EST



California: 38 million people, 424,000 km(2)



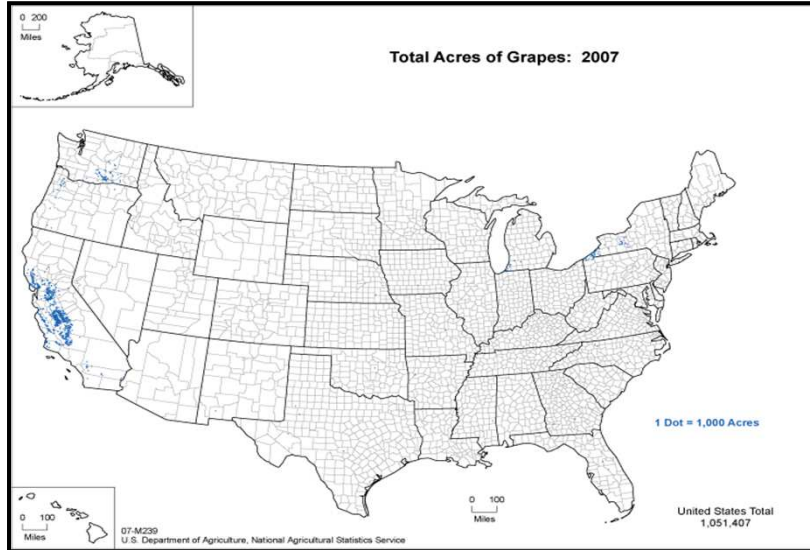




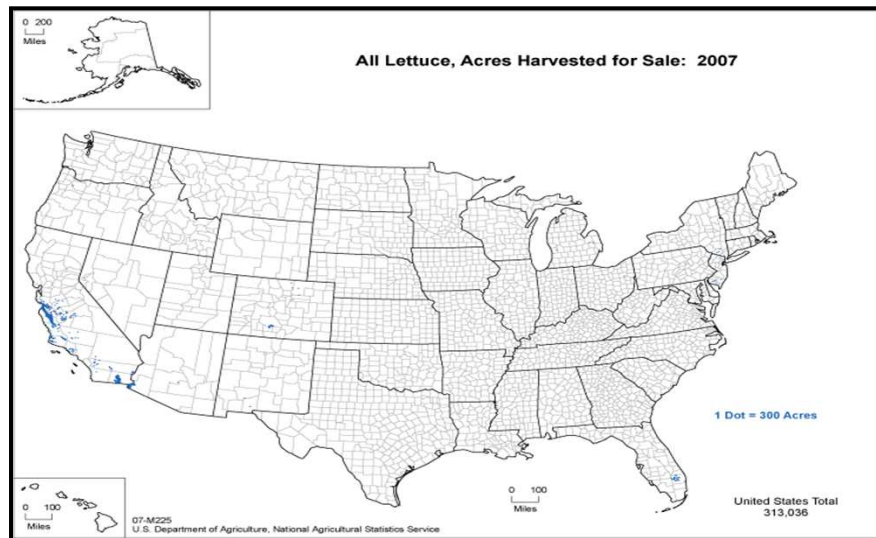
3 S's of Farm Labor

- **FVH sales:** small share of US farms & acreage, but FVH = (1) 30% of US crop sales (\$60 bil of \$200 bil) (2) 55% of US farm labor expenses
- **Labor's share:** typically 20 to 40 percent of production costs (labor = 14% of all prod costs)
- **Seasonality:** bio production process and fluctuating demand for labor
- **Dealing with seasonal labor demands:**
 - Pay higher wages to support workers year-round
 - Top up seasonal earnings (\$1 billion a year in fed MSFW assistance to MEP, MH, MSHS, NFJP)
 - Hire guest workers from poorer countries

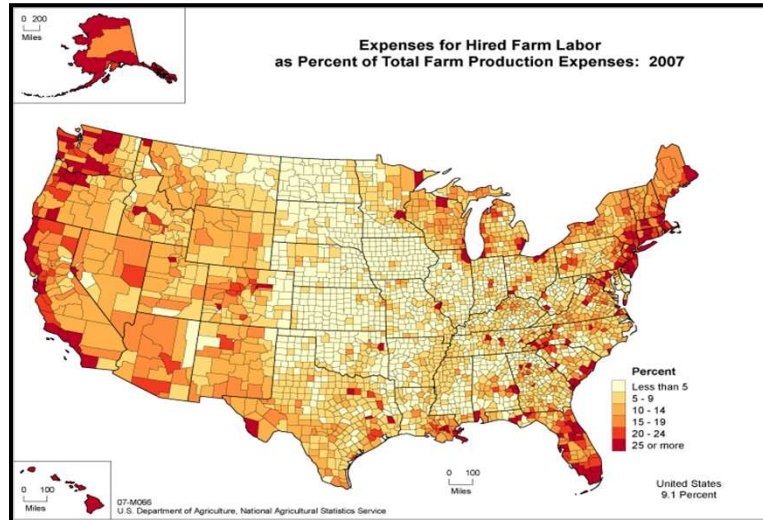
Grapes: most valuable fruit (\$3.6 billion 2010)



Lettuce: most valuable vegetable (\$1.6 billion 2010)



Labor's Share of Farm Production Costs (2007 COA)



3 C's of Farm Labor: Concentration

- **Concentration:** by commodity, geography, & size of farm
 - Hired workers are concentrated on <10,000 large FVH farms (also big dairies)
 - Many farm employers, about 500,000 in COA or almost 1/10 of US employers. Large number of small farm employers = labor law and other exemptions for ag
 - US defines large employers as those with more than 500 employees. Most FVH commodities are produced by large farm employers
 - Large nonfarm: Walmart #1 private employer: 1.8 million US employees; McDonald's 450,000, UPS 400,000



**Fruit: 1/4 of farm labor expenses
1/4 of seasonal farm jobs**



**Vegetables: 1/8 of labor expenses
1/10 of seasonal jobs**





**Nursery: 1/5 of expenses;
1/8 of seasonal jobs
Dairy: 1/10 of expenses
1/20 of seasonal jobs**



3 C's of Farm Labor: FLCs

- **Contractors:** bilingual intermediaries who earn a fee for assembling crews of workers and bringing them to farms
 - 1. Farmers pay a per acre, ton or other unit of work to FLCs, who in turn pay workers
 - 2. Farmers pay \$8 an hour plus a 25-35% commission for FLC payroll taxes, toilets, profit etc
- **Mutual benefits or cheating?**
 - FLCs accept money-losing commission rates
 - Make profit by not forwarding payroll taxes &/OR providing services to newcomer unauthorized workers, everything from housing and rides to work to check cashing





**3,000 FLCs; 1,200 in CA
FLCs = risk absorbers**





3 C's of Farm Labor: Conflict


- **Conflict:** inevitable disagreement over “fair wage for fair work”
 - Farm workers are attractive to unions; large number & low wages; FWs often vote for union rep
 - BUT: the most able FWs find exit from ag easier than voice for change; they leave for nonfarm jobs, making it hard to build strong unions
 - CA ALRA (1975): very pro-worker & pro-union law to “right historic wrongs.” 1. quick elections (within 2-7 days), 2. make-whole remedy, and 3. union power over members (solidarity > individual rights)
 - Mandatory mediation (since 2003): IF parties cannot negotiate a CBA within 90-180 days, mediator helps, then imposes a CBA




















To provide farm workers and other working people with the inspiration and tools to share in society's bounty

Farm workers under UFW contract enjoy decent wages, benefits & working conditions. When you purchase agricultural products, please help farm workers maintain hard won victories in the field by looking for these labels:

<p> WINE</p> <ul style="list-style-type: none"> - Chateau Ste. Michelle - Columbia Crest - St. Supery - Dollarhide Ranch - Scheid Vineyards Inc. - Balletto - Charles Krug - C.K. Mondavi - Gallo of Sonoma 	<p> MUSHROOMS</p> <ul style="list-style-type: none"> - Monterey Mushrooms (California) - Del Fresh - California Mushroom Farms Inc.
<p> ALMONDS</p> <ul style="list-style-type: none"> - Montpellier 	<p> Tomatoes</p> <ul style="list-style-type: none"> - Triple E - Sun Ripe * CA Only
<p> DATE</p> <ul style="list-style-type: none"> - Patos Dream Date Garden 	<p> STRAWBERRIES</p> <ul style="list-style-type: none"> - Dole Berry * - Swanton Berry *Only with the UFW Black Eagle
<p> VEGETABLES</p> <ul style="list-style-type: none"> - Andy Boy - Muranaka 	<p> ROSES</p> <ul style="list-style-type: none"> - Star Roses
	<p> CITRUS</p> <ul style="list-style-type: none"> - (Lemons, Oranges, Grapefruit, Tangerines) - Sunkist* - Sunworld* - Airdrome* - Big Jim* *Only with the UFW Black Eagle

3 R's of Labor Markets

- **Recruitment:** FVH farms often hire crews of workers via fee-charging intermediaries
- **Remuneration:** work: exchange effort for reward
 - Piece rates make labor costs predictable without screening workers (\$20 to pick 1,000 pound bin)
 - Number of hourly wage jobs up with (1) homogeneous work force & (2) technology-field conveyor belts allow employers to set pace of work
- **Retention:** Short-run: iron triangle between min wage, piece rate, and prody standard; terminate slow workers
 - Long-run: NAWS finds 15-20% “new workers,” that is, in US less than 12 months. Farm work=job, not career
 - Does high turnover have costs? Does worker prody decline with age?



Iron triangle: ave piece rate earnings must exceed min wage; If employer set piece = \$20/bin, and min wage = \$10/hour, Prody standard = 1/2 bin/hour or 4 bins in 8-hour day

Piece rates are as follows:	
Apples- Pink Lady, Harvest	\$23.25 Per Bin
Apples- Braeburn, Harvest-	\$20.00 Per Bin
Apples- Fuji Harvest-	\$25.00 Per Bin
Apples- Red Delicious Harvest-	\$17.00 Per Bin
Apples- Golden Harvest-	\$20.00 Per Bin
Apples- Gala Harvest	\$20.00 Per Bin
Apples- Granny Harvest	\$20.00 Per Bin
Apples- Ambrosia Harvest	\$17.00 Per Bin
Apples- Jonagold Harvest	\$17.00 Per Bin
Apples-HoneyCrisp Harvest	\$20.00 Per Bin
Apples- Scifresh Harvest	\$18.00 per Bin
Apples- Scirose Harvest	\$20.00
Red Cherry Harvest-	\$5.00 Per 30 Pound Lug
Yellow Cherry Harvest-	\$5.00 Per 20 Pound Lug
Bartlett Pear Harvest-	\$18.00 Per Bin
D'Anjou Pear Harvest-	\$19.00 Per Bin
Red D'Anjou Pear Harvest-	\$19.00 Per Bin
Concord Pear Harvest-	\$17.00 Per Bin
Bosc Pear Harvest-	\$17.00 Per Bin
Comice Pear Harvest-	\$17.00 Per Bin

More hourly wage jobs with homogeneous labor force and field conveyor belts



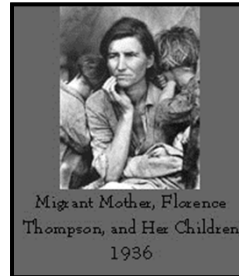
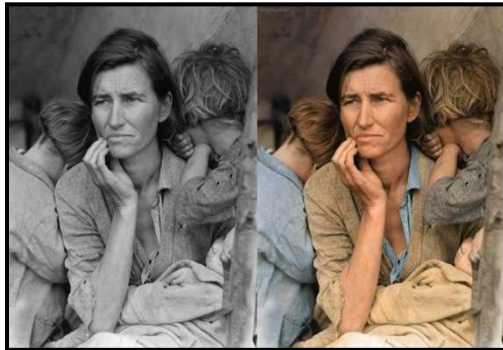
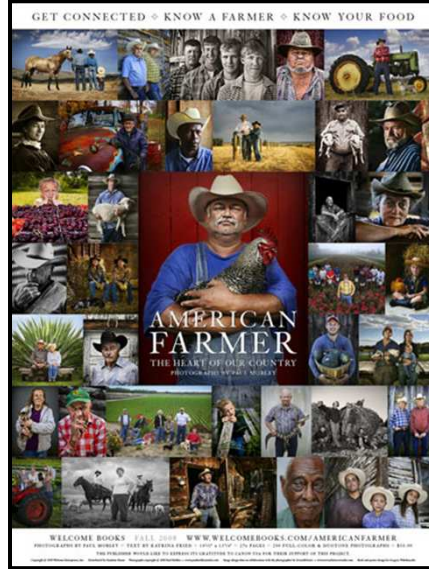
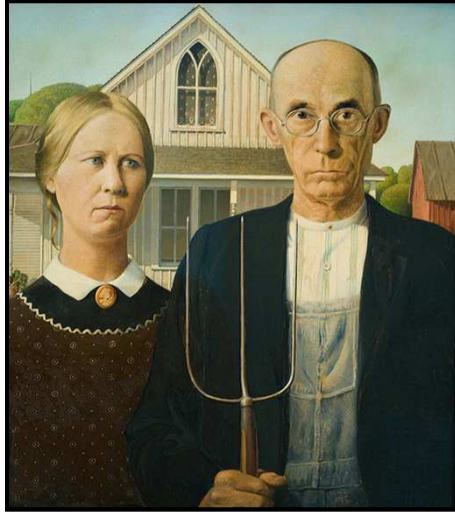
Retention: accept exits, seek new entries from abroad



Farm Labor Issues

- Ag apartheid?
 - Older US-born, white, citizen operators (ave 58)
 - Younger Mex-born, Hispanic, non-citizen hired workers (ave 28)
- How will farms and land be transferred?
 - Farm owners finance trusted hired workers to take over?
 - Fewer, larger, and more specialized farming operations. Retain land, so farm operators not necessarily land owners
- Result: California-style factories in the fields, with layers between workers and beneficiaries, spread throughout US

American Gothic, 1930, Grant Wood, based on Eldon, Iowa



Migrant Mother, Florence Thompson, and Her Children, 1936

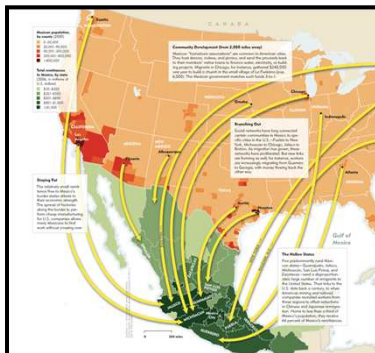
Lamont, CA



NAFTA: Canada, Mexico, US: Integrated cars and TVs

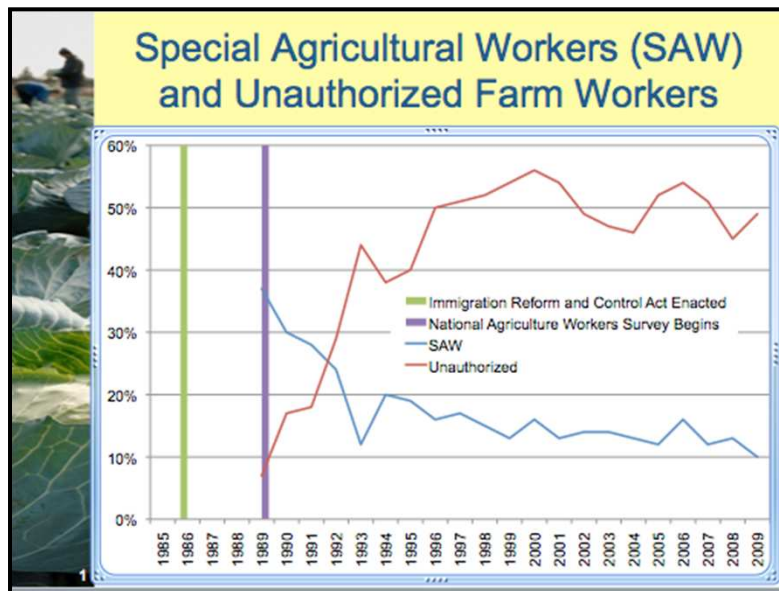


Mexico-US migrants: from western and southern Mexico



Immigration 1

- Early 1980s: 20-25% of CA farm workers = unauthorized; enforcement = worker chase; unauthorized share highest in least perishable crops (citrus, not strawberries)
- 1987-88: IRCA legalized 1.1 million unauthorized farm workers (SAWs), H-2A program streamlined, new free-agent RAW
- Expectation: rising farm labor costs
 - 1. So ag can retain newly legalized SAWs OR
 - 2. As farmers build housing to obtain H-2A guest workers
- But farm labor costs fell as unauthorized workers with false documents diffused throughout USA; plenty of farm workers



Immigration 2

- Since mid-1990s: over 50% of hired workers on crop farms have been unauthorized
- Farm employers: give us RAW #2, a free-agent program that does NOT require employers to:
 - try to recruit US workers under DOL supervision
 - provide free and approved housing to workers
- December 2000: AgJOBS negotiated between worker advocates and farm employers in expectation that Presidents Bush and Fox would create a new Mexico-US guest worker program
- Legalization for workers; free agents for employers

AG Jobs
freedom for the farm hand

Job Board Donate Links

Home
The Issue
Solutions
Conditions
Current Program

The Solution

AG Bill will actually modify the H2A

H-2A employers that are transporting farmworkers must comply with transportation safety standards.

H-2A employers have been required to provide free housing to recruit US and foreign workers with AgJobs, employers can choose to provide a monetary housing allowance with Governor Approval.

New wage modifications refer to AgJOBS bill.

H-2A workers would have the right to file a federal lawsuit to protect things such as their wages, housing benefits, transportation, child-renters, minimum-wage guarantee, or vehicle safety protections.

Employers of goat herders, dairy workers, and sheepherders would be able to participate in H-2A even for year-round workers. The restrictions would be up to those workers must wherever they would apply for lawful permanent residence.

Supporters include:
 Latino community leaders
 Civil rights organizations
 Religious groups
 Farmworkers

Why Ag Jobs?

the bipartisan bill that enjoys broad support in Congress.

The AgJOBS compromise was carefully negotiated by the United Farm Workers and major agribusiness employers after years of intense conflict.

AgJOBS is endorsed by major labor and management representatives, as well as a broad spectrum of organizations.

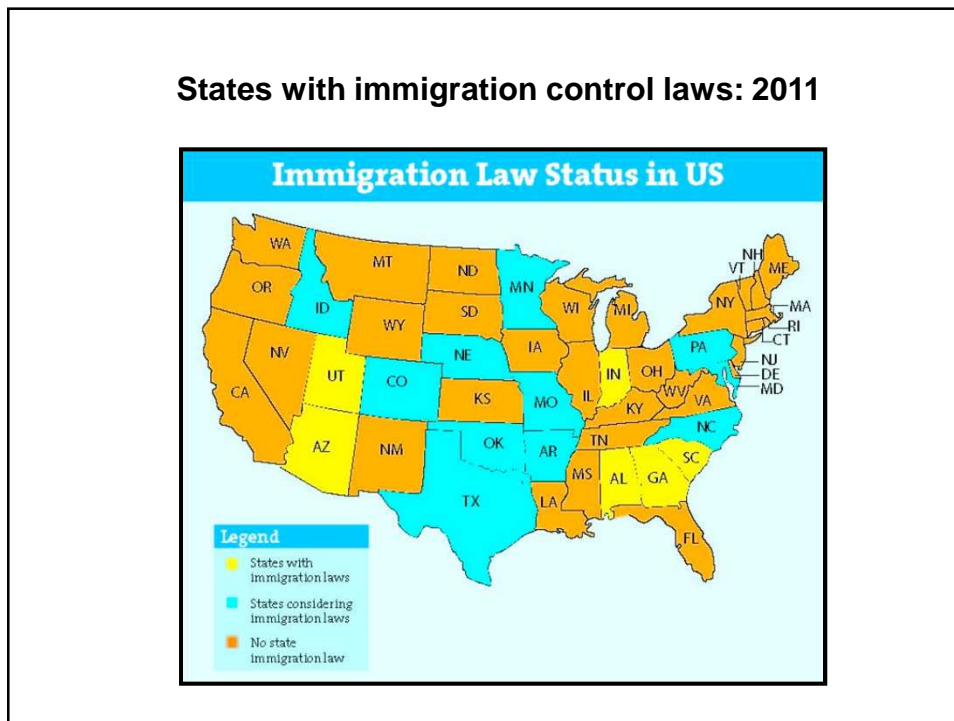
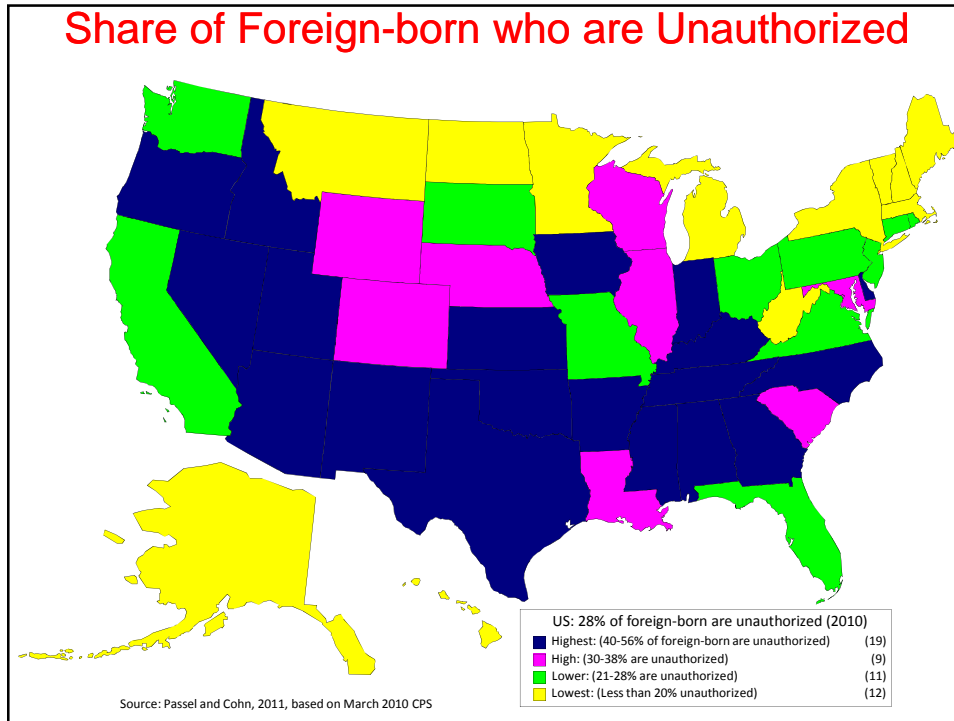
How will it make the situation better?

Helps to bolster labor rights while also making it easier for growers to hire more temporary migrant workers after advertising and recruiting for Americans.	Most critical: it includes a path to legal status and eventual citizenship for undocumented workers. If they have clean records and pay fines and back taxes.	First step: attaining a "blue card." This will grant temporary immigration status.	Next: The immigration status has the possibility of becoming permanent citizenship by continuing to work in agriculture.
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Immigration 3

- AgJOBS would repeat the 1986 IRCA with twists—earned legalization, H-2A changes
- For workers: **legalization**: up to 1.5 million unauthorized foreigners could become probationary immigrants; earn regular immigrant status with continued farm work
- For employers: **guest worker changes**:
 - Attestation replaces certification; end of DOL-supervised recruitment of US workers
 - Housing allowance instead of free housing (adds \$1 to \$2 an hour to labor costs)
 - AEW of about \$10 an hour rolled back by \$1 to \$2 an hour and studied





3 Policy Options

- **Status quo:** more fences and agents on Mexico-US border, I-9 audits, S&L govt laws
- **Enforcement** only or enforcement-first: require all employers to use E-Verify to check new hires, issue more secure IDs, step up interior enforcement (I-9 audits, SSN mismatch letters, raids); more S&L govt laws: AZ, AL, GA
- **Comprehensive** immigration reform:
 - More border and interior enforcement
 - Earned legalization for unauthorized foreigners
 - New or expanded guest worker programs
 - Other provisions: DREAM, AgJOBS
 - Likely over-rule S&L immigration laws

House Repubs: Enforcement

- More Border Patrol agents, more fencing on 2,000 mile Mexico-US border
- All employers must use E-Verify to check the legal status of new hires
 - Submit data on newly hired workers via internet, get response within seconds
 - If “tentative non-confirmation,” worker must contact SSA and DHS to clear up discrepancies OR employer must fire
 - Higher penalties for “knowingly” employing unauthorized workers, that is, not using E-Verify or failing to fire tentative non-confirmations

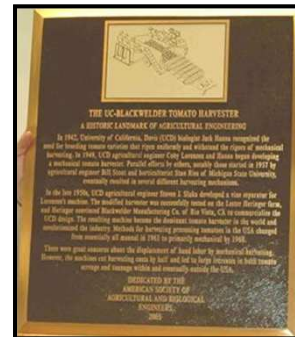
Obama: Comprehensive

- **More enforcement:**
 - Require all employers to use E-Verify to check new hires; override state laws
 - More border and interior enforcement
- **Earned legalization:**
 - Unauthorized in US register, pay taxes and fines, and become immigrants after 5+ years
 - DACA: register, pay fees, and get 2-year renewable work permit
- **New guest worker programs:**
 - H-1B, H-2A, H-2B admit 250,000 foreign workers a year, some stay up to 6 years, tied to one employer
 - How many more guest workers? What links between worker and employer?



Effects: will labor costs rise?

- If yes, demand for labor down; will supply of labor rise? More flexibility with demand, but some supply response from existing workers
- Labor-saving demand changes:
 - Mechanization: harvesting, herbicides for weeds, transplant and precision plant to reduce thinning
 - Pick less often, more use of bulk bins and fork lifts
 - Result: fewer, larger, and more specialized farms
- Labor-increasing supply changes:
 - Mechanical aids enlarge the labor pool: older & women with conveyor belts, pruning platforms, raise prody??
 - What could retain current and experienced workers longer? More hours of work? Wages & benefits? Respect?
 - Invest in worker housing and hire more H-2As?



Washington Apples

- WA produces almost 60% of US apples; 80% sold fresh; 25% exported
- Trends:
 - traditional red and golden delicious varieties down (from 80 to 40% 1990-2010) Gala, Fuji etc up
 - Newer and higher-value varieties have longer picking season, hand pick despite dwarf trees, trellising etc
- Mechanization?
 - traditional varieties easiest to shake —variety change makes mechanization harder because of repicks
- Labor changes:
 - Saddle-demand for labor: cherries, gap, apples
 - H-2As as loyal workers; invest in housing for H-2A
 - Mech aids in non-harvest pruning and thinning

Hand and machine picking



Florida Oranges

- Processed into FCOJ; Brazil = low-cost producer
- Most oranges hand-picked by workers: ladders into bags, dump into bins. Piece rate: almost \$0.01/lb for oranges worth 5-6 cents/lb
- Mechanization?
 - Best with smaller trees planted for machine harvesting
 - Newer plantings in southwestern FL=10% mechanical harvesting; abscission chemicals hasten mechanization of late-season valencias?
- Labor:
 - FLCs—more in FL than any other state; slavery cases
 - More housing and more H-2A workers
 - What interaction of trade, wages, and mechanization to shape demand for and supply of farm labor?

Machines picking Florida oranges



California Lettuce

- CA: 8 months; AZ: 4 months-little trade
 - 60% of lettuce = iceberg; contracts and bagged salad
- Very large producers: top 10 = 2/3 or more of total prod; history of innovation, stormy unions
- Mechanization?
 - 1970s: gamma rays to selectively harvest—real effort or union busting?
 - About $\frac{3}{4}$ of iceberg harvested in 1st pass; uniform ripening and mow?
 - Baby-leaf lettuce easier to mechanize: band-saw
- Labor:
 - Generally higher-than-average wages reflecting large farms, profits, nonfarm unions in packing etc
 - Yuma: aging green-card commuters & BP agents

Conveyor belts: make work easier



Farm Work = Job, not career

- Best way to help a farm worker is to help him/her get a nonfarm job; earnings up
- About $\frac{3}{4}$ of all hired farm workers & 99% of new entrants were born abroad (immigrants); most foreign-born farm workers = unauthorized
- Farm employers say: open border gates and admit workers eager to fill seasonal farm jobs
- Worker advocates: there is no shortage of US workers, only a shortage of wages and benefits to attract and retain US workers
- Government listens to both: admits or tolerates migrants & provides \$1 billion a year for MSFW assistance programs

Conclusions

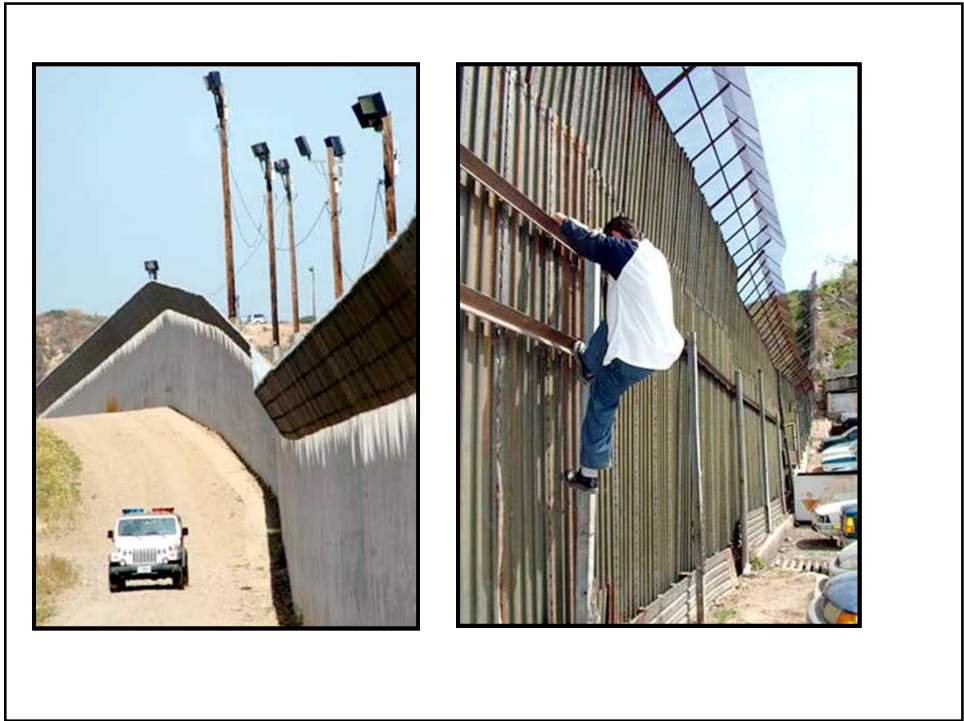
- Hired workers do most of the work in US agriculture
 - Large FVH farms and dairies most dependent on hired workers
 - Hired are mostly unauthorized Mexican men
 - FLCs act as risk-absorbers in a labor market with violations
- Immigration reform MAY raise labor costs:
 - Accelerate labor-saving mechanization: DOV raisin grapes, dairies with robotic milkers
 - Mechanical aids that raise productivity and lengthen work lives—field conveyor belts
 - Slow current expansion if wages rise: strawberries
 - Increased imports: fresh asparagus, tomatoes

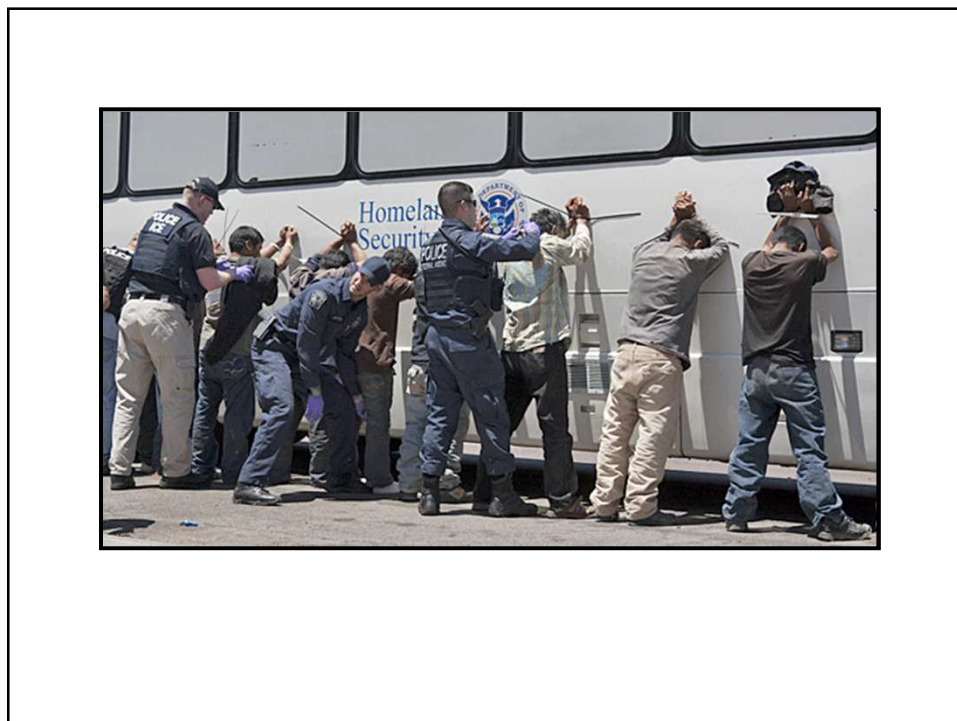
More Information

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- Martin, Philip. 2009. Importing Poverty? Immigration and the Changing Face of Rural America. Yale University Press.
- Calvin, Linda and Philip Martin. 2010. The US Produce Industry and Labor: Facing the Future in a Global Economy. USDA. Economic Research Report No. (ERR-106). November.
- Immigration and Agriculture, May 12-13, 2011 at UC-DC









US deports 400,000 foreigners a year



2011 Rank	Product	Export Value in million dollars		Change in Value 2010 to 2011 (Percent)
		2010	2011	
1	Almonds	2,392	2,828	18
2	Dairy and products	1,150	1,420	24
3	Wine	1,007	1,226	22
4	Walnuts	820	1,060	29
5	Rice	797	877	10
6	Pistachios	720	778	8
7	Table Grapes	641	733	14
8	Oranges and products	566	666	18
9	Tomatoes, processed	492	574	17
10	Cotton	368	435	18
11	Raisins	327	399	22
12	Beef and products	293	366	25
13	Lettuce	331	346	4
14	Strawberries	327	336	3
15	Seeds for sowing	296	326	10
16	Hay	208	203	-2
17	Dried Plums	174	174	0
18	Peaches and nectarines	141	149	5
19	Lemons	148	146	-1
20	Raspberries and blackberries	116	137	18

Top 15 Destinations for 2011 California Agricultural Exports

	\$ Millions	Percent Total
Canada	3,049.0	18.1%
European Union-27*	2,412.2	14.3%
China/Hong Kong	1,722.4	10.2%
Japan	1,415.2	8.4%
Mexico	830.6	4.9%
South Korea	781.4	4.6%
India	359.8	2.1%
United Arabs Emirates	341.1	2.0%
Turkey	320.9	1.9%
Taiwan	248.9	1.5%
Australia	248.1	1.5%
Vietnam	196.6	1.2%
Indonesia	153.1	0.9%
Malaysia	147.7	0.9%
Philippines	132.2	0.8%
Top 15	12,359.3	73.2%
Rest of World	4,513.6	26.8%