



United States Department of Agriculture

Immigration and Farm Labor Markets

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The views expressed here are those of the author and should not be attributed to the Economic Research Service or to USDA.



Context: Frequent media reports of farm labor shortages

➤ For example:

Last year, about a quarter of Biringer Farm's strawberries and raspberries rotted in the field because it couldn't find enough workers. Samantha Bond was determined not to let that happen again. Early this year, Ms. Bond, human resources manager for the 35-acre farm in Arlington, Wash., offered 20% raises to the most productive workers from the last harvest. [...] Despite Ms. Bond's efforts, Biringer again faced a worker shortage and typically drew fewer than 60 of the roughly 100 employees it needed on harvest days.

Source: *The Wall Street Journal*, 8/12/2015, "On U.S. Farms, Fewer Hands for the Harvest," by Ilan Brat.
<http://www.wsj.com/articles/on-u-s-farms-fewer-hands-for-the-harvest-1439371802>

➤ This is often attributed to reduced immigration from Mexico:

- The subhead to this WSJ article reads: "Producers raise wages, enhance benefits, but a worker shortage grows with tighter border."

➤ Yet farm labor shortages remain difficult to quantify. What does the available evidence say?



Note: USDA used to report estimates of labor shortages or surpluses

From report of October, 1935:

Crop correspondents reported that the supply of labor declined during this period from an average of 95.7 to 94.7 percent of normal, whereas the reports indicated that the demand for labor dropped only from 80.5 to 80.2 percent of normal. Thus, with supply expressed as a percentage of demand, the ratio stood at 118.1 percent of normal on October 1, compared with 118.9 three months earlier. On October 1, 1934, reports indicated the supply-demand ratio was 152.9 percent of normal.

The decline in the supply of farm labor available for hire appears to have been due to a slight pick-up in employment in industries other than agriculture. Reporters also expressed the opinion that the excess supply of labor was being reduced in some sections by the reemployment of available workers on work relief projects. With the supply-demand ratio at 118.1 percent of normal on October 1, however, it is still evident that no shortage of labor exists today in rural areas.

Source: USDA Bureau of Agricultural Economics, Crop Reporting Board, "Farm wage rates and related data, October 1, 1935, with comparisons."

<http://usda.mannlib.cornell.edu/usda/nass/FarmLabo//1930s/1935/FarmLabo-10-14-1935.pdf>

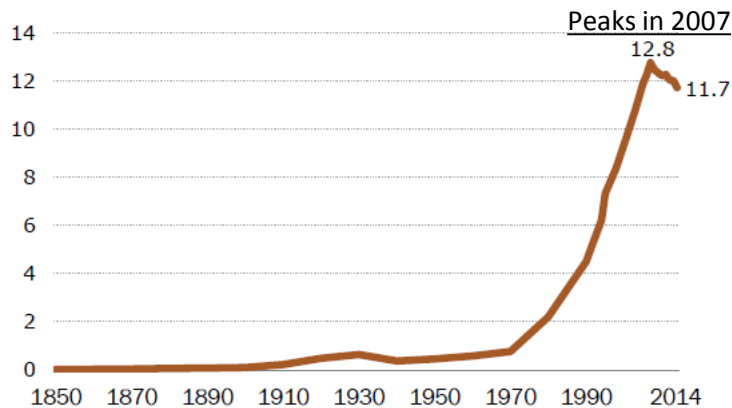
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The size of the Mexican-born population in the U.S. has declined since 2007

Mexican Immigrant Population in the U.S. in Decline

In millions

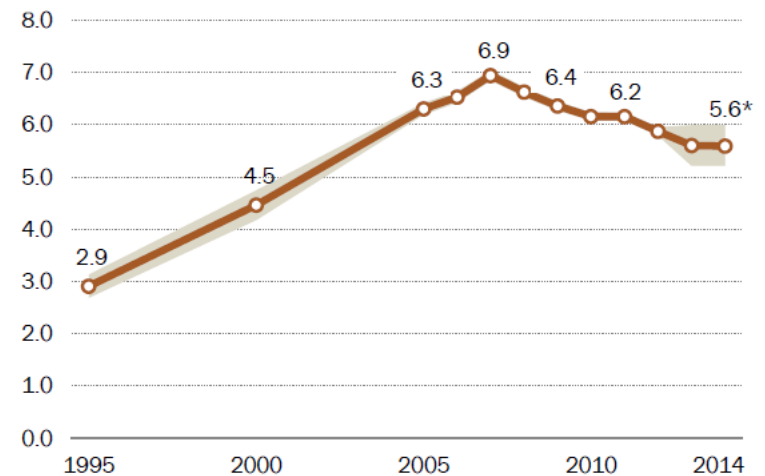


Source: For 1850 to 1980: Gibson, Campbell and Kay Jung, "Historical Census Statistics on the Foreign-Born Population of the United States: 1850-2000," U.S. Census Bureau, Population Division, Working Paper No. 81, 2006; for Mexican born 1980 and 1990: Integrated Public Use Microdata Series (IPUMS-USA); for 2005 to 2012: Pew Research Center estimates based on augmented American Community Surveys; for 1995-2000 and 2013-2014 Pew Research Center estimates based on augmented March supplements to the Current Population Survey and 2000 Decennial Census.

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Mexican Unauthorized Immigrant Population in the U.S. Below Its Peak

In millions



Note: Shading surrounding line indicates high and low points of the estimated 90% confidence interval. Data labels are for 1995, 2000, 2005, 2007, 2009, 2011 and 2014. The symbol * means estimate is preliminary.

Source: Pew Research Center estimates for 2005-2012 based on augmented American Community Survey data from Integrated Public Use Microdata Series (IPUMS); for 1995, 2000, 2013 and 2014 based on augmented March supplements to Current Population Survey.

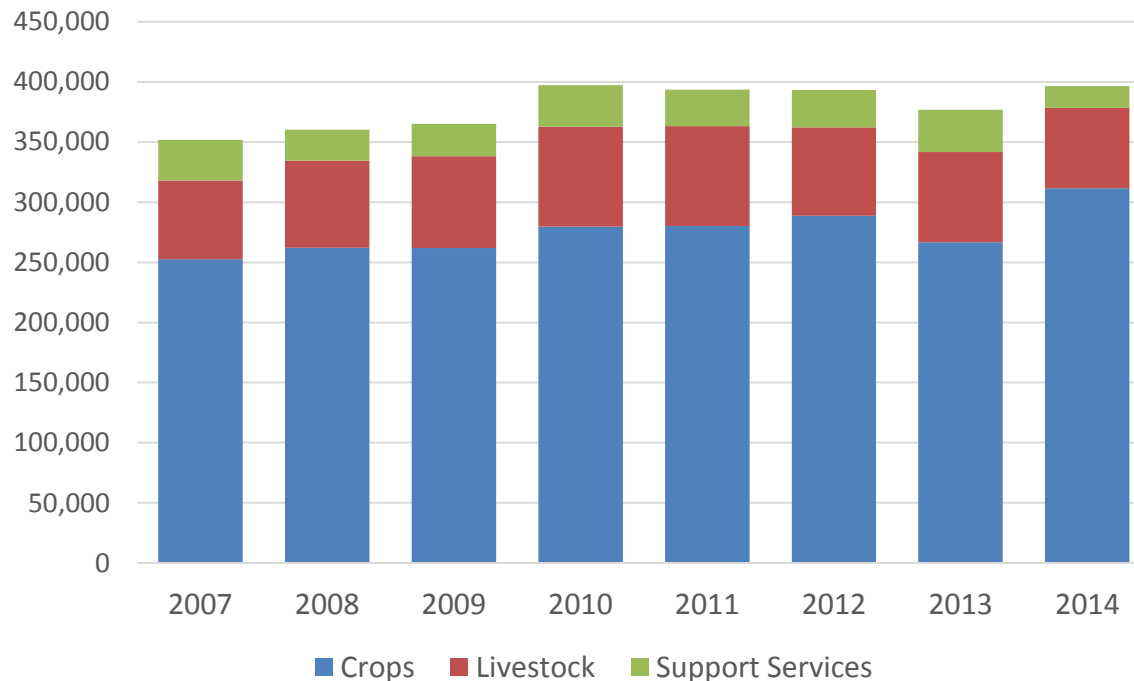
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Yet employment of Mexican-born farm workers does not appear to be declining (through 2014)

Estimated number of Mexican-born farmworkers employed in U.S.



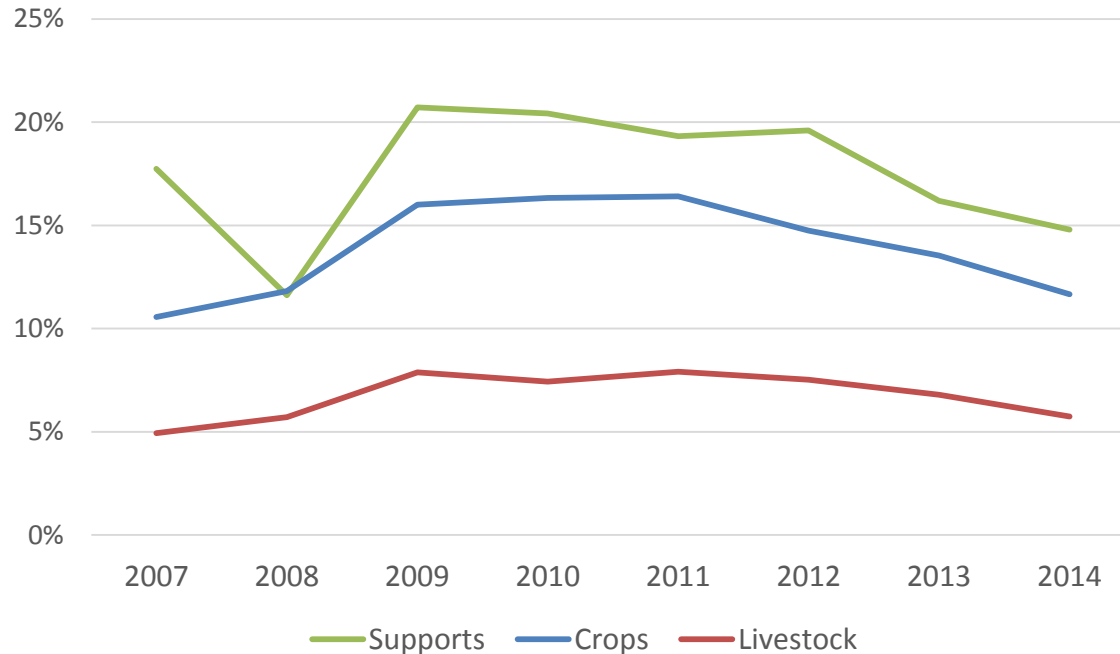
Note: These are counts of hired wage & salary workers in 4 farm-related occupations (managers, supervisors, graders and sorters, and miscellaneous agricultural workers) in the selected industries.

Source: Author's analysis of data from U.S. Census Bureau's *American Community Survey*, 2007-14



Measuring labor market tightness: Unemployment

Unemployment rates among all farmworkers have fallen from recessionary peaks, but were not lower in 2014 than in 2007



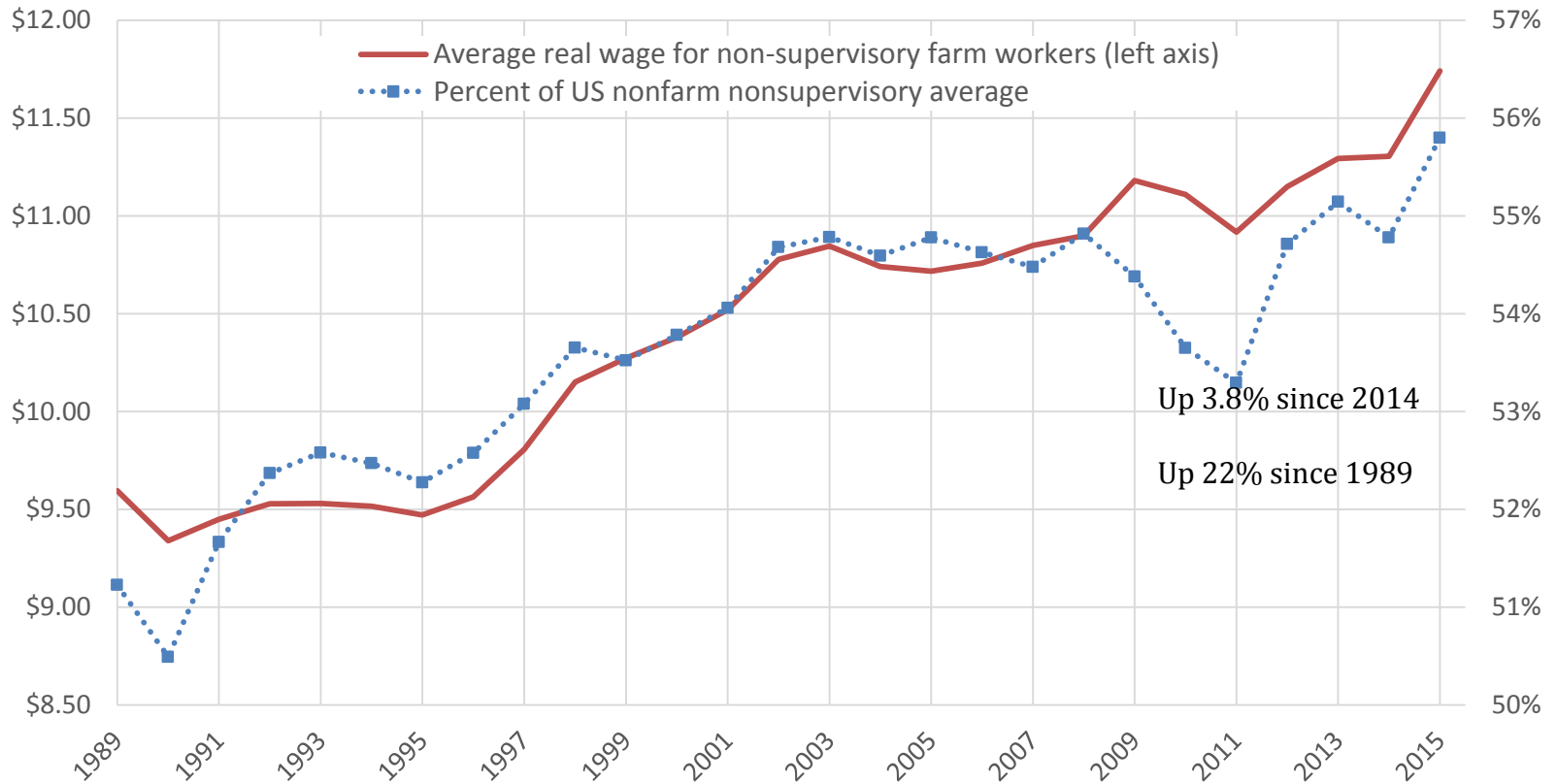
Note: These are unemployment rates for current and former farmworkers, using the same occupation and industry definitions as previous slide; counts both immigrants and U.S.-born workers.

Source: Author's analysis of data from U.S. Census Bureau's *American Community Survey*, 2007-14



Measuring labor market tightness: Wages (through 2015)

Real wages in agriculture rising faster than in other industries



Sources: Farm wage data from NASS Farm Labor Survey; Nonfarm wages from US Census Bureau, Current Employment Statistics

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Weekly Earnings Growth By Sector, 2014-15

Sector	Real Growth in Average Weekly Wages, 2014-15
Support for Crops	5.7%
Livestock	4.5%
Crops	3.8%
Support for Animals	3.8%
Support for Crops	
Farm Labor Contractors	6.7%
Postharvest	6.6%
Farm Management Services	5.7%
Soil Preparation	2.9%
Cotton Ginning	2.3%
Harvesting by Machine	-0.8%
Livestock	
Poultry and Egg	7.9%
Sheep and Goat	4.7%
Aquaculture	4.6%
Beef Cattle Ranching & Feedlots	4.2%
Hog and Pig	4.0%
Other Animal Production	3.5%
Dairy	3.4%

Crops	Real Growth in Average Weekly Wages, 2014-15
Sugarcane	7.1%
Treenuts	6.4%
Orange	6.0%
Rice	5.8%
Other Noncitrus Fruit	4.9%
Strawberries	4.8%
Tobacco	4.7%
Vegetable and Melon	4.7%
Apples	4.7%
Grapes	4.3%
Hay	3.3%
Greenhouse and Nursery	3.2%
Fruit and Treenuts Combo	3.1%
Cotton	3.1%
Wheat	2.6%
All Other Crop	2.6%
Soybean	2.4%
Other Grain	2.1%
Corn	1.7%
Dry Pea and Bean	1.3%
Other Berries	0.1%
Oilseed not Soybean	-0.8%
Citrus except Orange	-6.3%

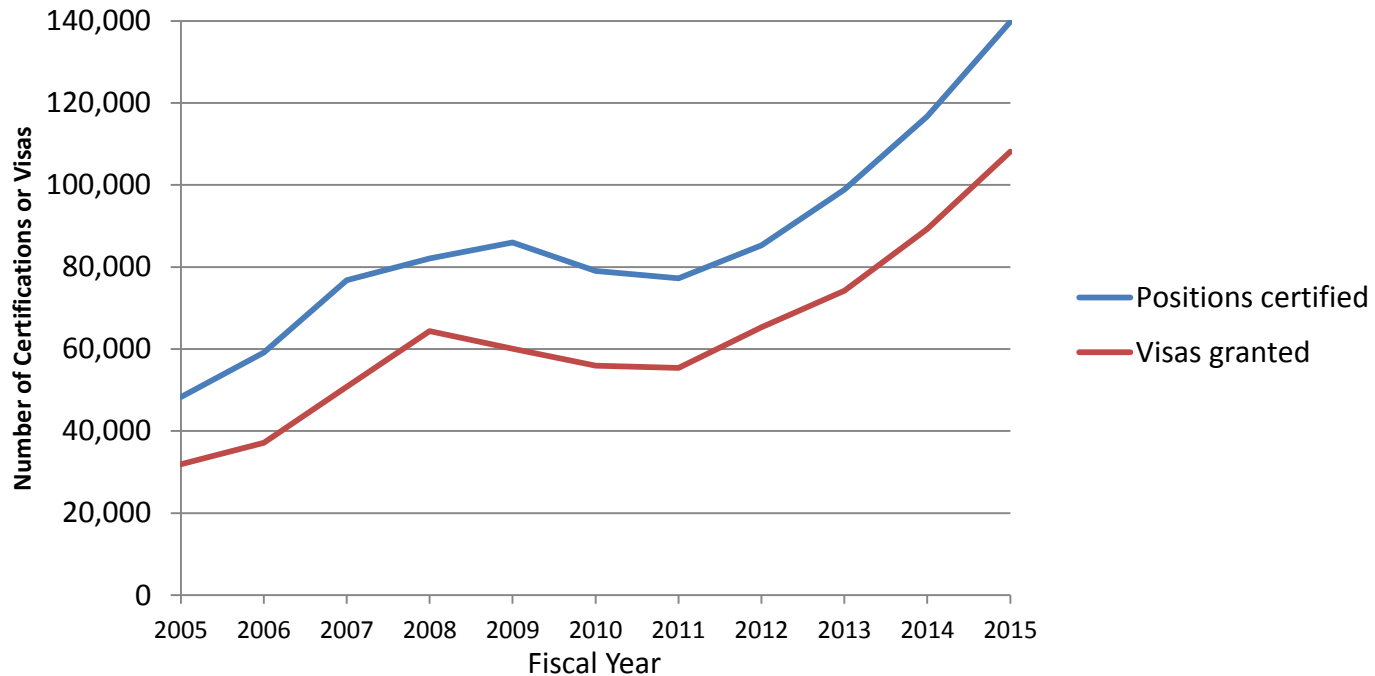
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Note: Covers approx. 85% of farm employment.

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Use of the H-2A Temporary Worker Program is Rising

81% increase in national H-2A certifications since FY2011



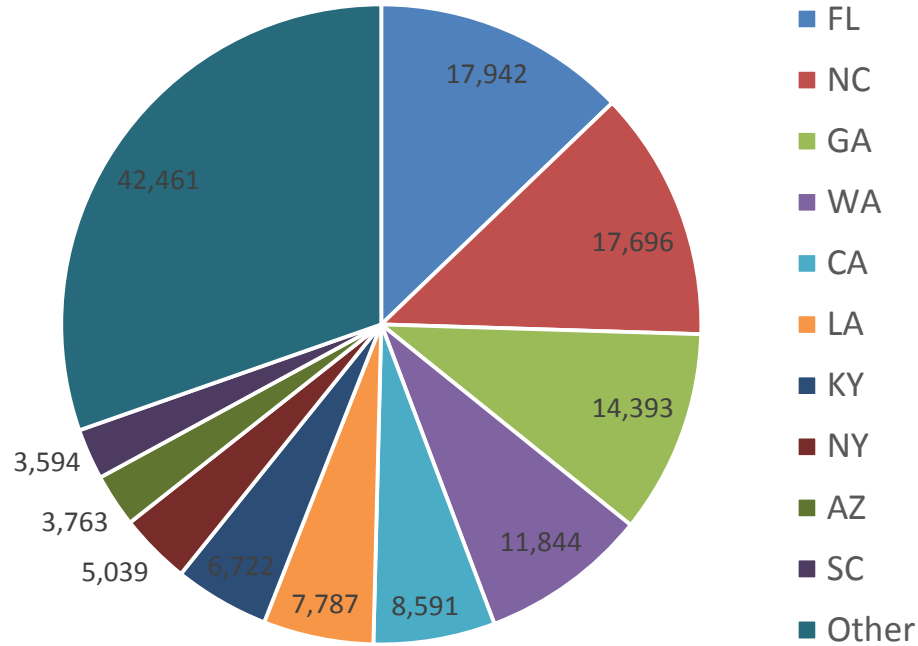
Sources: US Department of Labor, Office of Foreign Labor Certification, Annual Performance Reports and U.S. Department of State, Nonimmigrant Visa Statistics

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H-2A Certifications by State, FY 2015

- H-2A certifications have doubled or more in CA, WA, FL, GA, and NC since 2011



Source: US Department of Labor, Office of Foreign Labor Certification, Annual Performance Reports



Conclusions

- Rising average real wages, particularly in 2015, and an increased willingness on the part of growers to engage with the H-2A program, suggest that farm labor markets are indeed tightening.
 - Unemployment rates of those identified as current or former farmworkers were not unusually low in 2014, but these may be a poor measure of labor market conditions.
- The highly seasonal and place- and crop-specific nature of labor demand means that localized shortages may be more pronounced than indicated by trends in the average wage.
- Recent debate has focused on immigration policy and the supply side of the farm labor market, but there does not appear to have been a decline in the employment of Mexican-born farmworkers, at least through 2014.
- This suggests that rising demand for labor-intensive fruits and vegetables is playing an important role as well.
- The direct measurement of farmers' perceptions of labor supply and demand conditions was apparently feasible in the 1930s, and could be a valuable addition to the currently available survey data.

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