REMAPPING DEBATE
Asking "Why" and "Why Not"

Economic disaster for agriculture or proof of brutality of current system?

Commentary | By Craig Gurian | Agriculture, Immigration, Labor

Feb. 12, 2014 — A study released earlier this week by the American Farm Bureau Federation on the impact of various types of immigration reform on the agricultural sector wants the reader to conclude that an enforcement-only approach to immigration would mean economic disaster. As it happens, I agree (for very different reasons) that enforcement-only is not the way to go. But the data presented by the study (performed for the Farm Bureau by World Agricultural Economic and Environmental Services, a consulting firm) tells a different story than that which the Farm Bureau wants to tell: namely, that the agricultural industry only survives in its current form thanks to massive (albeit invisible) subsidy from a work force that cannot be described as free, and that the industry must be fundamentally transformed.

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The study sets forth a parade of horribles under the enforcement-only scenario. Cost of agricultural production would rise dramatically! Production constricted! Value of farm assets way down! These are findings (note: I have not independently assessed the reliability of methods and data) intended to be conversation stoppers: all good Democrats and Republicans should properly be aghast and join in saying reflexively, "We can't have that."

The study claims, most notably, that the withdrawal of millions of undocumented workers from the labor market would have two impacts. One would be on the general (non-agricultural) labor market, resulting in what the study estimates to be a 4.7 to 9.4 percent increase in the general wage rate. The other would occur in the agricultural labor market. Within agriculture, where the loss of labor from undocumented workers would be concentrated, the estimated change is 62.5 to 125 percent on top of the rise in the general wage rate. The study goes on to predict lower agricultural production, a 5 to 6 percent increase in consumer costs, lower profits per producer, and greater imports.

It's entirely conventional for the study to refer to these changes as cost increases, but there's a better conceptual framework within which to understand them. Ask the question, "What does it really cost to produce food, assuming workers who are not so desperate that they have to accept any wages or conditions that an industry throws at them?" The Farm Bureau study does not pose the question this way, but what it does do — as an alternative method of estimating the impact of the massive withdrawal of undocumented labor — is "look at how much higher farm worker wages would have to be to attract replacement workers from other low-skilled job categories elsewhere in the economy." According to the study, "the most likely alternative for farm employers would be to focus on recruiting labor from the construction category," and that "convincing the 12% of the construction category needed to switch to farm work" would require a "boost in farm wages to the $20 to $21 per hour range." (Remember, farm labor is seasonal; workers cannot rely on 40-hour weeks for 52 weeks a year.)

So, the first thing to note is that the argument that "Americans won't do that kind of work" is really nothing more than an argument that (many) Americans won't do farm labor on the cheap. That is not something that is widely acknowledged.

Second, we see that what we're really talking about here is an issue of invisible subsidies. To me, the cost of farm labor properly construed is in fact the cost to make that work sufficiently attractive so that enough workers who have at least some choice as to employment are willing to do the job. That, according to the study, would "spark a large-scale restructuring of the farm sector." But don't we need a fundamental restructuring if the current system only survives by relying so heavily on unfree labor?

If the true cost of food production — no longer subsidized by a largely undocumented, captive labor force — is higher than it is said to be currently, let's face that straight on. Before we start subsidizing, let's evaluate whether the profit margin in a reformed free-labor industry is really too low (or just lower than producers would like). Before we start subsidizing, let's decide who needs to be subsidized (perhaps a subset of lower income consumers), who should be doing the subsidizing (perhaps the government, not individual workers), and what the conditions of subsidy should be (perhaps a requirement that the crops grown be environmentally suitable for the area in which they are grown).

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The data presented in the study does also leave those of us who do want a path to citizenship with a problem to confront. It concludes that a program of legalization and enforcement, combined with a redesigned guest worker program, would have a very different result from enforcement-only: an increase in labor costs of only 6 to 9 percent in the agricultural sector. While better for workers than the status quo, that modest bump for what is, unarguably, extremely difficult work on which we all rely, is only a fraction of the improvement that would be brought about in an environment of real leverage for workers (that is, a relative labor shortage). That is something that deserves serious thought and a sensible response (the most obvious being tightening or eliminating — not expanding — guest worker programs).

One thing is clear: we've got to unlearn the reflex that cheaper is better. Until we do, adaptations to make the kinds of change — in agricultural production and elsewhere — needed to yield a reasonable facsimile of a humane society will remain far out of reach.

This content originally appeared at http://www.remappingdebate.org/node/2184