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The Impact of Migrant Farmworkers on Michigan Agriculture

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Introduction

Immigration has become a major issue confronting U.S. society. Much of this discussion has focused on illegal immigration via the Mexican-U.S. border. Despite the level of debate at the national level, the economic impact of migrant workers, both documented and undocumented, on Michigan's economy has not been analyzed for some time. This paper will focus on the role migrant farmworkers play in Michigan's agriculture sector. Migrant workers are a critical component of the state's agriculture, they are especially important in the fruit and vegetable industries.

This paper will discuss the following: the size and characteristics of Michigan's migrant farmworker population, Michigan's need for migrant farmworkers, the economic impact of selected crops that are dependent on farmworkers and policy implications with respect to migrant farmworkers.

Michigan is dependent on migrant farmworkers for a number of crops, especially fruits and vegetables. If these sectors are to remain healthy, an immigration policy that creates the means to keep a stable labor force is necessary. A policy that would reduce or eliminate migrant workers would lead to fewer crops produced, higher food prices, fewer jobs, and land diverted from farming to other uses.

Size and Characteristics of the Migrant Labor Force

Michigan's agri-food system is an important part of the state's economy. It has been estimated that approximately one million jobs in the state are related to the agri-food system (Peterson, Knudson, Abate, p.2). Other estimates show that Michigan ranks 9th in the U.S. in agriculture related employment (Rochin, Santiago, and Dickey, p.5).

As farms become larger and farm family size more and more resembles nonfarm family size, farm labor has become more important. In 2002, Michigan farmers spent more than \$504 million in labor expenses; this is the largest expense category for farmers (USDA, p.5). Some types of farm operations such as dairies are actually increasing their level of employment (Rochin, and Siles, p.2). This is consistent with findings in Wisconsin (Slesinger and Deller, p.20).

It has been estimated that the state's farmers employ 45,000 migrant workers during a typical summer (Rochin, Santiago and Dickey, p.5). Most of these workers are of Mexican descent, either from Texas or Florida (Rochin, Santiago, and Dickey, p.31). Michigan is the nation's 4th largest employer of migrant farmworkers (Roeder, and Millard, p.1).

It has been estimated that migrant laborers in Michigan earn between \$8 and \$11 an hour. This would be consistent with figures from Wisconsin (Slesinger and Deller, p.v) and the American Farm Bureau Federation (AFBF, p.3). It should be noted that many migrant

workers also receive housing at no charge as an inducement for employment (Slesinger and Deller, p.10). In 2005, Michigan had 808 licensed migrant labor camps with a total capacity of 22,401.

The Need for a Migrant Labor Force

Hand labor is needed for a wide range of farm commodities. Some of these commodities include apples, peppers, and other fruits and vegetables (Slesinger and Deller, p.3). Also, seasonal workers are needed in processing plants during the peak season (Slesinger and Deller, p.3). Table 1 shows some of the products that use migrant workers. The total economic value figure is the direct, indirect and induced value at the farm level and related input supply industries. It does not include the additional economic activity generated at the processor, wholesale and retail level.

Table 1: Commodities that Use Migrant Labor and Their Economic Value

Commodity Produced	Total Economic Value (\$1,000s)
Apples	135,807
Asparagus	25,689
Dry Beans	100,746
Blueberries	111,663
Cabbage	9,008
Carrots	30,885
Tart Cherries	60,408
Corn	807,279
Cucumbers	89,586
Grapes	34,002
Hay	441,395
Onions	16,309
Peaches	11,828
Pears	1,374
Bell Peppers	17,098
Plums	1,087
Potatoes	157,974
Pumpkins	20,921
Soybeans	632,400
Squash	27,876
Strawberries	8,170
Sugarbeets	180,333
Tomatoes	44,011
Floriculture/Ornamentals/Turfgrass	917,809
Total	3,883,658

Sources: Rosenbaum 2002; Peterson, Knudson, Abate

For some of these commodities such as corn, hay and soybeans, there may be substitutes for migrant labor, primarily in the form of the increased use of mechanized equipment. For other commodities, particularly fruits and vegetables, access to migrant labor is critical for their continued existence. It should be noted that the total economic value generated by the farm sector and related input supply industries is \$6.69 billion, crops that use migrant labor account for almost 58 percent of the total economic activity generated by the farm sector and related input supply industries.

Most of the farm employment occurs from April through October. The seasonality of employment and the fact that workers need to move from farm to farm in order to stay employed make it difficult to find workers that are residents of Michigan, many of whom are more interested in permanent employment at one location. As a result, the farm sector is dependent on migrant workers during these months.

The economic impacts of the loss of migrant farmworkers on Michigan agriculture are easy to understand. The loss of migrant farmworkers will increase the cost of production, especially for fruits and vegetables. Farmers lack the market power to charge higher prices. As a result acreage devoted to agriculture will decline as less profitable farms and land exit the industry. As the supply of some farm products, especially fruits and vegetables decline the price of these products will increase until a new equilibrium is reached. The net effect will be: fewer farmers, fewer acres devoted to fruit and vegetable production, a smaller agri-food system, and higher prices for consumers, especially for fresh produce. The loss of migrant workers will also adversely affect the processing industry because less raw material will flow through processing plants and their labor supply will also be reduced (Rosenbaum 2001, p.5). It is possible that some processing facilities would also have to cease production if access to migrant workers is lost.

The AFBF estimates that in the short term, Michigan's farm production would decline between \$151 million and \$272 million. In the long run the loss was estimated to be between \$196 million and \$362 million (AFBF, p.4). This impact is only for the farm sector and does not include the impact on Michigan's economy as a whole.

Without migrant workers some farmers would reduce output or leave the business. A survey in Wisconsin indicated that 49 percent of farmers would likely cease operations and 28 percent would sell their land or equipment if access to migrant labor was lost (Slesinger and Deller, p.19). A similar study in Virginia indicated that 80 percent of farmers in that state would retire and sell their farms if they lost access to farm labor (Rosenbaum 2001, p.4). The AFBF estimates that Michigan would be one of the states most adversely affected by the loss of migrant workers (AFBF, p.2).

Another economic impact of the loss of migrant labor would be the movement of crop production from the U.S. to other countries. The AFBF estimates that 10 to 20 percent of fresh fruit, vegetable, and nursery products produced in the U.S. would shift to other countries (AFBF, p.1). This would increase the trade deficit and perhaps reduce the safety and stability of the U.S. food supply.

In addition to their impacts on the farm economy, migrant workers also buy items that support the local economies where they work. Research conducted at the University of Wisconsin indicate that 45 to 50 percent of migrant wages are spent locally which support local businesses (Slesinger and Deller, p.12). An estimate for Michigan puts that figure between 50 and 75 percent spent in this state (Rosenbaum 2002, p.7). Furthermore, migrant workers are required to pay sales tax as well as state, federal and social security taxes (Slesinger and Deller, p.13), adding to the tax base of local, state and federal governments.

Policy Implications

The policy implications of restricting the supply of migrant workers are quite profound. Economic activity in Michigan will decline leading to a loss of income not only in the farm sector but the processing sector as well. Resources will leave agriculture, this includes land as farmers leave the industry and sell either to developers or other farmers. Prices will rise as the supply of some commodities, especially fresh fruits and vegetables, decline. Finally, the U.S. will import more products to make up for the lost domestic output, increasing the trade deficit and perhaps reducing the level of food safety and security for U.S. consumers.

In order to prevent this from happening, any type of immigration policy should contain provisions that ensure a stable supply of migrant workers from other countries. Whether in the form of a guest worker program or through other policies a stable supply of migrants is necessary for a healthy and diverse agri-food system in the state.

Conclusion

Michigan is a major user of migrant farmworkers. Michigan ranks 4th in the number of migrant farmworkers used in the U.S. Approximately, 45,000 migrant farmworkers are employed in the state. Many crops are dependent on migrant farmworkers; this is particularly true for fresh fruits and vegetables.

The loss of migrant farmworkers would have an adverse affect on the farmers and the agri-food system. More than 58 percent of the economic impact of the farm sector is derived from crops that use migrant farmworkers. While there is some potential for a level of substitution between labor and equipment, some crops would be suffer profound negative impacts if the access to migrant labor was lost. It has been estimated that the Michigan's farm output would decline by up to \$272 million in the short run and up to \$362 million in the long run.

The loss of migrant farmworkers would reduce farm output, increase imports, increase the trade deficit, and increase food prices, especially for fresh fruits and vegetables. Processing industries would also face increased stress. Some farmers would leave the industry and some land would transfer out of agricultural production likely for

development purposes. In order to prevent this from happening, a policy that ensures a stable supply of migrant farmworkers is necessary.

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