

# Farm Labor Shortages

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# 3 Themes

- Ag—large employer of low-skilled workers, weak database, esp for small geo areas
- Many HR paradoxes—older white farmers and younger minority workers etc
- “Normal” government intervention in input and output markets
- Labor market—help to upgrade and exit ag and tolerate/permit migration

# Farmers and Farm Workers

- About 2.1 million farms; similar number of workers employed for wages on farms during a typical year
- Variance in hours and earnings for both—seasonal workers earn about half the \$17 US average, work about half the 2,000 hours =  $\frac{1}{4}$  average earnings
- For most farm workers, a job, not a career—revolving door labor market with 10-20% new crop workers each year

# Indicators

- Most labor intensive ag is in urban (metro) counties
- Many major ag counties have very high unemployment rates, slow increase in wages, often low LFPRs
- Labor market indicators vs employer complaints of too few workers

# Labor Market Operation

- Seasonal crop workers—direct vs indirect hiring
- Incentives with seasonal demand for labor—who bears waiting costs
- Raisin harvest—race between sugar and rain and perennial labor shortage complaints
- No system for honestly registering seasonal labor demand and supply

# Adjusting S & D

- Key is shape of the demand curve—smooth or kinked/notched
- Farmers must meet packer/processor standards—can be hard for a single farmer to reduce demand in isolation
- Lessons of tomato harvest mechanization
  - Need to combine biology and engineering
  - Need for government as honest broker between growers and packers

# Migration and Incentives

- Use employer-paid payroll taxes to help adjust demand over time
- Can be done on a commodity-specific basis with labor input
- Government can play honest-broker role