



Terrorist Attacks in New York City and Washington, D.C.: Implications for Agricultural Labor¹

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There are three significant considerations for agricultural labor resulting from the tragic September 11, 2001 terrorist attacks:

1. Uncertainty. The level of uncertainty surrounding economic activity has dramatically increased. Projections for economic growth, consumer spending, and employment all have wider ranges than prior to September 11.
2. Recession. Economic growth was slowing prior to September 11, and there were concerns about entering a recession. Following September 11, there has been a higher expectation of entering a recession, with declining employment growth and higher rates of unemployment. While this is bad for the economy, labor availability for agriculture improves in recessions.
3. Undocumented workers. Prior to September 11, expectations were that legislative reform would be passed to address the problem with unauthorized workers, particularly in agriculture. The events of September 11 have virtually removed these considerations from congressional debate.

Farm Labor Market Statistics

Hired farm employment in Florida peaks in the winter and early spring months. The United States Department of Agriculture (USDA) reported a high of 77,000 hired farm workers in April 2001. With slowing agricultural activity during the summer, the reported level was 50,000 hired farm workers in July 2001. With total employment of about 7.4 million persons in July 2001, across all Florida industries, hired farm employment is approximately one percent of the total Florida employment.

Most Florida hired farm employment is in three commodity groups. Labor expenditures reported in the *1997 Census of Agriculture* indicated that 32% were for fruit and tree nut farms, 30% were for nursery and greenhouse farms, and 21% were for vegetable and melon farms.

Farm wage rates have increased somewhat over the past two years. However, after adjusting for inflation by valuing wages in July 2001 dollars, the average wage rate for Florida farm workers has actually fallen. The inflation-adjusted average was

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\$8.60 per hour over the most recent four quarters (October 2000 – July 2001), \$0.13 less than the \$8.73 average for the same period one year earlier (October 1999 through July 2000). In contrast, the federal minimum wage is \$5.15 per hour.

Business Cycles and Farm Labor Markets

Farm labor markets are very closely tied to non-farm labor markets. Average farm wage rates have remained within 55-60% of wage rates for non-farm workers directly involved in the production of goods and services in the United States in recent years. Consequently, as wage pressures ease in the overall economy over the next several months, the same can be expected in the farm labor market. In addition, Florida unemployment rates have been rising from an average of 3.3% for 2000 to 4.3% in September 2001. This is an economic environment in which farm labor is expected to be more readily available with less upward pressure on wage rates.

It is too early to assess how the events of September 11 will affect the number of farm workers on Florida's agricultural operations. Several counter-balancing forces make it difficult to predict farm worker numbers. On one hand, economic downturns favor the movement of workers toward farms. On the other hand, heightened border security may hamper the entry of foreign workers.

There was a general consensus that an economic slowdown was already in place before September 11. The terrorist attacks have accelerated the economic descent. Particularly hard-hit has been the hotel industry. According to the October issue of *Migration News*, more than 100,000 hotel workers nationwide have been laid off as many people have curtailed their travel plans. For many of the affected service industry workers, farm work may be an employment option for the 2001-2002 season.

Data from the 1997-1998 National Agricultural Workers Survey (NAWS) indicate that more than 90% of U.S. fruit and vegetable farm workers are foreign-born, entering primarily from Mexico. Furthermore, a significant portion of the foreign-born workers in agriculture has been in the United States a relatively short time. Among U.S. farm workers

interviewed in 1997-1998, 32% of the foreign-born workers had been in the United States for fewer than three years. With such a short tenure, one possibility is that a significant reduction in new workers crossing the border could limit the availability of labor for agriculture. An alternative view is that with increased border enforcement, more workers will remain in the United States rather than return to Mexico, since they may not be able to return for work in the United States in the future. In the next few months, Florida agriculture should begin to see the net effect of the economic downturn, heightened border security, and migration choices on farm labor availability.

H-2A Reform and Worker Regularization

For the past several years, a major concern of U.S. farm labor policy has been a significant number of farm workers who are not legally authorized to work in the United States. The 1997-1998 NAWS data suggest that 52% of hired workers on U.S. crop farms lacked proper work authorization documents. This is problematic for both employers, who fear the sudden loss of labor at critical times, and the affected workers, who continually fear they will be discovered and deported. At or near the top of the Bush administration's legislative agenda prior to September 11 was addressing the labor migration problem with Mexico. Both U.S. President Bush and Mexican President Fox had agreed to make labor migration issues a major priority. The legislative goals in the United States were to assure a continued supply of labor for U.S. employers and to establish a legal structure for current and future Mexican nationals to work in the United States. Significant progress was being made on the legislative front as historically rival groups (e.g., labor unions, employer organizations, farm commodity groups, and labor advocacy groups) converged around congressional bills that would have modified existing guest worker programs such as the H-2A program and *regularize* the legal status of persons who have been working in the United States illegally.

The events of September 11 abruptly altered the momentum of immigration reform with respect to Mexican farm workers. It soon became evident that

terrorists had obtained official visas and avoided detection at border crossings, even though intelligence sources had identified some of the individuals as security threats. Furthermore, the fact that the terrorists could move freely around the country pointed out a long-standing weakness that the Immigration and Naturalization Service (INS) had limited capability to monitor and track foreign visitors. Consequently, the immigration debate shifted from regularizing undocumented workers to a general overhaul of INS policy and enforcement processes, with an emphasis on national security. Agricultural employer and farm labor representatives agree that federal legislation addressing guest workers and legal status of existing workers has at best been delayed for several months. The events of September 11, however, have not changed the fact that overhauling the H-2A program and regularizing currently undocumented workers remain important issues. Therefore, it is very likely that these issues will be revisited and congressional action will take place sometime in the future.

Concluding Observations

In summary, the outlook for Florida employers of agricultural labor following September 11 is one of increased uncertainty. The employment of workers with false documents has been troublesome for some time. However, under the current environment there is greater uncertainty about how many workers may be available for work. While it is possible there could be fewer undocumented workers available, there are equally strong arguments that there may be little change in the availability. Not only may fewer undocumented farm workers return to their home countries, but the projected downturn in the non-farm economy is likely to leave other undocumented workers unemployed and available for agricultural work. Furthermore, the expected downturn in the non-farm economy and resulting higher unemployment typically increase the availability of legal workers for agricultural employment. Employers are likely to remain in the undesirable situation of hiring workers who have false documents rather than in the environment that might have come about with the new legislative proposals and the Bush administration's desire to *regularize* the employment of illegal workers.

The outlook for the agricultural workers themselves is one of continued uncertainty. Undocumented workers remain under the fear of detection and deportation; their risk may be somewhat higher than in previous years. The expected economic downturn may also lower farm worker earnings below what they might otherwise have been.