

Department of Agriculture

SHADOW SECRETARY EDWIN S. RUBENSTEIN

Mission statement: “We provide leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management.” <http://www.usda.gov/wps/portal/usdahome>

USDA administers Food Stamps and other federally subsidized food and nutrition programs received by immigrants and their U.S.-born children. The Department is also responsible for promoting the export of U.S. food products and reducing international trade barriers facing American food producers.

While U.S. farmers have benefited from trade liberalization, their counterparts in Mexico and other poor countries have suffered. They simply cannot compete with the large-scale, highly mechanized American farm economy. Many have left their farms to seek employment in the United States. As a result, trade liberalization is a major factor behind increased illegal immigration across the southern border.

U.S. Agricultural Policy: De Facto Immigration Policy

U.S. agricultural policy is designed to promote the production and export of three major crops—corn, soybeans, and wheat. The 2007 farm bill allocated \$25 billion to purchase surplus production—that is, the amount that farmers produce over and above the market demand for these products.

By making it possible for American farmers to sell their crops abroad for considerably less than it costs to grow them, USDA subsidies help determine the price of corn in Mexico and whether farmers in that country are forced off the land, to migrate to the cities—or to the United States. The problem

is exacerbated by the North American Free Trade Agreement (NAFTA), which eliminated the barriers to U.S. agricultural imports that had protected Mexican farmers.

NAFTA was the pioneer trade agreement in USDA’s export-oriented agricultural policy. Since its enactment, agricultural exports to Mexico have increased drastically. Since 1992, U.S. corn exports to Mexico have increased by [?]240 percent, while wheat exports have increased by 182 percent. <http://www.globalfarmer.org/Uploads/immigration%20paper2.pdf>

These quantities were driven, in part, by artificially low prices. In 2002, corn exports from the United States were priced at 13 percent below the cost of

production, and wheat at 43 percent below cost of production. <http://www.globalfarmer.org/Uploads/immigration%20paper2.pdf>

More recently, the ethanol craze has driven up U.S. corn prices, leaving Mexican consumers reeling from soaring tortilla prices. Linking its corn economy to ours has been a disaster for Mexico’s consumers as well as its farmers.

The flow of immigrants north from Mexico since NAFTA is inextricably linked to the flow of American corn in the opposite direction, a flood of subsidized grain that the Mexican government estimates has thrown two million Mexican farmers and other agricultural workers off the land since the mid-90s. <http://www.nytimes.com/2007/04/22/magazine/22wwlnlede.t.html?ei=5070&en=770602bee6d0e6a3&ex=1184644800&pagewanted=print>

The displacement of Mexican labor caused by the dumping of U.S. grain is pervasive. According to a study by the Carnegie Endowment for International Peace, “about 3 million farmers in Mexico, mostly

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from small-scale farms, are involved in maize production. Indirectly some 18 million people depend on maize for their livelihood.”¹ More than 80 percent of Mexico’s extreme poor live in rural areas, and more than 2 million of them are corn farmers.

The Carnegie study estimates there was a net loss of 1.3 million agricultural jobs in the first 8 years of NAFTA.

Much of this displaced population has ended up in the United States. In 1980, 19 percent of migrants from rural Mexico were in the United States, yet by 2002 that number had risen to 30 percent. The estimated number of illegal Mexican immigrants in the United States increased from 2 million in 1990 to 4.8 million in 2000. <http://www.globalfarmer.org/Uploads/immigration%20paper2.pdf> In 2005 there were an estimated 6.2 million illegal aliens from Mexico in the United States. <http://pewhispanic.org/files/reports/61.pdf>

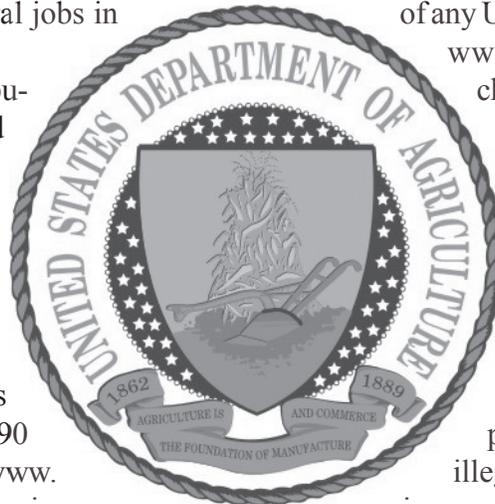
USDA grain subsidies and NAFTA are not the only causes of rural poverty and migration. The 1995 peso crisis dragged large portions of the lower middle class back into poverty. The government’s focus on aiding large industrial concerns owned by Mexico’s wealthy elite left little in the way of a social safety net to help mitigate the dislocations caused by globalization. Some analysts argue that rural out-migration is a natural phenomenon, indicative of a more highly developed economy.

While the dislocation of small Mexican farmers comes from multiple sources, increased dumping of U.S. commodities has clearly played a critical role.

U.S. Farm Labor Shortage and Immigration Policy

While our cheap exports are displacing Mexican farmers, demand is growing for immigrants to work in U.S. food production and processing. For years we have depended on immigrant labor to work our

fields, but recently the numbers have reached new highs. During the fiscal year (FY) 2001–2002, 75 percent of the hired crop labor force in the United States was born in Mexico, and an estimated 53 percent of those laborers were undocumented. Farm workers earn an average of \$8,000 per year, giving them the dubious title of having the lowest wages of any U.S. wage and salary worker. <http://www.doleta.gov/agworker/report9/chapter1.cfm#birthplace>



The 1986 Immigration Reform and Control Act (IRCA) created a new visa class—the H-2A—to satisfy demand for temporary farm laborers. By legalizing the farm workforce, it was hoped that legal workers who did not have to compete with a continuing inflow of illegal aliens could force farmers to improve wages and working conditions.

Farmers, in turn, would invest in labor-saving technology, thereby increasing the productivity of agricultural workers and enabling still further wage increases.

The IRCA reforms have proven to be a case of good intentions gone awry. Instead of a legal farm workforce, more than half—53 percent—of today’s farm workers are unauthorized. <http://www.choicesmagazine.org/2007-1/immigration/2007-1-11.htm> Although agricultural workers are a small part of the illegal alien population—estimated to be 12 million in 2006—the proportion of workers in agriculture who are illegal is among the highest in any occupation.

Clearly, the H-2A visa program never realized its goals; H-2As never accounted for a significant portion of the agricultural labor force. (Only 7,011 persons with H-2A visas were admitted in FY2005.) Farmers complain that the H-2A is “bureaucratic, unresponsive, expensive, and prone to litigation.” <http://www.choicesmagazine.org/2007-1/immigration/2007-1-11.htm>

The most important explanation may well be the wage differential between legal and unauthorized farm workers. Hourly earnings for illegal alien

farm workers were 8 to 9 percent below those of their legal counterparts for the periods 1989–1998 and 1999–2001, respectively. During the 2002–2004 period the gap grew to 13 percent. So much for the wage equalization effect claimed for H-2A visas.



The 2007 immigration bill included a guest worker provision for agriculture that was supported by organized labor and farm organizations. AgJOBS (Agricultural Job Opportunities, Benefits, and Security Act of 2007) would legalize illegal workers who have worked in agriculture for a specified length of time in the United States. Unlike H-2A, AgJOBS offers temporary workers a path to permanent residency in the United States.

AgJOBS would also make the current H-2A guest workers program more “employer friendly.” Instead of having the Department of Labor (DOL) certify their need for foreign workers, farmers would simply “attest” that they need foreign workers.



DOL would have to approve their attestations if employers file their job needs in a timely manner.

In other words, instead of falling on the employer, the burden of finding agricultural workers would fall on DOL, which would have to authorize the admission of H-2A workers if it could not locate suitable workers in the United States.

If AgJOBS was enacted, however, farmers would still have to pay foreign workers the higher of the minimum wage and the prevailing wage in the occupation and area of intended employment. Foreign agricultural workers are often not skilled enough to justify even a minimum wage.

Implication: illegal immigrants will dominate U.S. agriculture no matter how easy Washington makes their legalization.

- ◆ Food Stamps
- ◆ WIC (Nutrition Program for Women, Infants, and Children)
- ◆ School Lunch and Special Milk Program

The Food Stamp program, which provides food assistance to needy households, is one of the largest means-tested programs in the United States. It, along with WIC and the School Lunch and Special Milk Program, is administered by the Department of Agriculture. Outlays for these programs in fiscal year (FY) 2007 are estimated as follows:

- ◆ Food Stamps: \$35.6 billion
- ◆ Subsidized School Lunch: \$13.7 billion
- ◆ WIC: \$5.2 billion

The WIC and School Lunch programs are open to all immigrants and their children, regardless of their immigration status, while only legal immigrants are eligible for Food Stamps. <http://www.frac.org/index.html> Illegal immigrants receive food stamp benefits on behalf of their American-born

children, however.

In estimating the share of outlays going to immigrants, we make use of the following data: the immigrant share of the U.S. population; their reciprocity rates (i.e., the percent of immigrants and natives that receive each program); and the average benefit amount (in dollars) received by immigrant and native households.

In 2006 there were an estimated 37 million immigrants (legal and illegal) in a total U.S. population of about 300 million. Thus about 12.3 percent of the population was foreign born. (This is a conservative estimate, based on an illegal alien population of approximately 12 million; some put the illegal alien count as high as 20 million.)



Household reciprocity rates for the three programs have been calculated by Steven Camarota in various Center for Immigration Studies (CIS) back-grounders, as follows:

- ◆ Food Stamps: Immigrants 7.0 percent
Natives 6.3 percent
- ◆ Subsidized School Lunch:
Immigrants 15.5 percent
Natives 5.8 percent
- ◆ WIC: Immigrants 6.6 percent
Natives 2.7 percent

Native households that use food stamps receive an average benefit worth \$1,618, while their immigrant counterparts receive an average of \$1,808. <http://www.cis.org/articles/2001/mexico/means.html> We assume that average WIC and school lunch payments are the same for both types of households.

Using this information, we estimate the dollar amount and share of these three food programs going to immigrant households in 2007 as follows:²

- ◆ Food Stamps: \$5.3 billion,
14.8 percent of total, to immigrants
- ◆ Subsidized School Lunch: \$3.7 billion,
27.3 percent of total to immigrants
- ◆ WIC: \$1.3 billion, 25.5 percent of total,
to immigrants

In summary the Department of Agriculture will spend \$10.3 billion to provide food for immigrant households during this fiscal year. This is equal to \$278 per immigrant, or \$1,112 per every four-person household headed by immigrants. ■

End Notes

1. John J. Audley, Demetrios G. Papademetriou, Sandra Polaski, and Scott Vaughan, “NAFTA’s Promise and Reality: Lessons from Mexico for the Hemisphere,” Carnegie Endowment for International Peace, 2004. <http://www.carnegieendowment.org/files/nafta1.pdf>

2. The share of food program outlays received by immigrants is based on immigrant population shares, reciprocity rates, and per household benefits for natives and immigrants. For example, the weights used to calculate the share of Food Stamp outlays are immigrants: $0.123 \times 0.070 \times \$1,808$; natives: $0.877 \times 0.053 \times \$1,618$.

