

Executive Summary

Overview --**Fresh Market Tomatoes in California and Baja**

This case study focuses on fresh tomato production in the Stockton, Merced, Fresno, San Diego, and San Quentin areas. California ships approximately 25 percent of the fresh tomatoes in the U.S. market and Baja about 6 percent. Both California and Baja ship tomatoes mainly in the summer and fall, while Florida and Sinaloa account for most shipments in the winter and spring. Market shares have remained relatively stable for all regions over the past decade, with the exception that exports from Baja grew significantly as production shifted south from San Diego. Further growth in Baja has been constrained by limited water availability. There is a high degree of complementarity among the regions.

There has been a tendency for mature-green tomatoes (which are gassed) to displace vine-ripe tomatoes. In California, mature-green tomatoes are grown as bush tomatoes on the ground, and harvested once or twice. Vine-ripe tomatoes are grown on poles and wires, are harvested repeatedly, and require many more hours of ~ labor per acre. Vine-ripe tomatoes are now mainly grown in the south coast region of California, and in Mexico. Mature-green tomatoes are grown in the Imperial, San Joaquin, and Salinas Valleys. Mature-greens now account for approximately two-thirds of California fresh tomato production versus one-half twenty years ago.

A relatively small number of shippers control most mature-green production in California, both through their own production and through contracts with growers. Whether the grower or shipper takes responsibility for the harvest, farm labor contractors are usually hired to supply labor for hand harvesting of mature-greens. It is more common for the shippers to hire the contractors, so that the same workers can be moved from field to field in a given region.

In contrast, vine-ripe producers hire their own labor, because they need to harvest for much longer periods. This is equally true in San Diego as it is in Baja.

Impact of the SAW Provisions of IRCA

Adequacy of the Labor Supply

There was a pronounced labor surplus in all areas of California. This surplus results from continuing, and even increasing, migration from Mexico, combined with the low exit rate of SAWs from the farm labor force. In fact, the supply of labor is the one area where IRCA has had a significant impact. Far from limiting immigration, however, as the law supposedly intended, it has encouraged settlement of newly-legalized workers in California, which has in turn provided new opportunities for other Mexicans to migrate to the United States.

Overall, IRCA legalized about one-half of the tomato harvest workers interviewed in California, although the proportion was higher in Fresno (73 percent) and San Diego (67 percent) than in Stockton (32 percent), because the Stockton labor force has more long-term, settled (or back-and-forth) migrants from traditional Mexican sending regions. Over one-half of the Stockton workers were legally working in California before IRCA, while very small numbers of tomato workers in the other regions were legal. Similarly, while only 8 percent of the workers interviewed in Stockton were not authorized to work in 1991, 27 percent were not authorized in Fresno and San Diego. No U.S.-born workers were found.

Continued immigration since IRCA has brought many indigenous workers from the southern Mexican highlands, particularly Mixtecs from Oaxaca, who comprise the largest share of the labor force in Fresno and San Diego. They are also the main source of labor in Baja and Sinaloa, and they are actively recruited in Oaxaca by growers in those regions. Approximately two-thirds of the Mixtecs who worked picking tomatoes in California had previously worked in northwest Mexico at a similar job. All indications are that migration from southern Mexico is accelerating, which suggests that the share of unauthorized workers in the tomato labor force will continue to increase.

Wages and Availability of Work

Piece rates for picking tomatoes have risen in nominal terms since IRCA, but have fallen slightly after adjusting for inflation. Piece rates in Stockton were 47.5 cents a bucket in 1991, compared to 40 cents in 1986; in real terms, this represented no increase. Increases in piece rates in Stockton are partly owing to a series of strikes throughout the 1980s; IRCA has had a negative impact on this labor organizing. Piece rates in Fresno averaged 37.5 cents a bucket in 1991, compared to estimates of 33 to 36 cents in 1986; thus, in real terms, piece rates fell by 6 to 15 percent in Fresno.

Hourly equivalent wages in the survey averaged \$8.20 in Stockton and \$8.11 in Fresno, both regions where workers received piece rates. They averaged \$6.53 in San Diego, where most workers were being paid by the hour, and they averaged \$0.88 in Baja, where most workers were paid by the day. While the hourly wages in tomato harvesting were higher than in many agricultural jobs, workers complained that they could not work enough hours a day or days a week. Although workers in Baja averaged 58 hours a week, the average in San Diego was 44 hours, in Fresno 37 hours, and in Stockton only 27 hours. Thus, although Stockton workers received the highest piece rates and the highest hourly wages, they averaged the lowest daily and weekly incomes of all California tomato workers.

Working Conditions

Working conditions were being impacted by the excess supply of labor. While this apparently had been occurring since the early 1980s, workers pointed to 1988--the year people arrived from Mexico to apply for IRCA--as marking a turning point. Many of the costs of the agricultural labor market--such as the provision of tools, transportation to the worksite, and recruitment--were increasingly borne by the workers themselves. Crew sizes had grown in the Stockton area, and this was limiting the number of hours that workers could pick. Workers complained about the use of farm labor contractors and their practices, but the shift to contractors had occurred before IRCA.

Housing

The increased settlement that has accelerated since IRCA is putting a great strain on housing -in rural California, making it increasingly difficult for seasonal migrant workers to secure reasonable housing. Most seasonal farm workers now live in crowded conditions, in rented houses or outbuildings, in the various rural towns. Some tomato workers in San Diego continue to live in outdoor encampments. Many Mixtec workers in Madera live in extremely crowded structures without utilities, and must use the river for washing and bathing. Very few tomato growers or shippers in California provided any seasonal housing. This was in sharp contrast to Baja, where all of the larger growers maintained farm labor camps.

Approximately one-half of the Stockton tomato workers lived in two state-run camps, and a significant proportion of the rest of the labor force were former

camp residents who have settled in Stockton. The camps are only open six months a year, and, since 1982, workers have been guaranteed a return spot for the next year. This guarantee, along with the family nature of the housing, has created a stable pattern of back-and-forth migration from several towns in Michoac?n and along the border. The typical rate of return is over 90 percent.

The camps are also subsidized. The mean cost per working adult was \$9.28 a week, including utilities, childcare, and other services. In contrast, the average cost in Stockton per working adult was 21 dollars a week for housing alone. While the farmworkers capture this subsidy, the existence of the camps essentially guarantees a seasonal labor force for the local fruit and tomato growers, who otherwise would have a difficult time securing sufficient labor for their highly seasonal operations.

Ability of Workers to Organize

Fresh tomatoes in California have been an important arena for farm labor organizing for over 20 years. In spite of numerous elections and certifications, relatively few contracts have been signed, and those shippers who did sign contracts have largely circumvented them by letting the growers take charge of the harvest.

In analyzing the results of recent strikes and elections, it is apparent that the Agricultural Labor Relations Act, as it currently functions, is actually an obstacle to the resolution of problems between tomato workers and their employers. IRCA appears to have had little impact on this larger process, although legalization of workers has emboldened them to voice complaints in certain regions, such as Fresno, where the labor force was previously undocumented. In Stockton, however, the labor surplus attributed to IRCA has frightened older workers away from continued labor organizing, because they believe they will be easily replaced.

Continuing Involvement of IRCA-Legalized Workers in Farm Work

All of the tomato workers interviewed in Baja, and virtually all (86%) of those interviewed in California, planned on remaining in farm work. Some of the possible alternative jobs mentioned included bricklaying, cannery work, landscaping, housewife, and various manufacturing jobs. Most workers spoke little or no English, had little education (average of 4.3 years), and did not know how to go about getting another type of job. Legalization did not have any significant effect on willingness to stay in farm work. The California economy is also in serious recession, and a number of workers who had secured nonfarm jobs, particularly in southern California, had subsequently lost them and had to return to farm work.

Impact of Employer sanctions

Although several tomato farm labor contractors had been checked by the INS and one had been fined \$150,000 for incomplete and missing I-9 forms, this contractor was still in business and none of the contractors interviewed had been checked recently. We verified that, although the majority of employers demanded the pretense of documents, it was possible to secure a job harvesting tomatoes in every region with no documents of any type. Thus, employer sanctions have had no impact on the labor supply, but they have created additional paper work for those employers who comply with the law.

Reliance on a Temporary Workforce

Fresh tomato harvesting is highly seasonal in a number of regions of California, such as Imperial (six weeks), Bakersfield (two weeks), Salinas (two months), and Huron (two months and one month). Even the four-month seasons in Merced and Stockton are quite variable, with peaks and valleys of labor demand. Only the vine-ripe culture in San Diego and Baja provides long-term employment stability, which growers complement with other vegetables and strawberries. In most of the vine-ripe regions, however, other seasonal crops are grown, and tomatoes are not so important as to exceed the available labor supply.

While tomato harvest crews do move around within a given region, they do not usually travel from region to region like the lettuce crews. Growers and shippers are thus heavily dependent on farm labor contractors to supply them with seasonal labor. This has presented a considerable challenge on the west side of the San

Joaquin Valley, where few people live and few other labor-intensive crops are grown. Workers are usually driven long distances from east valley towns to work in the Huron area. This situation is probably viable only with the large surplus of labor which currently exists. We estimate that at least 6,000 workers are currently employed in the various mature-green tomato harvests, but that with better coordination of labor use among the regions it would be possible to reduce this by at least one-half.

The Extent of Unemployment and Underemployment of Farmworkers

As discussed earlier, workers complain of an excess supply of labor and difficulty securing sufficient employment during the season. As most surveys of seasonal farmworkers have found, the workers interviewed in Fresno and Stockton averaged approximately six months of work in various locations, although they were working less than full time while employed. The workers in San Diego and Baja worked considerably more and moved around less, because the seasons are longer and they are hired directly by growers, who maintain complementary cropping patterns.

There is considerable specialization among farmworkers. In particular, the Stockton tomato workers who were settled in the area did not prune in the off-season, and Fresno tomato workers did not work in tree fruit or citrus. It may be possible to increase the flexibility and days of employment of farmworkers through more cross-training programs. It may also be advantageous to the workers to create more stable patterns of back-and-forth migration from Mexico, so that they can pass the off-season at lower cost in Mexico, but be assured of six months of employment every year. The biggest obstacle to this at present is the lack of guaranteed seasonal housing in California.

Labor Management

Because tomato employers in California are operating in a surplus labor situation, relatively little consideration is given to improving conditions for the workers. Most of the attention is focused on having labor contractors compete against one another, bringing in new groups of workers--such as the Mixtecs--to moderate the demands of old groups, or preventing opportunistic behavior on the part of the workers. The large number of strikes and union elections in California tomatoes--in contrast to their virtual disappearance in many other crops--is evidence of a highly conflictive labor situation.

Efforts to mechanize the harvest in the early 1980's were prompted by labor organizing, but were abandoned when buyers rejected the poorer quality tomatoes. Even efforts to introduce harvesting belts have been abandoned. An ample supply of labor and declining real wages provide no incentive to change this situation.

Need for special programs

There is no need for special labor supply programs, such as the H-2A program. There is a surplus of labor, and employers turn away workers every day. Even the Job Service efforts of the Employment Development Department in California are largely superfluous to the functioning of the farm labor market, accounting for less than one percent of job placements. Virtually all job placements in fresh tomatoes in California resulted from walk-ins or employee referrals.

International Competitiveness

To the extent that IRCA increased the supply of labor in California agriculture, it has clearly improved the international competitiveness of California fresh market tomato production. Comparisons of costs in California and Mexico demonstrate that much - of the movement to Mexico in the 1980s was due to an undervalued peso and various input subsidies. The revaluation of the peso since 1987 and the gradual removal of those subsidies has eliminated many of the cost advantages which Mexico offered. Export tomato acreage in northern Mexico has actually declined in recent years.

While labor costs are still much lower in Mexico than in California, when one factors in productivity, the differences are much smaller. Workers in Mexico pick relatively few buckets of tomatoes for their daily wage, and this makes unit labor costs higher than they at first appear. While hourly tomato wage differentials between Baja and California are approximately nine to one, unit labor cost differentials were calculated at about three to one.

California tomato growers also benefit from other advantages, such as higher yields and better infrastructure, as do growers in Florida. We conclude that the fresh tomato industry is already largely restructured along the lines that would emerge with completely free trade with Mexico, and that the various regions are much more complementary than competitive. The continued large supply of immigrant labor, which has been further encouraged by IRCA, has allowed California to maintain its share of the U.S. market and even to begin to ship fresh tomatoes to Mexico. It is likely that real unit labor costs will continue to converge between Mexico and California, barring further intervention by either government.