



Economics vs. “Need”

One of the most common arguments for allowing more immigration is that there is a “need” for foreign workers to do “jobs that Americans won’t do,” especially in agriculture.

One of my most vivid memories of the late Armen Alchian, an internationally renowned economist at UCLA, involved a lunch at which one of the younger members of the economics department got up to go get some more coffee. Being a considerate sort, the young man asked, “Does anyone else need more coffee?”



“Need?” Alchian said loudly, in a cutting tone that clearly conveyed his dismay and disgust at hearing an economist using such a word.

A recent editorial on immigration in the *Wall Street Journal* brought back the memory of Alchian’s response, when I read the editorial’s statement about “the needs of an industry in which labor shortages can run as high as 20 percent” — namely agriculture.

Although “need” is a word often used in politics and in the media, from an economic standpoint there is no such thing as an objective and quantifiable “need.”

You might think that we all obviously need food to live. But however urgent it may be to have some food, nevertheless beyond some point food becomes not only unnecessary but even counterproductive and dangerous. Widespread obesity among Americans shows that many have already gone too far with food.

This is not just a matter of semantics, but of economics. In the real world, employers compete for workers, just as they compete for customers for their output. And workers go where there is more demand for them, as expressed by what employers offer to pay.

Farmers may wish for more farm workers, just as any of us may wish for anything we would like to have. But that is wholly different from thinking that some third party should define what we desire as a “need,” much less expect government policy to meet that “need.”

In a market economy, when farmers are seeking more farm workers, the most obvious way to get them is to raise the wage rate until they attract enough people away from alternative occupations — or from unemployment.

With the higher labor costs that this would entail, the number of workers that farmers “need” would undoubtedly be less than what it would have been if there were more workers available at lower wage rates, such as immigrants from Mexico.

It is no doubt more convenient and profitable to the farmers to import workers at lower pay than to pay American workers more. But bringing in more immigrants is not without costs to other Americans, including both financial costs in a welfare state and social costs, of which increased crime rates are just



Written by [Thomas Sowell](#) on June 11, 2013

one.

Some advocates of increased immigration have raised the specter of higher food prices without foreign farm workers. But the price that farmers receive for their produce is usually a fraction of what the consumers pay at the supermarket. And what the farmers pay the farm workers is a fraction of what the farmer gets for the produce.

In other words, even if labor costs doubled, the rise in prices at the supermarket might be barely noticeable.

What are called “jobs that Americans will not do” are in fact jobs at which not enough Americans will work at the current wage rate that some employers are offering. This is not an uncommon situation. That is why labor “shortages” lead to higher wage rates. A “shortage” is no more quantifiable than a “need,” when you ignore prices, which are crucial in a market economy. To discuss “need” and “shortage” while ignoring prices — in this case, wages — is especially remarkable in a usually market-savvy publication like the *Wall Street Journal*.

Often shortages have been predicted in various occupations — and yet never materialized. Why? Because the pay in those occupations rose, causing more people to go into those occupations and causing employers to reduce how many people they “need” at the higher pay rates.

Virtually every kind of “work that Americans will not do” is in fact work that Americans have done for generations. In many cases, most of the people doing that work today are Americans. And there are certainly many unemployed Americans available today, without bringing in more foreign workers to meet farmers’ “needs.”

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