



The Economics of Blueberries

BY RICHARD W. RAHN

FOOD COSTS JUMP WHEN POLITICIANS MANDATE HIGHER WAGES

Blueberries are healthier than bread, so why don't people eat more blueberries and less bread? Perhaps it's because blueberries cost roughly 15 times more than bread (depending on the time of year) for the same number of calories. Blueberries are a labor-intensive crop and are costly to harvest (as are many healthy fruits and nuts), unlike wheat and corn.

There are those who want to increase the minimum wage, and there are those who want to further restrict the use of foreign, seasonal farmworkers. Both fail to think clearly about the consequences of such actions. If you force blueberry growers to pay more to those who pick the berries or restrict their labor supply, the price of blueberries will rise, fewer will be produced, sold and consumed. (If you don't like blueberries, choose whatever good or service you prefer — the principle is the same.)

If the price of blueberries rises relative to the price of bread, people will consume more bread and fewer

blueberries, perhaps leading to weight gain and thereby damaging their health. If some choose to consume the same amount of blueberries despite the increase in price and regardless of income level, they will have less money to spend on other goods and services, which will mean fewer jobs for Americans who supply the other products.

A legislative increase in the minimum wage above the market-clearing rate can increase real incomes for the relatively few who directly benefit, but will also decrease real incomes (owing to higher prices caused by the wage-cost increase) for all others, which will have its greatest negative impact on the poor. A minimum wage also unfairly excludes potential workers (mostly young and inexperienced) who have not yet learned the necessary job skills to be sufficiently productive to cover the cost of the legally mandated wage.

If the price of domestically produced blueberries rises owing to U.S. government labor restrictions, more will be imported. Ask yourself: Would America be better off importing most of its blueberries or allowing temporary, seasonal farm laborers to come to the United States to pick the crop and then return home, which would allow more blueberries to be produced in America? (Note: Free trade is best because it maximizes consumer well-being, real incomes and long-run job creation. However, if the government restricts the supply of labor by regulating wages or by other means, it artificially puts American producers at a disadvantage.)

Surveys of seasonal farmworkers show that many of them want to come to the United States for only a few months each year to earn extra income and then return home. However, U.S. immigration law makes it very difficult for most foreign workers to come here to work only when they are needed and then go home. The result is that they become "illegal immigrants" even though they do not wish to reside permanently in this country.

There is a very clear-thinking lady in Colorado, Helen Kriebler, who has a solution for the problem that has obtained widespread political support, but not yet from the Obama administration. The Kriebler plan (known as the Red Card Solution) puts those who merely want to work in the United States temporarily on a different track from those immigrants who are seeking citizenship. After the government certifies a need for certain types of temporary workers, those who wish to apply would go through a background check and then would be issued a card with a computer chip, allowing them legally to go back and forth from the U.S. to their home country. Employers would enter the card into a database to see if the worker was eligible for the work being offered and in compliance with the rules. The cost of the program would be borne by the workers and employers in the system. It would reduce the number of illegal immigrants, increase national security by giving the government more information about foreign workers in this country and add to U.S. growth by enabling the production of goods (primarily farm products) and services that would not otherwise be produced here.

Much damage is done by those in government who fail to think clearly about the consequences of minimum-wage legislation, guest workers, as well as thousands of other things. (A short, entertaining and informative video "Hotnomics: Raising Minimum Wage" is available on the websites of [The Washington Times](#) and of the [Center for Freedom and Prosperity Foundation](#).)

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