

U.S. Farms and the Dwindling Labor Supply from Mexico

By J. Edward Taylor and Diane Charlton, UC Davis

For an extended period now, U.S. farms have enjoyed an abundance of workers from Mexico who work for stable or decreasing real wages. However, since 2008 the overall number of these farm workers, both those working in the U.S. and those who remain in Mexico, has shrunk substantially.

A recent study by Center for Poverty Research Faculty Affiliate J. Edward Taylor and Graduate Fellow Diane Charlton finds that this downward trend is a consequence of long-term structural changes in the supply of Mexican labor. This has far-reaching implications not only for the competitiveness of U.S. farms but also for poverty in Mexico and rural America.

Key Findings

- The U.S. farming sector lost 38% of international migrant workers between 2007-10, compared to non-farm sector losses of 22%.
- The combined shares of the workforce migrating to agriculture in either Mexico or the U.S. decreased between 2007-10.
- The decline in farm workers from Mexico is a consequence of structural changes in Mexico's labor supply rather than the U.S. economic recession or increased border enforcement.

Farmer complaints about labor shortages are increasing. The US Department of Labor's National Agricultural Worker Survey confirms a sharp decline in the share of newcomers among foreign-born workers. Border enforcement and drug-related border violence may deter migrants, but this study suggests that for U.S. farms these only reinforce a negative trend in rural Mexicans' willingness to do hired farm work both in the U.S. and in Mexico. If this is correct, the obvious policy implication is that immigration reform will not solve U.S. farm labor shortages in the long- or even short-term.

This shift in labor from farm to non-farm work within Mexico is consistent with global trends: as incomes have risen, the share of workers in agriculture has

decreased. In Mexico, economic growth has increased demand for both farm and nonfarm workers, while education and demographics have cut the overall number of unskilled workers in rural Mexico. This decline, combined with competition from farms in Mexico, raises the minimum wage needed to induce new workers northward seeking jobs on U.S. farms.

These issues raise questions of how U.S. farmers will adjust to a much less plentiful farm labor supply. Perceived labor shortages and rising real farm wages create incentives to change both crop choices and production and management methods which are, prerequisites for the higher wages that would enable farm worker families to live above the poverty line.

About the Center

Over the past 50 years, the U.S. has experienced a rising standard of living without reducing the fraction of the population that live in poverty. In response to this, the Center for Poverty Research at UC Davis is one of three federally designated National Poverty Centers whose mission is to facilitate non-partisan academic research on poverty in the U.S., to disseminate this research, and to train the next generation of poverty scholars. Our research agenda spans four themed areas of focus:

- Labor Markets and Poverty
- Children and the Intergenerational Transmission of Poverty
- The Non-traditional Safety Net, focusing on health and education
- The Relationship Between Poverty and Immigration

The Center was founded in the fall of 2011 with core funding from the Office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services.

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Migration and Worker Data

This study examines shifts in Mexico's migrant labor force over time using panel data from the Mexico National Rural Household Survey (ENHRUM). ENHRUM is unique in providing both retrospective and panel data on migration to both the United States and to destinations within Mexico.

The panel data for this study come from three survey rounds: 2003, 2008 and 2011. Each round collected information on migration destinations, whether migrants worked in agricultural or non-agricultural sectors, and employment status (wage-earner or self-employed) for all family members. The final two survey rounds of data made it possible to compare migration patterns before and after the onset of the 2008 economic recession.

A Shift Away from Farming

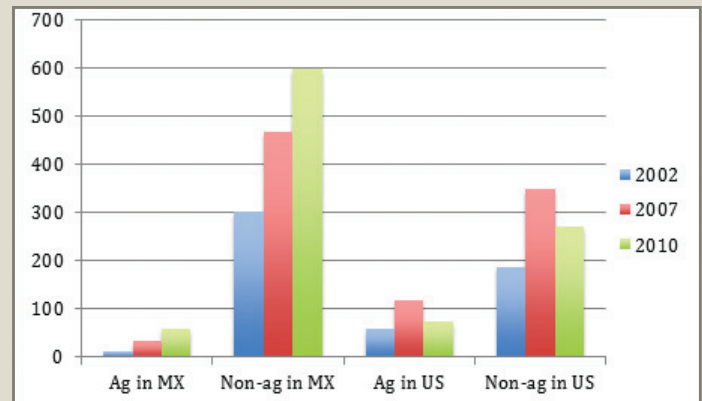
Between 2008-09, employment in non-farm sectors of the U.S. economy in which Mexican immigrant workers concentrate, particularly in housing construction, decreased sharply without reducing demand for farm labor. In that time, the number of U.S. farming jobs held steady at between 2.1 to 2.3 million.¹ However, rather than leading to greater competition for those available farming jobs, the number of rural Mexican workers in the U.S. farm sector decreased substantially. In fact, in the period from 2007-10, which includes whole of the recent U.S. economic recession, U.S. non-farm sectors lost 22 percent of their rural Mexican workforce, compared to the U.S. farm sector's loss of 38 percent.

There is no evidence that a significant number of non-farm workers shifted to farm work when the recession hit, despite the relatively constant number of U.S. farm jobs. While some individual workers did shift from U.S. non-farm to farm work after 2008, more shifted from farm to non-farm work or else returned to Mexico.

Changes within Mexico

This study finds that rather than a temporary response to the U.S. economic recession, this decline in rural farm workers from Mexico is the consequence of long-term structural changes in the supply of Mexican labor. According to ENHRUM data, the number of people leaving rural Mexico to find work abroad increased between 2002-07. However, 2007-10 saw a sharp decrease in those numbers. During that period many who had previously worked in the U.S. found work within Mexico instead.

While the overall number of rural Mexicans migrating within Mexico for farm jobs has grown, the combined shares of the workforce doing farm work in either Mexico or the U.S. decreased from 2007-10. By contrast, the percentage of Mexico's rural workforce migrating internally to non-farm work grew steadily. Even with a larger workforce overall,



The number of internal and international migrants from rural Mexico who worked in both farm and non-farm sectors in the U.S. and Mexico during each survey round.

today fewer and fewer rural Mexicans are working in agriculture.

Responses

As household and community regional networks increasingly lead to non-farm jobs both domestically and abroad, the overall farm labor supply continues to diminish. Consequently, the shift this study has identified likely represents a continued downward trend in the number of Mexico-to-U.S. farm migrants in coming years.

In the past, U.S. agriculture has relied on seeking out new supplies of farm labor to relieve shortages and to limit increases in farming wages. Since the days of the Bracero Program (1942-64), immigration policy has facilitated farmers' access to foreign workers, who in the past half-century have overwhelmingly come from rural Mexico. However, there are limits to the effectiveness of immigration policy in an era when the number of available farm workers is in decline.

In the resources world, the alternative to exploration and development is conservation. The same is true for farm labor. Farm labor conservation involves shifting to less labor-intensive crops and increasing worker productivity through mechanization and improved management. Both of these would keep down the costs of farming, and would provide a level of wages that would enable farm workers and their families to live above the poverty line.

¹Calculations based on World Bank data:
<http://data.worldbank.org/topic/agriculture-and-rural-development>
<http://data.worldbank.org/topic/labor-and-social-protection>.

Meet the Researchers

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