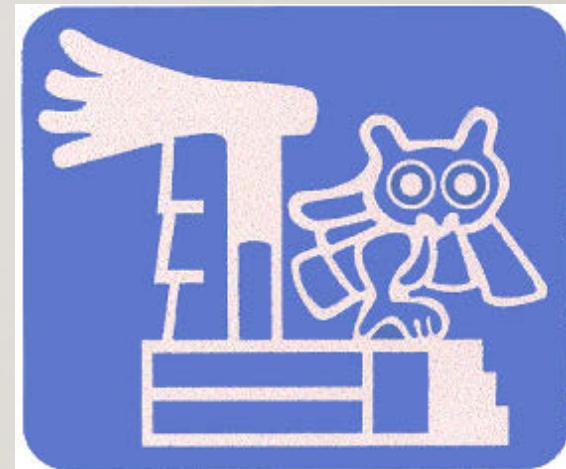


FARMWORKERS IN MEXICO

AGUSTÍN ESCOBAR
OMAR STABRIDIS



CIESAS

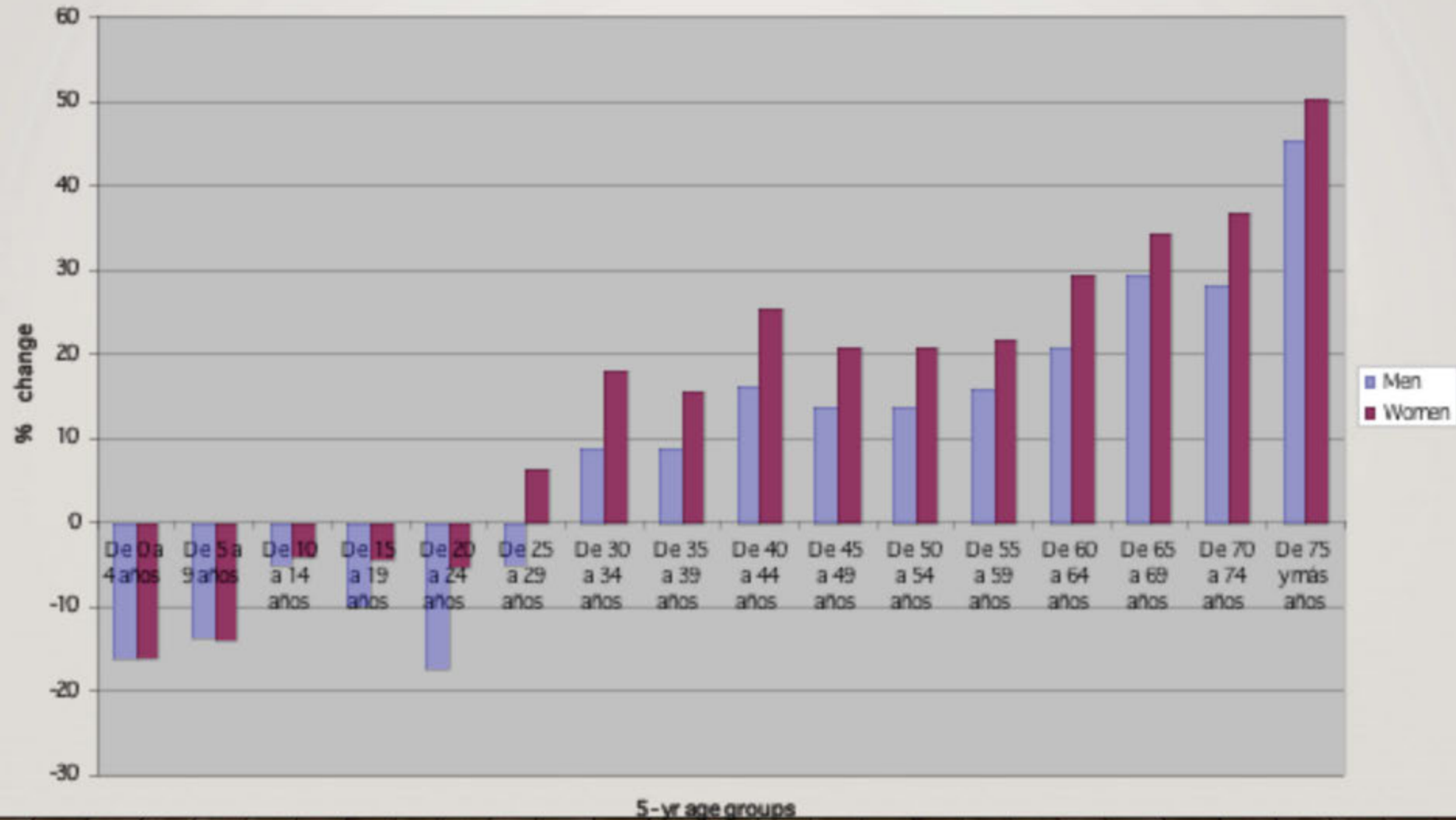
-
- Mexican farm workers play a central role in the production of fruits and vegetables for the U.S. market in both countries.
 - Recently, Taylor, Charlton and Yunez pointed out the supply is dwindling.
 - We argue that was the case for 1992 – 2006, but the population is stabilizing.
 - The size, condition and poverty of farm workers in Mexico are a function of
 - Demographics, including emigration,
 - Farm exports
 - Opportunity costs
 - Wages and working conditions

NAFTA: THE EARLY YEARS

RURAL POPULATION DYNAMICS IN MEXICO

- Mexico's population went from 70 to 30% rural from 1930 to 1990, dropped to approximately 21% by 2010.
- Rural population stagnated, then fell.
- Mexico's international emigration was rural:
 - Migrant worker recruitment was overwhelmingly rural
 - Emigration rates were 3X higher in rural Mexico
- Rural fertility has remained higher, but below levels of 1980's.
- 1995 – 2005: substantial fall in rural pop in Mexico
- Mexico – US emigration played a major role.
- Fall is largest in 15-24 age group in 1995, 25-34 in 2005.
- Fall foresaw major labor scarcity (fewer young parents, lower fertility).
- And emigration fell substantially (2007).

Percent change in rural population, 1995 - 2005

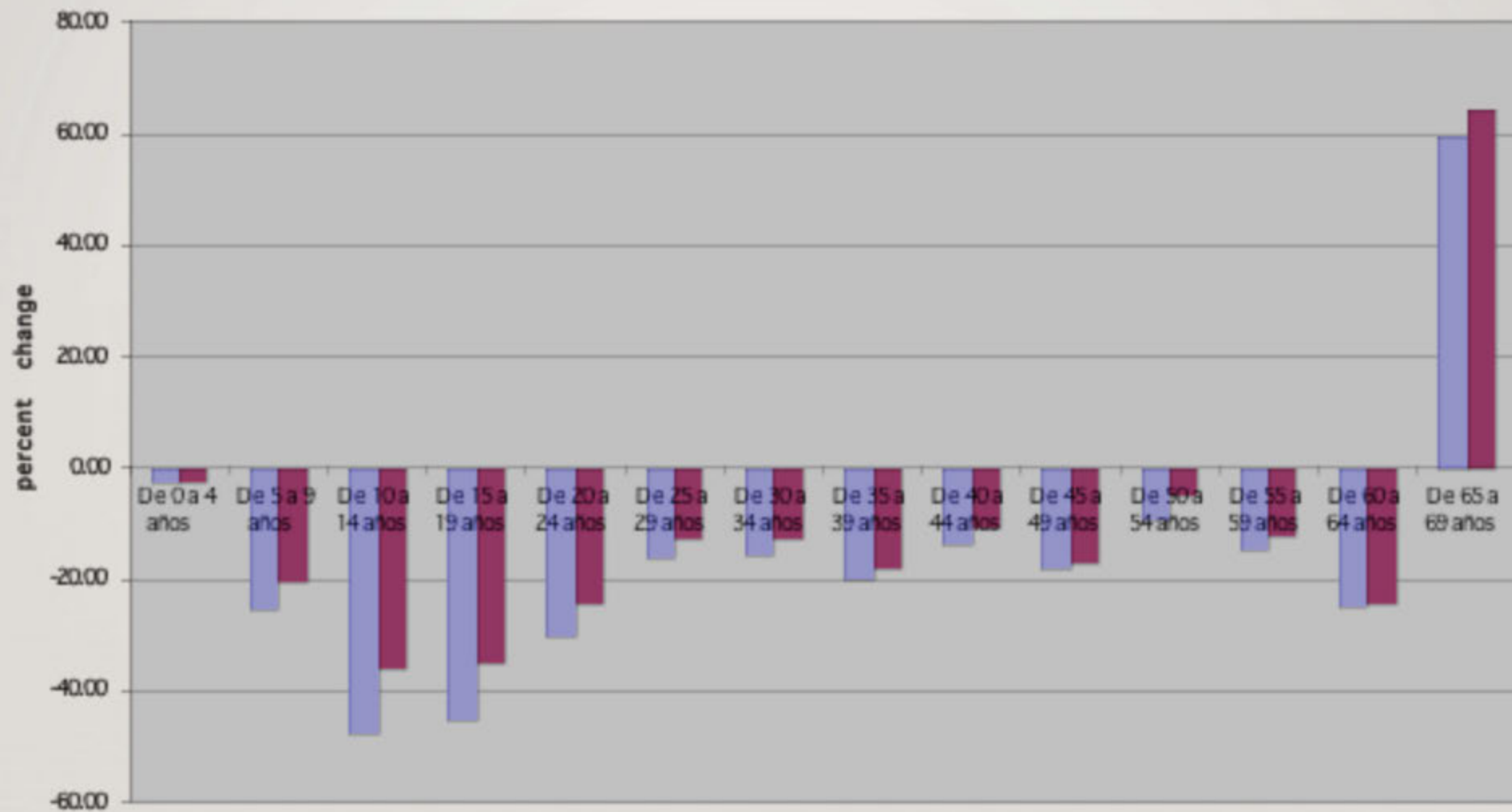


FROM 1995, 2005
POPULATION COUNTS

IT WOULD SEEM THAT:

- The rural population was NOT falling rapidly.
- Less children (changing families, family planning)= less population in future.
- The 15-25 year old group shrinks somewhat.
- The sheer size of the potential migrant population has not changed much.
- Did so few leave?
- Emigration rates at this time cut rural population growth in half, with a disproportionate impact on young men.

Cohort Population Loss 95-05 (to migration and death)

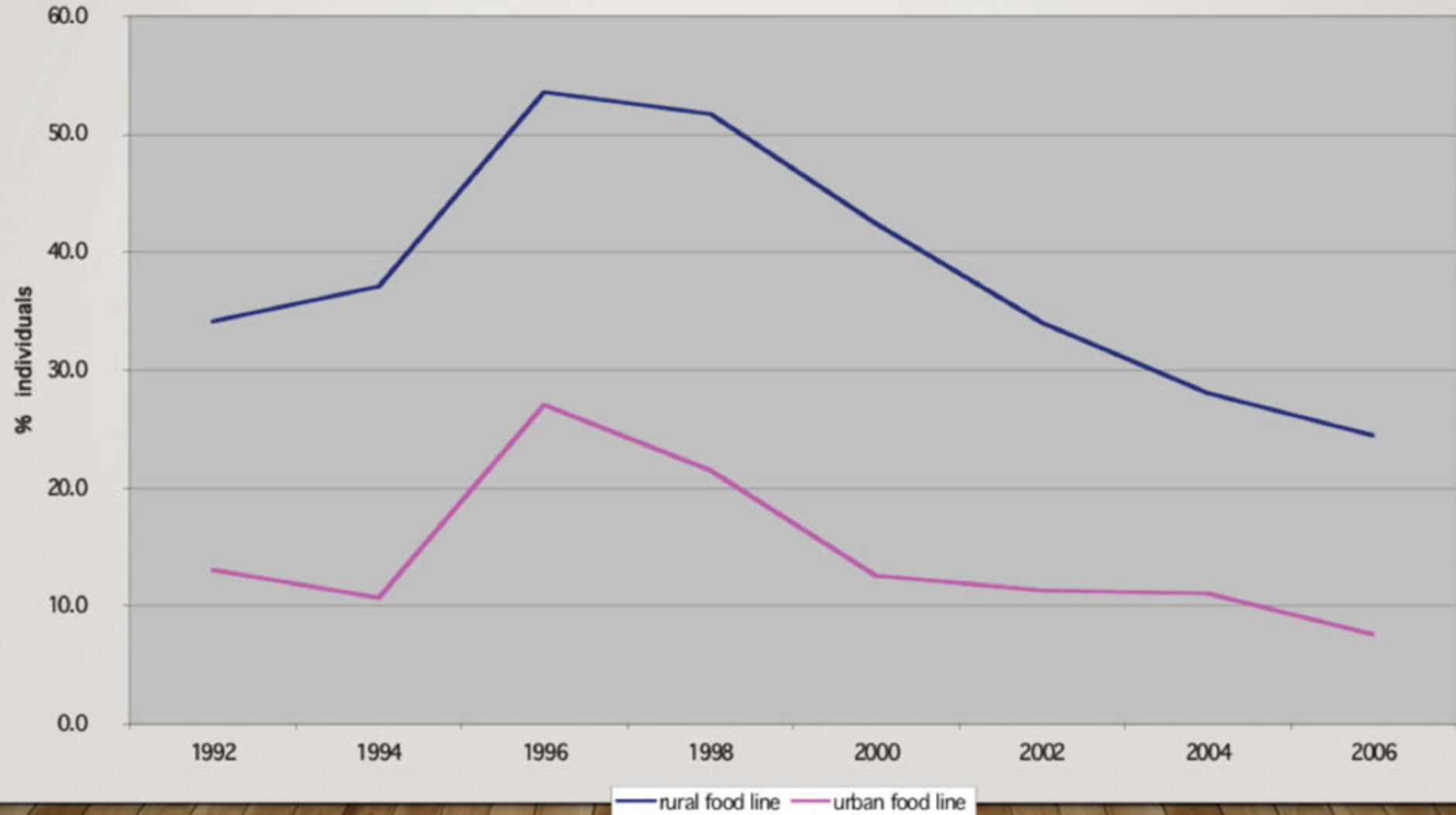


1995 5-year cohort

A COHORT APPROACH TO RURAL POPULATION CHANGE

- Shows the 1995 – 2005 change did substantially diminish the supply of young rural Mexican workers.
- Some impact of rural – urban thresholds because of increase in settlement size,
- But still significant, since larger settlement size means lower proportions in agriculture.

Rural and Urban Food Poverty Levels, 1992 - 2006



RURAL POVERTY:

- Halves in the decade following the economic crisis of 1995, but urban poverty falls just as significantly
- Employment growth is the major explanation,
- Cash transfer programs begin to operate,
- And these are helped by low food price inflation.

NET REAL RURAL PER CAPITA INCOME, 1992 – 2006

Income source	Relative change (%)	Absolute change (\$)
1 Waged work	54.5	65.86
2 Own business income	-24.4	-22.43
3 Transfers	335.7	75.65
3.1 Remittances*	405.5	17.12
3.2. Other transfers	319.6	58.53
3.2.1. Oportunidades	---	47.58
3.2.2. Procampo	---	8.45
3.2.3. Remaining transfers	13.6	2.50
4 Own production	-71.4	-38.35
5 Payment in kind	-74.6	-1.72
6 Rent equivalent	16.2	8.79
7 Gifts	195.3	-4.85
Total, net, per capita	24.2	82.96

Source: CONEVAL tabulations. Rural households in income percentiles 1 - 28.

MAIN CHANGES IN POOR RURAL HOUSEHOLD INCOME, 1992 - 2006

- Transfers are the single largest source of growth.
- Government transfers dominate, not remittances.
- But household income surveys reflect only about 12% of remittances.
- Wages supply the second largest source of increase,
- On the other hand:
- Own production and own business income are the largest losers:
- Mexico's rural population depended mostly on wages by 2006.
- Non-farm wages comprised over 50% of wage income.

Relative gap, basic home services, farmworkers / non farm workers

Variable	1992	1994	1996	1998	2000	2002	2004	2006
Non-earth floors	74.28	78.10	73.04	80.34	74.01	77.15	75.65	85.85
Sewage Piped water	54.11	61.25	51.76	44.73	43.01	34.95	74.59	70.28
Toilet	79.40	33.81	59.03	64.62	61.91	127.64	42.99	88.31
Number of Rooms	79.13	79.46	81.60	82.53	75.99	78.10	81.38	83.33

Fuente: Own estimates, from National Household Income Survey, 1992-2006

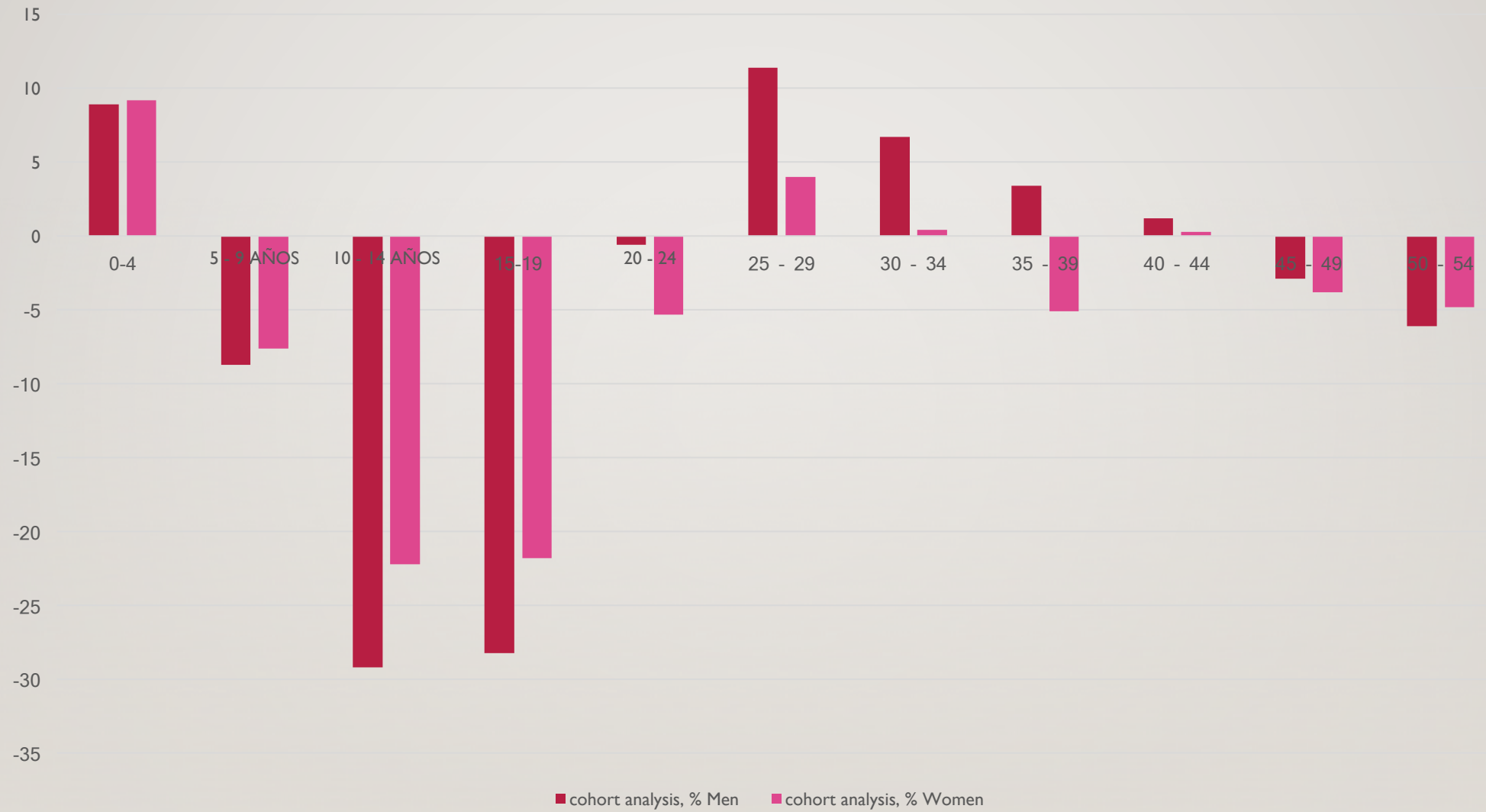
MAIN CHANGES IN INCOME AND WELL – BEING INDICATORS IN RURAL AREAS, 1992 - 2006

- The gap in basic services narrows, apparently mostly as a result of social programs, although lower population growth may play a role.
- The farmworker / Non farmworker wage gap starts at 53%, drops to 44% in 2000, returns to 55% by 2006.
- The size of the farmworker to non farm worker labor force starts at 15.5%, drops slightly to 15.2% by 2002, grows to 18.5% by 2006.
- In other words, during this period, there are no large changes in either regard.
- Farm wages and housing services did not stop Mexican emigration.
- Population dynamics, and possibly farm jobs, played a role.

SINCE 2006-2007

- Most importantly, net emigration fell substantially,
- 980,000 Mexicans returned from the US to Mexico in 2005-2010, up from 230,000 in 2000-2005,
- 775,000 US born persons, mostly minors, appeared in the 2010 census.
- In all, about 1.7 million who moved from the US to Mexico, including Mexicans and US born.
- Did they feed into the Mexican rural population, offsetting labor scarcity?
- Significant distributional effects:
 - Returning Mexicans did not always go back to their hometowns.
 - US born individuals concentrate first along the Northern border, secondly in traditional sending areas.
- Meaning traditional sending-area rural settlements regained only a fraction of what they had lost.

2005 Rural Cohort Population Change (migration and death)



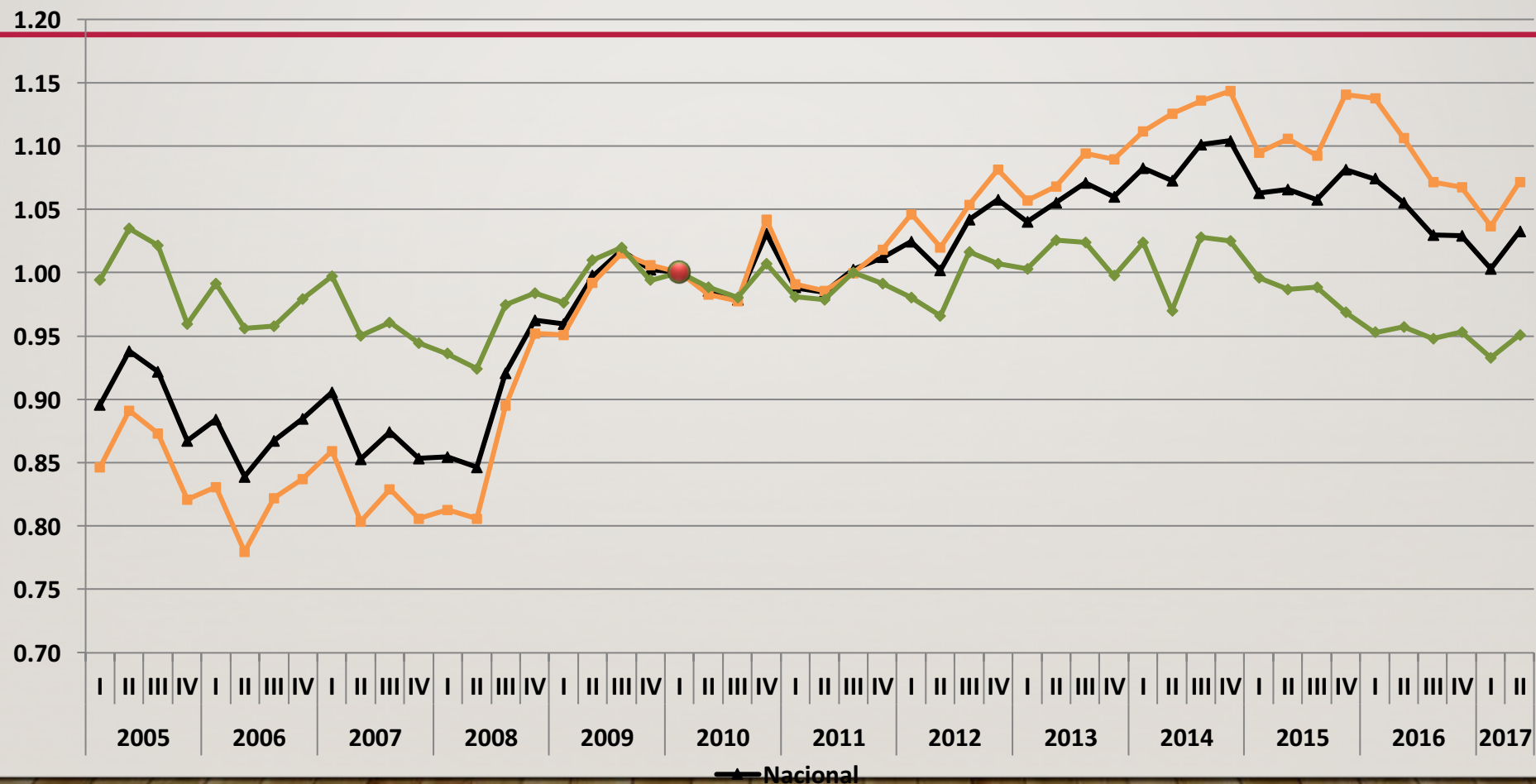
MEXICAN WORKFORCE IN PAID DEPENDENT JOBS, 2005-2017

	2005	2017	% change	
Total	26,775,337	35,683,518	33.3	
Agriculture	2,047,511	2,854,569	39.4	
Non-agricultural	24,727,826	32,828,949	32.8	

The rural paid workforce grows at a faster pace than the national workforce

CONEVAL: National Labor Poverty Index¹, National, Urban, Rural

Primer trimestre de 2005 - segundo trimestre 2017



-
- Rural labor income poverty fluctuates far less than urban labor income.
 - After 2009, rural labor income shows slight improvement, unlike urban income.
 - In either case, improvement is marginal (5%).
 - Improvements take place in both urban and rural incomes since 2014.
 - Inflation after 2017 is likely to worsen poverty in both urban and rural areas.

CONEVAL:	Rural poverty, 2010 - 2016			
	Percentages			
	2010	2012	2014	2016
POVERTY:				
Poverty	64.9	61.6	61.1	58.2
Moderate	38.5	40.1	40.5	40.8
Extreme	26.5	21.5	20.6	17.4
Socially Deprived	28.9	31.9	31.7	33.3
Low-income, not deprived	1.0	1.3	1.2	1.5
Neither poor nor vulnerable	5.2	5.3	6.0	7.0
One or more social deprivations	93.8	93.5	92.8	91.5
Three or more	55.9	47.4	46.0	38.9
DEPRIVATIONS:				
Education	33.9	32.4	31.5	29.1
Health	31.4	20.6	17.3	13.2
Social Security	81.9	81.5	80.0	77.1
Housing Quality	29.1	23.4	22.1	21.4
Basic Services	63.3	57.3	57.9	53.1
Food	33.6	30.9	32.1	24.7
WELL - BEING				
Income below food line	34.9	32.7	31.9	29.2
Below well-being line	65.8	62.8	62.4	58.7

DISCUSSION

- Emigration levels through 2005, coupled with family planning and internal migration, did play a role in lowering Mexico's rural population by 2005.
- By 2015, the profile of Mexico's rural population is recovering, but very unevenly.
- Rural poverty and rural well-being have improved slightly, more than urban poverty, but change is not very significant.
- It would seem Mexico's rural population can still accommodate farm labor growth: out of a population of 28 million, the rural farmworker population is 10% (but farmworkers are mostly 16 – 24).
- Nevertheless, rural to urban poverty, wage ratios, and basic services remain substantially worse than urban ones.
- We need to look at the opportunity costs of migration, and at real working and living conditions.