

Farm Labor Markets in the United States and Mexico Pose Challenges for U.S. Agriculture

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What Is the Issue?

Many U.S. growers of labor-intensive crops have long relied on immigrant workers from Mexico, including many who are not legally authorized to work in the United States. New data and analysis suggest that the numbers of unauthorized Mexican immigrants in the United States declined significantly after 2007. Research also suggests there has been a long-term decline in the number of people from rural Mexico who want to work in either U.S. or Mexican agriculture. Meanwhile, demand for farm labor in both U.S. and Mexican agriculture is rising. This report explores the likely causes of this relative reduction in farm labor supply and discusses the implications for U.S. agriculture.

What Did the Study Find?

Several indications suggest that the farm labor market is tightening in the United States:

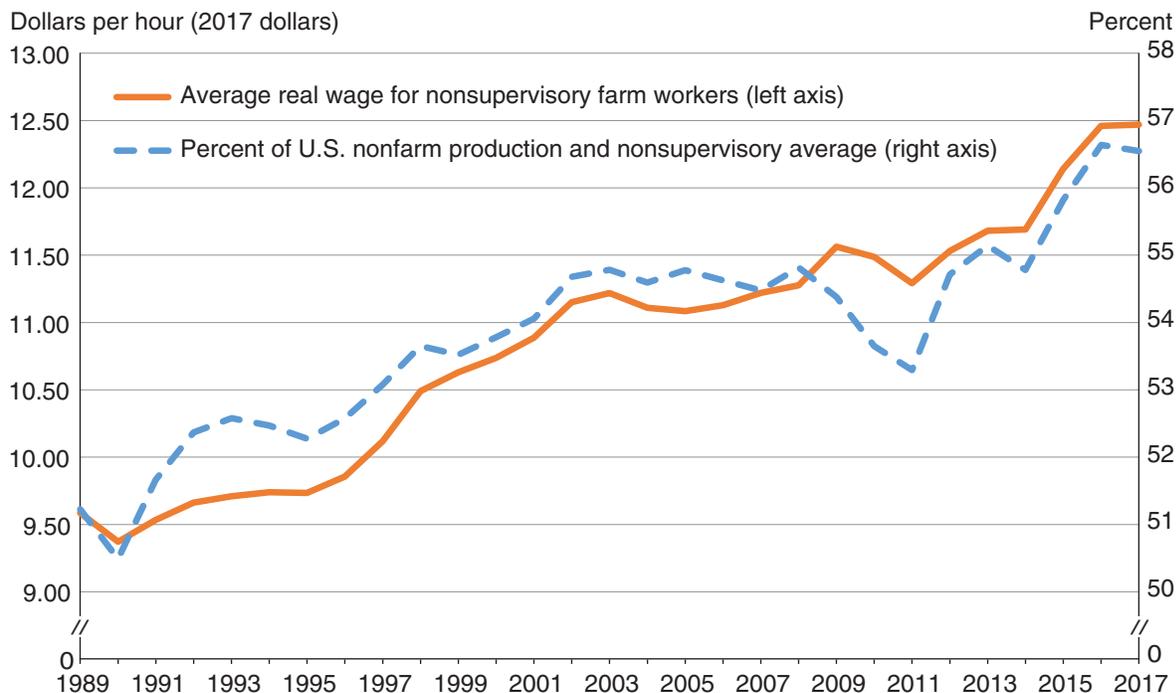
- Reports of labor shortages from farmers, growers, and ranchers;
- Rising farm wages, as indicated by USDA's *Farm Labor Survey*, including an increase in nonsupervisory wages from 55 percent of the nonfarm average in 2014 to 57 percent in 2017 (see chart, next page);
- Greater employment of nonimmigrant, foreign-born farmworkers through the H-2A Temporary Agricultural Program, as indicated in the program's certification and visa statistics; and
- A decline in the number of unauthorized immigrants from Mexico living in the United States, as estimated by researchers studying Mexican immigration to the United States.

This last indication—a decline in unauthorized immigration from Mexico—stems from a variety of causes, suggesting that rural Mexico is not likely to generate a steady supply of farmworkers for U.S. agriculture over the long term:

- Expansion of agricultural employment in Mexico since 2008, serving an industry whose fruit, vegetables, and tree nuts are partly exported to the United States;
- Growth in nonagricultural employment opportunities in the Mexican economy, particularly in the service sector;

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Farm wages are rising, both in real (inflation-adjusted) terms and in relation to nonfarm wages



Note: Nonfarm wage refers to the average hourly earnings of production and nonsupervisory employees in the private, nonfarm sector.

Source: USDA, Economic Research Service calculations based on data from U.S. Department of Labor, Bureau of Labor Statistics; and USDA, National Agricultural Statistics Service.

- Rising educational levels in rural Mexico, which enable workers to take advantage of the new employment opportunities outside of agriculture; and
- Declining fertility rates in Mexico.

For several reasons, U.S. agricultural employers may find it difficult to offset the decreased supply of farm labor from Mexico with more farmworkers from other countries:

- The United States will have to compete with Mexico and other countries in the Americas that are also expanding agricultural production and recruiting farmworkers;
- Recruiting from countries more distant than Mexico may be costlier; and
- Many of the factors that pull Mexicans out of farm work—such as rising education levels and a growing service economy—are also at play in other developing countries.

In responding to these long-term challenges, U.S. agricultural employers are likely to continue selecting crops and improving technologies to reduce labor requirements and employing management strategies that increase productivity and encourage employee retention.

How Was the Study Conducted?

This study draws conclusions about changing conditions in the U.S. and Mexican markets for hired farm labor using wage data collected by USDA's *Farm Labor Survey* and the Bureau of Labor Statistics' *Current Population Survey*, certification and visa statistics from the H-2A program, Mexican labor market statistics as reported by the World Bank's *World Development Indicators*, and empirical estimates based on the Mexico National Rural Household Survey (Encuesta Nacional a Hogares Rurales de México–ENHRUM), among other sources of economic and policy data.