

Mexican Export Agriculture and the Poverty of Its Workers

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What kind of wages are there in Mexican agriculture? Are they sufficient to purchase basic goods and services? Are they “poverty wages” or “fair wages”? Determining whether these wages are sufficient to locate workers’ households above the poverty line is fundamental for ethical reasons—to determine whether companies are providing adequate compensation—as well as for political ones: for the first time, the U.S.-Mexico-Canada trade agreement (USMC) now includes labor clauses that can quickly shut off a company’s exports (the rapid response mechanism, or RRM). It is true that other labor issues are central to the USMC—the freedom to organize in trade unions and to democratically elect union leaders—but for the first time, wages are also part of the treaty. In this text we provide an example of this measure for workers in export agriculture.

The income of Mexican workers can be evaluated in terms of purchasing power, for comparison either with other countries or with other employment sectors in Mexico. Can they buy essential goods? To answer

this question we need to know what goods are essential. We use here part of the official methodology in Mexico for measuring poverty, according to the 2008 CONEVAL definition, but with values updated to 2019. This measurement was defined in general terms in the 2004 General Social Development Law (Ley General de Desarrollo Social) and interpreted and implemented by CONEVAL. It is a multidimensional measurement with seven dimensions: income, education, access to health, quality and quantity of housing space, housing services, access to food, social security, and social cohesion. These dimensions are divided into two general categories of measurement: income, and qualitative deprivations.

This text will discuss the income dimension only, which was examined in our survey, ENJOREX, carried out with workers in the five major export crops in the five major exporting states in Mexico. Income is measured according to the cost of purchasing two baskets: a food basket and a non-food basket. CONEVAL defines the food basket based on purchases observed in

Mexican homes, using the National Survey of Household Income and Expenditures (Encuesta Nacional de Ingresos y Gastos de los Hogares, ENIGH). A healthy food basket closest to the observed basket was defined, with minor corrections to make it healthier (fewer sugared drinks, more fresh fruit). This method of defining the basket based on observed preferences allows for an “objective” rather than “normative” basket. In general, the cost of an objective basket is higher than a normative one. The latter usually includes cheaper foods that satisfy basic nutritional conditions, even if the population does not show a preference for those items (a normative basket normally includes, for example, textured soy protein, which is extremely rare in Mexico). The methodology of observed baskets defines a set of foods that usually cost more, but that are indeed purchased by the population.

The cost of a food basket serves to define a line, the so-called “extreme poverty line,” or the “extreme income poverty line.” Whoever lacks the income to purchase this food basket is defined as living in

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extreme income poverty. The line is measured with two sets of prices: urban and rural. Rural food prices are lower. The costs of the baskets are regularly updated and can be found at: <https://www.coneval.org.mx/Medicion/MP/Paginas/Lineas-de-bienestar-y-canasta-basica.aspx>.

There is another basket, defined with a similar methodology, that also includes a set of goods and services that are necessary to satisfy the other needs of the measurement. This food and non-food basket includes average observed expenditures in such areas as housing, transportation, clothing, health, education, and hygiene. This basket costs more, and its cost defines a “poverty line” or “income poverty line.” It too is regularly updated at the same weblink.

In this way, four lines are defined: two urban and two rural, two for extreme income poverty and two for income poverty. This exercise uses the urban poverty lines, and in doing so, it will bias the measurement toward higher income and expenditures, and obtain higher measurements of poverty. The decision to do so is based on the assumption that the cost of food and other necessities in agricultural export regions are greater than in the rural parts of central, southern, and southeastern Mexico, in addition to the fact that workers cannot grow their own food while they are working full-time for wages.

To convert workers’ wages in a household into food and other needs, they are combined and then divided among household members. A worker’s wage is converted into per capita income

Table 1
Poverty in Worker Households: Ratios to Urban Poverty Lines, 2019 – 2020¹

Sample		Women	Men
Berry, tomato, bell pepper, and cucumber workers	Ratio to the urban poverty line	1.33	1.54
	Ratio to the extreme urban poverty line	2.64	3.04
	% under the poverty line	35	31
	% under the extreme poverty line	7	5
Avocado workers	Ratio to the urban poverty line	1.79	1.67
	Ratio to the extreme urban poverty line	3.50	3.27
	% under the poverty line	15	31
	% under the extreme poverty line	0	5
Informal workers	Ratio to the urban poverty line	1.37	1.47
	Ratio to the extreme urban poverty line	2.71	2.90
	% under the poverty line	28	33
	% under the extreme poverty line	4	7


Source: ENJOREX. The sample of berry, tomato, bell pepper, and cucumber workers was expanded. The samples of avocado workers and informal workers were not expanded.

1. A similar table was presented in Farm Labor and Mexico’s Export Produce Industry (2019). This table includes cases and prices from 2019 and 2020.

in two steps. First, the income reported by the worker is multiplied by the number of worker/providers the worker reports. The survey does not record the individual wages of each household member; to do so would require interviewing each one individually, because secondhand reports usually show considerable error. We thus opt to take the self-reported wage and multiply, rather than incorporate that error. With this method we obtain the labor income of the household. Next, the total labor income is divided by the number of household members. However, the cost of consumption for each household member is different. Although there are multiple reasons for this difference, the most easily observable one is age. From zero to five years of age, the cost of

consumption is 0.7031 times that of an adult, from 6 to 12 it is 0.7382, and from 13 to 18 it is 0.7057. Total income is divided by the size of the household, modified by age. Finally, we express income per adult equivalent in terms of multiples of urban baskets.

The table must be read as follows: the households of women working in farms exporting berries, tomatoes, bell peppers, and cucumbers, lie 33% above the urban poverty line. The households of men in those same crops show a per capita income 54% above the urban poverty line. Some findings correspond to what we would expect, and others are counterintuitive. First, income per adult equivalent exceeds, on average, the cost of both baskets.



That is, the average wages paid by these companies, divided among the average worker household, provide purchasing power above both poverty lines. Second, the highest incidence of extreme poverty (7%) is found in the households of formally employed women and informally employed men, because on average, there are fewer male providers in the households of formally employed women.

Previous studies comparing income and well-being of “traditional” households (with two resident parents) and female-headed households (González de la Rocha 1999) found that female-headed households 1) appear throughout the income structure (they are not concentrated among the poorest); 2) that their per capita income is not necessarily less than average, because they are smaller than average; and 3) that they tend to spend a large part of their available income on basic goods and services and less on alcohol and superfluous goods, so that their level of well-being is higher.

The workers whose households show the highest per capita income and the lowest incidence of income poverty are avocado workers, which is not surprising, because they have the highest individual wages in the survey. What is surprising is that the sample of casual or informal workers has a lower incidence of poverty than that of formal workers. This is explained by the fact that households headed by informal female workers have more total workers than other households, in contrast with the findings of González de la Rocha (1999). The additional workers are of two types, but the most notable are

children. In other words, the per capita household income of female informal workers equals or exceeds that of formal workers because of the intensification of labor, especially on the part of minors. This response reproduces poverty by removing minors from the educational system and requiring them to contribute to household income. These minors are sacrificing their opportunity to later perform jobs that require high school or college and that pay more than their parents’ jobs. In other words they are reproducing poverty to a greater extent than the households of formal workers.

In sum: our measurement of household poverty of workers in export agriculture confirms that these jobs, on average, provide sufficient income to maintain those households above the poverty line, although there are differences, and a relatively high percent of households remain below that line (up to 35% of the households of formal women workers). Households fall below the line when a child is born, when a working household member falls ill and another must take care of them instead of working for a wage, when childcare centers have no openings and women must stop working in order to care for them, and when schools with only one session per day cannot admit the children from workers’ households outside of a limited schedule, and a household member must stop working to care for them. Although the first finding is positive, the percentage of poor households also lends weight to the idea that social security and social protection institutions are failing to protect women workers and their households.

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