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LIBERALIZATION, MIGRATION, AND DEVELOPMENT:  
THE MEXICO-U.S. RELATIONSHIP

*LIBERALIZACIÓN, MIGRACIÓN Y DESARROLLO.  
LA RELACIÓN MÉXICO-EE.UU.*

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ABSTRACT

Migration from Mexico to the United States has been increased by liberalization of the Mexican economy. Proponents of liberalization had maintained that it would reduce migration; indeed, they used this argument along with anti-immigrant sentiment as one basis on which to sell the North American Free Trade Agreement to the U.S. public. The anti-immigration demagoguery was not only offensive in sentiment but also wrong in substance. Various impacts of liberalization have been causal factors moving people northward and maintaining the high rate of migration. This reality should force a reassessment of policy in the United States. A policy that accepted the reality of continuing migration and integrated the immigrants into the labor force with full rights could have widespread benefits.

*Keywords:* Migration; Development; Liberalization.

RESUMEN

Las migraciones desde México a EE.UU. han aumentado por la liberalización de la economía mexicana. Los defensores de la liberalización habían mantenido que ésta reduciría las migraciones; de hecho, usaban tal argumento junto con el sentir anti-inmigrantes como base para hacer atractivo al público estadounidense el Tratado de Libre Comercio de América del Norte. La demagogia anti-inmigración no sólo era ofensiva sino errónea en cuanto a su contenido. Diversos efectos de la liberalización han actuado como factores causales de los movimientos de personas hacia el Norte y del mantenimiento de altas tasas de migración. Esta realidad debería forzar una re-evaluación de las políticas en EE.UU. Una política que aceptara la realidad de las continuas migraciones y que integrara a los inmigrantes a la fuerza de trabajo con derechos plenos podría tener amplios beneficios.

*Palabras clave:* Migración; Desarrollo; Liberalización.

*JEL Classification:* F22; O15; O54.



## 1. INTRODUCTION<sup>1</sup>

In the 2004 Hollywood disaster movie *The Day After Tomorrow*, a huge storm spreads super-freezing weather over most of the United States, yielding a massive rush of U.S. residents towards the Mexican border – where they are barred from entry by the Mexican authorities. The scene must elicit a certain grim satisfaction from many Mexican viewers who have been denied entry to the United States.<sup>2</sup>

There is an element of truth implicit in the far fetched scenario of *The Day After Tomorrow*, namely that it would require something as fantastic as a new ice age spreading rapidly across North America to reverse the current migratory flow from Mexico to the United States. Moreover, in spite of various forecasts of an impending decline in Mexico-to-U.S. migration, the high rate of movement of people northward, firmly established in the 1990s and early years of the new century, is most likely to continue. Although demographic trends within Mexico may attenuate the rate of migration and although economic variations in both countries will yield downs as well as ups in the rate, the preponderance of economic and social forces will continue to move large numbers of people northward. In recent years, the U.S. government's increased efforts to restrict Mexicans from entering the United States appear to have had little impact – except that of increasing the number of people who die attempting to avoid the border patrol (Cornelius, 2001).

Migration from Mexico to the United States was given new strength in the 1990s by the liberalization of the Mexican economy, through the general process of restructuring that began in the early 1980s and then through implementation of the North American Free Trade Agreement (NAFTA), which

<sup>1</sup> I am grateful for the useful comments and advice I have received from Margery Davies, Enrico Marcelli, Bob Sutcliffe, and participants in a faculty seminar at the University of Massachusetts Boston.

<sup>2</sup> The movie resolves the border crisis with an additional irony: the Mexican government allows the U.S. citizens to cross the border when the U.S. President agrees to cancel Latin American debt.

took effect on January 1, 1994.<sup>3</sup> Proponents of liberalization had maintained that it would reduce the rate of migration; indeed, they used this argument along with anti-immigrant sentiment as one basis on which to sell NAFTA to the U.S. public. The anti-immigration demagoguery, it turns out, was not only offensive in sentiment but also wrong in substance. In reality, various impacts of liberalization have been causal factors moving people northward across the border and maintaining the high rate of migration.

The likelihood that the migration of Mexicans to the United States will continue apace, to a large extent regardless of increasingly restrictive and often draconian U.S. immigration policies, should force a reassessment of policy. Current policy yields a high rate of unauthorized immigration to the United States, and, accordingly, a large number of Mexicans working in the United States are without legal status. The result is not only a poorly treated Mexican under-class in the U.S. labor force. Most likely there is also a spread of perverse impacts, radiating out among other workers in the United States. A policy that accepted the reality of continuing Mexico-to-U.S. migration and integrated the immigrants into the labor force with full rights could have widespread benefits for both the immigrants themselves and for much of the rest of the U.S. population.

## 2.

The movement of people from Mexico to the United States is one of the world's largest migratory movements between two countries. Mexico is by far the largest source of U.S. immigrants, accounting for 44 percent of the total number of authorized and unauthorized immigrants to the United States during the 1990s, as shown in Table 1. In the middle years of the decade, 1994 through 1996, an average of 600 thousand migrants moved across the boarder. These were the years immediately following the implementation of NAFTA. Throughout the 1990s decade, immigration from Mexico accounted for 28 percent of all authorized immigration to the United States and 66 percent of the unauthorized immigration. (The large upward "spikes" of authorized immigrants at the end of the 1980s and beginning of the 1990s are artifacts of the way the U.S. government presents the data. Authorized immigration in these years includes people who had previously entered the United States without authorization but who then obtained legal status under provisions of the 1986 Immigration Reform and Control Act.)

<sup>3</sup> By "liberalization," I mean primarily the elimination or reduction of restrictions and regulations on the cross-border movement of goods, services and capital. But such changes in the restrictions and regulations on international commerce are often accompanied, as has been the case in Mexico, by the reduction of regulations of the internal market as well – for example, regulations of banking and regulations of land sales (the *ejido* issue noted below). The term "liberalization" also applies to this larger set of changes. I should emphasize that liberalization policies have not included the elimination or reduction of restrictions and regulations on the cross-border movement of labor – that is, of people.



TABLE 1. AUTHORIZED, UNAUTHORIZED AND TOTAL IMMIGRATION TO THE UNITED STATES, 1987 - 2003

	Authorized Immigration			Unauthorized Immigration			Total Immigration		
	From all Countries	From México	México as a share off all	From all Countries	From México	México as a share off all	From all Countries	From México	México as a share off all
1987	601,516	72,351	12.0%						
1988	643,025	95,039	14.8%						
1989	1,090,924	405,172	37.1%						
1990	1,536,483	679,078	44.2%	749,000	454,000	60.6%	2,285,483	1,133,078	49.6%
1991	1,827,167	946,167	51.8%	617,000	391,000	63.4%	2,444,167	1,337,167	54.7%
1992	973,977	213,802	22.0%	557,000	380,000	68.2%	1,530,977	593,802	38.8%
1993	904,292	126,561	14.0%	564,000	403,000	71.5%	1,468,292	529,561	36.1%
1994	804,416	111,398	13.8%	686,000	473,000	69.0%	1,490,416	584,398	39.2%
1995	720,459	89,932	12.5%	772,000	513,000	66.5%	1,492,459	602,932	40.4%
1996	915,900	163,572	17.9%	677,000	450,000	66.5%	1,592,900	613,572	38.5%
1997	798,378	146,865	18.4%	654,000	437,000	66.8%	1,452,378	583,865	40.2%
1998	654,451	131,575	20.1%	818,000	537,000	65.6%	1,472,451	668,575	45.4%
1999	646,568	147,573	22.8%	968,000	629,000	65.0%	1,614,568	776,573	48.1%
2000	849,807	173,919	20.5%						
2001	1,064,318	206,426	19.4%						
2002	1,063,732	219,380	20.6%						
2003	705,827	115,864	16.4%						
90s decade	9,782,091	2,756,523	28.2%	7,062,000	4,667,000	66.1%	16,844,091	7,423,523	44.1%

Source: U.S. Department of Homeland Security, 2003 Yearbook of Immigration Statistics and earlier years <http://uscis.gov/graphics/shared/aboutus/statistics/Immigs.htm> and for unauthorized immigration, USINS (2003).

Note: The large upward "spikes" of authorized immigrants at the end of the 1980s and beginning of the 1990s are artifacts of the way the U.S. government presents the data. Authorized immigration in these years includes people who had previously entered the United States without authorization but who were then obtained legal status under provisions of the 1986 Immigration Reform and Control Act.

During the second half of the 20<sup>th</sup> century, each decade – and especially the 1980s – saw a sharp increase in the number of authorized immigrants to the United States, with Mexico accounting for an increasing proportion; see Table 2. In the 1990s the rate of increase of authorized immigration was reduced. However, available government data on unauthorized immigration indicate that in the case of Mexico the overall high rate of immigration was maintained through the 1990s. U.S. government data on unauthorized immigration do not exist for the period since 2000. Non-government studies, however, particularly those issued by the Pew Hispanic Center, indicate that the overall rate of immigration from Mexico to the United States has not dropped off. (Bean *et al.*, 2001, and Passel, 2005a and 2005b)<sup>4</sup> Furthermore, the fact that U.S.-to-Mexico remittances more than doubled in the 2000 to 2003 period, from \$6.6 billion to \$13.3 billion, even while the U.S. economy was in recession, suggests that the rate of migration did not abate in the first years of the new century.<sup>5</sup>

TABLE 2: AUTHORIZED IMMIGRATION TO THE UNITED STATES, 1950 – 2000

	TOTAL	FROM MEXICO	MEXICO AS A SHARE OF TOTAL	INCREASE OVER TOTAL	PREVIOUS DECADE MEXICO
1951-1960	2,514,479	299,811	11.9%		
1961-1970	3,321,677	453,937	13.7%	32.1%	51.4%
1971-1980	4,493,314	640,294	14.2%	35.3%	41.1%
1981-1990	7,338,062	1,655,843	22.6%	63.3%	158.6%
1991-2000	9,095,417	2,249,421	24.7%	23.9%	35.8%

Source: U.S. Department of Homeland Security, 2003 *Yearbook of Immigration Statistics* and earlier years, <http://uscis.gov/graphics/shared/aboutus/statistics/Immigs.htm>.

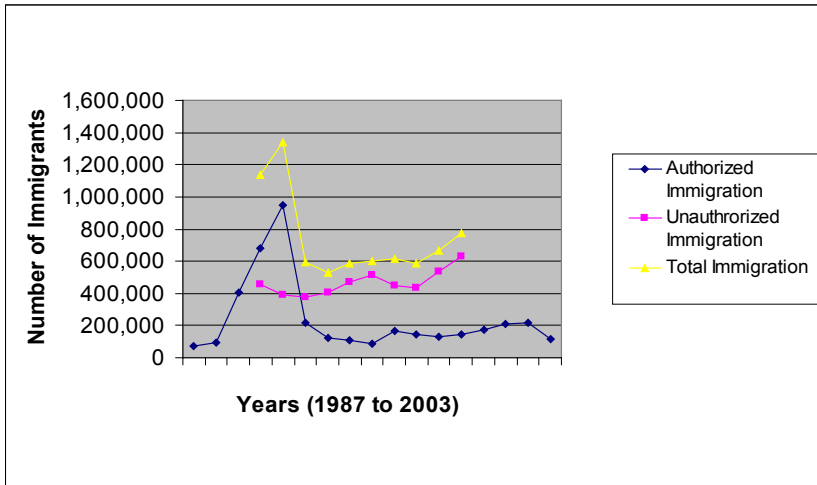
The data for recent years do not reveal a clear trend, as is evident when the annual Mexico-to-U.S. figures are set out in graphic form, as in Figure 1. Especially in the absence of official data on unauthorized immigrants in the post-2000 period, a very large number of whom are from Mexico, any arguments about the longer term changes in Mexico-to-U.S. migration are necessarily speculative. Nonetheless, the data do demonstrate that the claims made by political authorities, attempting to gain public support for trade and investment liberalization between the two countries, have not been borne out. For example, Cornelius (2002; p. 290), cites an early 1990s statement by

<sup>4</sup> Passel (2005a, p. 1) writes: "About 80 to 85 percent of the migration from Mexico in recent years has been undocumented." Combined with the government data of Table 1, these figures imply average annual total Mexico-to-U.S. migration in the 2000-2003 period of over one million, a figure substantially higher than for any period of the 1990s.

<sup>5</sup> The remittance figures are from Orozco (2004); and see below the discussion of migration as a "family strategy" in subsection 4.3 on "Employment and Incomes".

then U.S. President Bill Clinton, attempting to gain support for NAFTA with the claim: "If NAFTA passes, you won't have what you have now, which is everybody runs up to the *maquiladora* line, gets a job in a factory, and then runs across the border to get a better job. Instead there will be more uniform growth in investment across [Mexico], and people will be able to work at home with their families. And over the period of the next few years, we will dramatically reduce pressures on illegal immigration from Mexico to the United States."

FIGURE 1 - MÉXICO TO U.S. MIGRATION, 1987-2003



Source: Table 1.

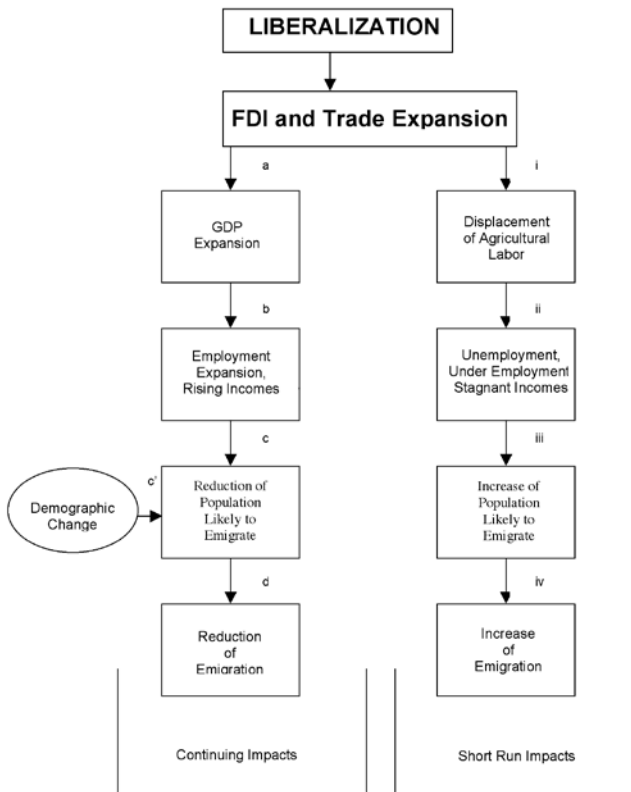
While such naive (or disingenuous) statements have been belied by the experience of subsequent years, there is a more sophisticated version of the liberalization-reduces-emigration argument that is not – or not yet – in conflict with the data. This more sophisticated version recognizes that the initial impacts of trade liberalization are likely to raise the level of emigration because of the dislocation, especially of agricultural workers, that it generates. However, in this version of the argument, after about a decade, the level of emigration falls back to the level it would have been in the absence of liberalization, and thereafter continues to fall further (relative to what it would have been) as the full alleged impacts of liberalization take effect. This argument has been most thoroughly developed on several occasions by Martin (1993, 2002, 200X) and by Cornelius and Martin (1993). Because the timing of this pattern is not exact in the argument and because the date of the beginning of liberalization in Mexico is not well defined, this version of the liberalization-reduces-emigration argument cannot be tested with available data – although the trends to date do not lend support to the argument.

More important, however, the rationale for this pattern of migration is a weak one, where crucial steps are not supported – neither by the particular experience of Mexico nor by the more general experience of many countries.

3.

The steps in the argument that liberalization leads to reduced emigration from Mexico are set out in Diagram 1: Liberalization brings about a reduced level of emigration from Mexico because liberalization yields an expansion of foreign direct investment (FDI) and of international trade, which (a) leads to economic growth, an expansion of GDP, which (b) then expands employment, reducing unemployment (and underemployment) and increasing income (reducing poverty), which means (c) there is a reduction in the population of those likely to emigrate. Step (c) is helped along (c') by demographic trends in Mexico that are reducing the share of the population in the age group likely to migrate.<sup>6</sup> All of this yields (d) a reduction of emigration.

DIAGRAM 1 - THE ARGUMENT THAT LIBERALIZATION YIELDS A REDUCTION OF EMIGRATION





The more sophisticated version of this argument posits these same continuing impacts of liberalization, but it also asserts the existence of some short-run impacts that bring change in the other direction. Liberalization, along with the expansion of FDI and international trade that it generates, (i) brings about a displacement of agricultural labor. The resulting increase of the agricultural “surplus population” cannot be absorbed immediately in the labor force in spite of economic growth, leading (ii) to a rise of unemployment (or underemployment) and stagnant incomes (or falling incomes at the bottom). Thus the initial stages of liberalization and economic growth will, instead of reducing the population of those likely to migrate, actually (iii) increase this pool of ready migrants. Even with the impact of demographic change (which may be minimal in the very short-run), the short run will see (iv) a rise in emigration.

Nonetheless, in this argument, after a relatively short time – no more than a decade or so – economic growth and labor absorption will dominate displacement, and things will start to move in the other direction, reducing emigration. The keys to the whole process are, first, the expansion of FDI and international trade that is generated by liberalization and, second, the resulting economic growth. Furthermore, the economic growth in Mexico must be more rapid than in the United States – that is, there must be a convergence of the two economies to reduce the migration pressure. (It is possible that even convergence would not be sufficient to stem the rising rate of migration; see the comments below subsection 4.1 on “Liberalization and Economic Growth”.)

There is, however, a very different interpretation of the relationship between liberalization and emigration from Mexico, an interpretation that fits well with many facets of economic change in Mexico of recent decades. Liberalization certainly generates an expansion of FDI and international trade, but the impacts on economic growth, employment and incomes are such that emigration is increased, not decreased. This different interpretation is set out in Diagram 2.<sup>7</sup>

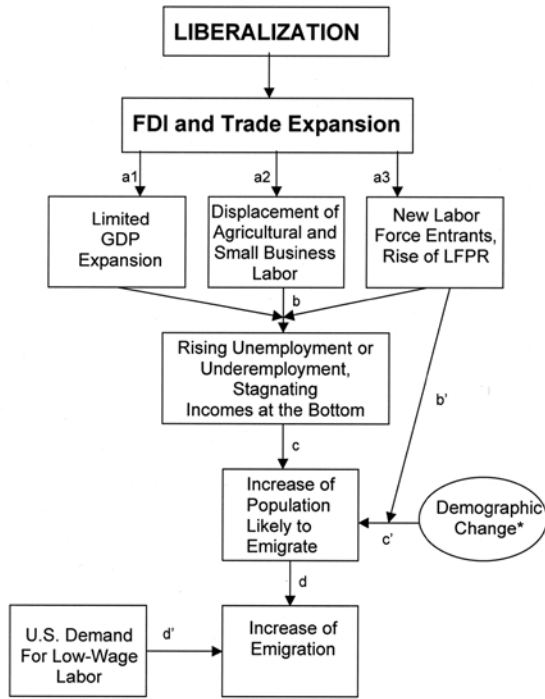
As with the argument that liberalization leads to reduced emigration, here too the immediate impact of liberalization is an expansion of FDI and international trade. From that point on, however, the two arguments diverge. In Diagram 2, the expansion of FDI and international trade, first, does not have such salutary impacts on economic growth; it leads (a1) to only limited expansion of GDP,

<sup>6</sup> During the 1960s, the Mexican population grew at an annual rate of 3.4 percent, but that rate fell by almost half, to 1.8 percent, in the 1990s. Data are from the Instituto Nacional de Estadística Geografía e Informática (INEGI) web site:

<http://www.inegi.gob.mx/est/contenidos/espanol/tematicos/mediano/med.asp?t=mpob08&c=3185>

<sup>7</sup> The argument owes much to Sassen (1988). Relatively early in the late-20<sup>th</sup> century surge of liberalization, Sassen argued that liberalization – especially the rising FDI that comes with liberalization – tended to generate emigration from low income countries: “The generalization of market relations and the development of modern forms of production have historically had a disruptive effect on traditional work structures... The expansion of export manufacturing and export agriculture, both inseparably related with direct foreign investment from the highly industrialized countries, has mobilized new segments of the population into regional and long-distance migrations.” (pp. 18-19) This approach has been picked up by others and applied to the Mexico-to-U.S. migration, yielding analyses complementary to that presented here; see, in particular, Canales (2003).

DIAGRAM 2 - THE ARGUMENT THAT LIBERALIZATION YIELDS RISING EMIGRATION



\* Note that the demographic factors tend to reduce the population likely to emigrate, working in the opposite direction from the overall trend posited by the argument presented in this diagram.

and probably no expansion relative to what would have occurred without liberalization. Second, there is (a2) the displacement of workers in traditional agriculture, but also in myriad small scale businesses – especially service and trade activities. Third, the expansion of foreign commerce generates (a3) new entrants to the labor force, largely women. On the one hand, women are “pulled” into employment in new export manufacturing firms (*maquiladoras*). On the other hand, women are “pushed” out of unpaid work in small scale family business (largely in agriculture, services, and trade) as these activities are replaced by large scale, often foreign, firms. The result is an expansion of the labor force participation rate (LFPR), especially the female labor force participation rate.

With only slow growth of GDP, labor absorption is minimal. Combined with the displacement of labor from traditional and small scale business and the rise of the labor force participation rate, the minimal labor absorption means (b) a high rate of unemployment or, more clearly, underemployment or both. Also, these conditions mean a failure of bottom-level incomes to rise, worsening



poverty and perhaps increasing inequality. Consequently, the population likely to emigrate (c) tends to rise and a high rate of emigration continues (d). Worsening poverty in Mexico creates a dual motivation for emigration to the United States, as migrants seek income for themselves and income that they can remit to families who remain in Mexico.

The rising role of women in the paid labor force will over the long run combine (b') with already established demographic trends and reduce (c') the share of the population in the age group likely to emigrate. This will somewhat attenuate the processes described by the rest of Diagram 2. Nonetheless, the pressures created by slow growth and labor force change are likely to dominate and maintain high levels of emigration.

But this does not complete the interpretation of liberalization's impact on Mexico-to-U.S. migration, as changes in the structure of the U.S. economy also play a role. In particular, a combination of factors generate a strong demand for low-wage, relatively unskilled labor. Thus while circumstances in Mexico are causing (d) more emigration, circumstances in the United States also are (d') bringing about the high rate of movement of people across the border. These factors operating in the United States to generate the demand for immigrants are, in fact, a product of the same larger economic and political changes that have brought about liberalization in Mexico (Sassen, 1988).

In addition, there is a "critical mass" effect. As more people move from Mexico to the United States, establish communities, and gain employment, they make it easier for others to follow – and therefore more likely that others will follow. (Marcelli and Cornelius, 2001, and Rivero-Fuentes, 2004). This phenomenon, which exists with all immigrant communities, is made more powerful in recent years by the operation of U.S. immigration policy. The policy makes it harder for people to enter the United States. Thus, once in the country, they are less likely to return to Mexico for fear they will not be able to get back into the United States (Massey, 2003, and Massey *et al.*, 2002). So they stay and form the communities which contribute to a higher rate of migration. While probably of importance in maintaining the high level of Mexico-to-United States migration, this "critical mass" effect will not be documented here.

This alternative argument regarding Mexico-to-U.S. migration is one form of a more general argument that sees increased migration as necessarily generated by increased commerce and cultural integration among nations – "globalization."<sup>8</sup> The details presented here of the Mexico-U.S. case are intended to flesh out this general argument, and the next section of this paper will examine the empirical bases for asserting the existence of the causal links of Diagram 2. However, many factors in the globalization argument will not be considered here, including, for example, the impact of cultural integration and the role of a greater availability of information – though these are clearly important.

<sup>8</sup> See, for example, Massey *et al.* (2002) and Sutcliffe (2004).

4.

## 4.1. LIBERALIZATION AND ECONOMIC GROWTH

There is no question regarding the expansion of FDI into Mexico and Mexico's foreign trade during the era of liberalization. Whereas the stock of FDI in Mexico stood at \$8.1 billion dollars in 1980, it had risen to \$22.4 billion in 1990 in spite of Mexico's lack of growth during the 1980s. Then the figure more than quadrupled by 2000, to \$97.2 billion, and jumped again to \$165.9 billion by 2003. (UNCTAD, 2004, p. 378) Even after adjustment for inflation these are large increases, of the sort that were anticipated by the advocates of liberalization, as is evident when the FDI stock figures are compared to Mexican GDP. In 1980, the FDI stock was only 3.6 percent of GDP; it rose to 8.5 percent in 1990, 16.7 percent in 2000, and 26.5 percent in 2003 (UNCTAD, 2004, p. 405).

Mexico's foreign trade (merchandise and non-factor services) showed a similar rapid rise during the period since 1980. In the 1980 to 1983 period, exports averaged \$27.3 billion and imports \$26.0 billion. By the first four years of the 1990s, these figure had doubled, and then they tripled between the early 1990s and the first years of the new century.<sup>9</sup>

The problem for Mexico is that these large increases of international commerce have not been translated into high rates of economic expansion, as measured by the growth of GDP per capita. Indeed, for virtually any set of years stretching back from 2004 towards 1980, Mexico has grown more slowly than the United States. For example, even if we take 1995 as a base year, the year in which Mexico's GDP had fallen drastically as a result of the 1994 financial crisis, the increase of real per capita GDP to 2004 was only 21.0 percent, while U.S. per capita GDP in this period grew by 22.3 percent. During the years immediately following the 7.8% decline of per capita GDP in the 1994-95 crash, the Mexican economy did expand at a reasonable rate, but then 2001, 2002 and 2003 all saw declines of per capita GDP, and growth in 2004 was moderate. As compared with 1980, Mexican per capita GDP had risen by only 16.4 percent by 2004, whereas in the United States the increase had been 62.6 percent. The data are shown in Table 3 and Figure 2. Instead of convergence during the era of Mexico's liberalization, there has been a divergence of the two economies.

<sup>9</sup> Trade data are from the Banco de Mexico web site <http://www.banxico.org.mx/eInfoFinanciera/FSinfoFinanciera.html>.



TABLE 3: INDICES OF GROSS DOMESTIC PRODUCT PER CAPITA, MEXICO AND THE UNITED STATES, 1980 TO 2004

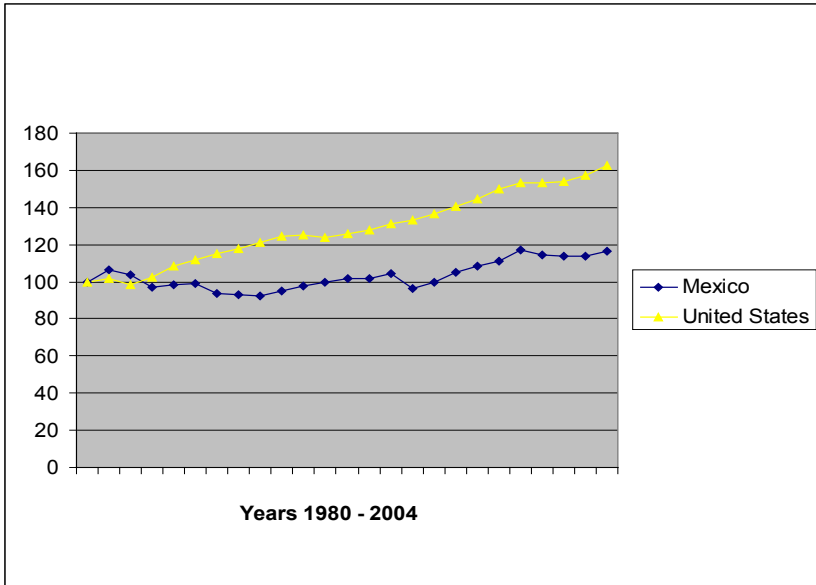
	Mexico	U.S.
1980	100.00	100.00
1981	106.22	101.50
1982	103.77	98.58
1983	97.26	102.11
1984	98.65	108.49
1985	99.12	111.97
1986	93.55	114.81
1987	93.30	117.63
1988	92.67	121.38
1989	94.72	124.50
1990	97.66	125.44
1991	99.90	123.57
1992	101.64	126.00
1993	101.76	127.69
1994	104.36	131.22
1995	96.19	132.92
1996	99.61	136.25
1997	104.84	140.68
1998	108.59	144.86
1999	110.97	149.58
2000	117.12	153.35
2001	114.63	152.91
2002	113.80	154.20
2003	113.58	157.34
2004	116.41	162.55

Source: International Monetary Fund, World Economic Outlook Database, September 2004. <http://www.imf.org/external/pubs/ft/weo/2004/02/data/index.htm>

The divergence between incomes in Mexico and the United States shows up clearly in a comparison of per capita income in terms of purchasing power parity (PPP), the best indicator of the real difference between average economic well-being in the two countries. In 1980, PPP per capita income in the United States was 2.96 times that in Mexico. With the lack of growth in Mexico during the 1980s, this figure stood at 3.80 in 1990. As Mexico recovered somewhat in the next decade, overall in the 1990s there was little further divergence, and the U.S. PPP per capita income was 3.82 times that of Mexico in 2000. Divergence picked up again in the next few years, and the ratio stood at 4.06 in 2004.<sup>10</sup>

<sup>10</sup> These PPP figures are calculated from the International Monetary Fund's World Economic Outlook Database, available at <http://www.imf.org/external/pubs/ft/weo/2004/02/data/index.htm>.

FIGURE 2 - INDICES OF GROSS DOMESTIC PRODUCT PER CAPITA, MEXICO AND THE UNITED STATES



Source: Table 3.

Under these circumstances of slow economic growth in Mexico, especially compared to economic growth in the United States, the continuing high rate of emigration should not be surprising. The assumption that liberalization generates rapid economic expansion is an essential pillar in the liberalization-yields-reduced-emigration argument. Once this pillar has fallen (or until it is erected), the whole argument is bereft of the support it needs.<sup>11</sup>

It is worth noting, further, that even were the Mexican economy to experience more rapid growth as a result of liberalization, this would not necessarily yield a declining rate of emigration to the United States – perhaps the contrary. Higher incomes can allow more migration by facilitating the expenses of

<sup>11</sup> Concluding their argument that liberalization – NAFTA in particular – would be likely to lead to a reduction of Mexico-to-U.S. migration (following perhaps an initial increase), Cornelius and Martin (1993, p. 506) write: “The rapid labor force growth that is inevitable in Mexico over the next ten to fifteen years [i.e., through 2004 to 2009] means that Mexico will be unable to absorb the additions to its work force without a sharp increase in economic growth (to 6% or more per year, in real terms). To achieve such a growth rate in Mexico, gross investment would have to rise to 25 percent of gross domestic product... Free trade and the additional foreign domestic investment that it will attract are now the only stimuli that can realistically be expected to increase significantly the capacity of the Mexican economy to create jobs...” As noted shortly, the ratio of investment to GDP has fallen well short of 25 percent.



moving – everything from transportation costs to fees for border guides (when crossing is surreptitious) to living expenses while searching for a job in the United States. Thus the argument that liberalization reduces migration may require not only convergence of incomes in Mexico and the United States, but an advance of Mexico to near equality with the United States. Migration rates could continue high with growth or without growth.<sup>12</sup>

Nonetheless, the reality in Mexico of recent decades, including the era of liberalization, has been one of relative stagnation, and this reality has greatly undermined any abatement of the emigration rate. Slow growth in Mexico, however, is not the whole story, and there are other reasons that the high rate of Mexico-to-U.S. migration has been maintained.

Before turning to these other reasons, a brief comment on liberalization and growth is warranted. The strange thing in the debate over liberalization is that those people, economists and politicians, who have promoted liberalization have so often treated it as a panacea, the “magic pill,” that by itself would solve problems of poverty and economic development. Even if liberalization of foreign commerce were to have a positive impact on economic expansion in Mexico – a dubious assumption given the history of many countries’ experiences<sup>13</sup> – there are numerous other factors, ranging from social and educational infrastructure to the organization of legal institutions, that also affect economic expansion (Helpman, 2004).

One of the most obvious errors in the argument that liberalization automatically yields economic growth is the assumption that rising FDI increases the rate of capital formation in a country. In Mexico it appears as though foreign investment has simply replaced domestic capital formation. Table 4 provides data on gross capital formation in relation to GDP in Mexico. In spite of the high level of FDI in the 1990s, the rate of capital formation was below the rate in the 1970s, the final decade of the pre-liberalization era – to say nothing of the low rate of capital formation in the late 1980s, after liberalization had begun but when the economy was still suffering from the debt debacle generated by policy in the earlier era.

<sup>12</sup> See, for example, Nyberg-Sorensen *et al.* (2002) and U.S. Commission for the Study of International Migration and Cooperative Economic Development (1990). These sources, however, tend to see the increase associated with successful development as a short-run or medium run phenomenon. The argument here is that the phenomenon can be rather long-run, and a decline would occur only with convergence or perhaps near equality.

<sup>13</sup> See MacEwan (1999; chapter 2) for a summary of the issues; and see Pieper and Taylor (1999) for an examination of the growth impact of IMF and World Bank liberalization programs.

TABLE 4: GROSS FIXED CAPITAL FORMATION IN MEXICO AS A PERCENTAGE OF GDP, 1970 – 2001

Years	Percentage
1970-1975	21.3
1976-1980	22.3
1981-1985	20.8
1986-1990	16.4
1991-1995	18.0
1996-2000	18.8
2000	20.5
2001	19.5

Source: Mattar *et al.* (2002), Table 1. The original source is Economic Commission for Latin American and the Caribbean with INEGI data. Figures for 1970 through 1988 were calculated on the basis of data given in 1980 constant pesos; figures for 1989-2001 were based on data in 1993 constant pesos.

#### 4.2. DISPLACEMENT FROM AGRICULTURE AND SMALL SCALE BUSINESS AND THE RISING LABOR FORCE PARTICIPATION RATE

Although NAFTA is often seen as setting in motion a major transformation of Mexican agriculture, the process of replacing the domestic consumption of grains with imports was well under way before the 1990s. Barkin (1990) points out that, although Mexico had achieved food self-sufficiency by the mid-1960s, government policies led to a dramatic change in subsequent decades. By the late 1980s, the country was importing close to one-third of its supply of grains; an absolute decline in the number of self-employed agricultural workers was well underway; and the share of the agricultural workforce that was hired labor expanded from 32 percent in 1950 to 51 percent in 1980 (Barkin, 1990, pp. 19 and 28). Furthermore, in 1992, the Mexican government amended the constitution, undermining the *ejido*, the form of collective land holding that had, in spite of the poverty of the Mexican countryside, provided an element of security and stability to many poor peasants (Barry, 1995, esp. ch. 7). When NAFTA was set in place at the beginning of 1994, it continued this process of change.<sup>14</sup>

The change has not been confined to agriculture. At the beginning of the 1990s, only 70 percent of Mexico's labor force was wage labor. The remaining 30 percent was self-employed farmers and small shop keepers or unpaid family

<sup>14</sup> The impact of change on the Mexican peasantry should not, however, be viewed as the result of peasants' innate inefficiency or the impossibility of effective small scale farming. Instead, according to Barkin (p. 21), the "wholesale abandonment of cultivation of potentially productive rainfed lands is the result of policies to restrict price increases for basic food grains, which predominate in rainfed agriculture, and the unwillingness [of the government] to provide the necessary credit and inputs for the productive exploitation of these areas." The changes in Mexican agriculture are reflected in the continuing process of urbanization: whereas in 1990 71.3 percent of the country's 81.2 million people lived in population centers with more than 2,500 inhabitants, in 2000 74.6 percent of 97.5 million were in these larger centers of population. From the INEGI website: <http://www.inegi.gob.mx/est/contenidos/espanol/tematicos/mediano/anu.asp?t=mpob12&c=3189>



workers, mainly women but also children. In retail trade, with Wal-Mart now the largest private employer in Mexico (Weiner, 2003), thousands of people have moved from unpaid employment to become full-scale participants in the paid labor force. Whereas in 1991, 13 percent of workers (11.1 percent of male and 17.4 percent of female workers) worked without pay, by 2004 only 8.4 percent were in this category (6.4 percent of males, 12.2 percent of females).<sup>15</sup>

As is well known, however, the increasing role of women in the paid labor force is not simply a consequence of a “push,” of women being displaced from traditional forms of employment. There has also been a “pull” as women make up a large share of the growing employment in *maquiladoras*. Total employment in *maquiladoras* rose from 460 thousand in 1990 to almost 1.3 million in 2000 (though with the U.S. recession it fell off to 1.1 million by 2003). Between 55 percent and 60 percent of laborers in these firms are women.<sup>16</sup> (The total Mexican labor force in 2000 was about 40 million.)

According to the Commission for Labor Cooperation, “Between 1984 and 1996, the Mexican female labor force increased by 84 percent, from 6.3 million to 11.6 million workers, which amounted to an increase in the female share of the total labor force from an initial 27.5 percent in 1984 to 32.8 percent by the end of this period.”<sup>17</sup> Between 1991 and 2004, the occupied labor force rose by over 38 percent, from 30.5 million to 42.3 million.<sup>18</sup> During the 1990s the labor force participation rate overall rose only from 53.6 percent in 1991 to 55.7 percent in 2000 and then remained stable as the economy stagnated in the 2000 to 2004 period. All of the 1990s increase in the labor force participation rate was accounted for by women; the female labor force participation rate, which stood at 31.5 percent in 1991, rose to 36.4 percent in 2000 and then to 37.5 percent (in spite of economic stagnation) by 2004.<sup>19</sup>

These data, based on the national employment survey (*Encuesta Nacional de Empleo*), are problematic and may understate the degree of change in the labor force participation of females. According to McCaa *et al.* (2001), the national censuses of 1990 and 2000 report female labor force participation rates of 20.6 percent and 32.9 percent, respectively; and the national urban employment surveys report rates of 34.8 percent for 1990 and 41.7 percent for 2000. The difference between the census and the survey can be largely

<sup>15</sup> From the INEGI web site:

<http://www.inegi.gob.mx/est/contenidos/espanol/tematicos/mediano/anu.asp?t=mtra11&c=3602>

<sup>16</sup> The data for the post-1995 period are from the INEGI web site:

<http://www.inegi.gob.mx/est/contenidos/espanol/tematicos/coyuntura/coyuntura.asp?t=emp75&c=1811>. The pre-1995 data are from Galhardi (1998), whose source is also INEGI. Galhardi's data show that total maquiladora employment rose from 20.3 thousand in 1970 to 131 thousand in 1981 on its way to the 1990s levels.

<sup>17</sup> “The Female Labor Force and Female Employment in North America,” [www.naalc.org/english/ewna\\_part1.shtml](http://www.naalc.org/english/ewna_part1.shtml)

<sup>18</sup> From the INEGI web site: <http://www.inegi.gob.mx/est/contenidos/espanol/tematicos/mediano/anu.asp?t=mtra09&c=3600>.

<sup>19</sup> From the INEGI web site:

<http://www.inegi.gob.mx/est/contenidos/espanol/tematicos/mediano/anu.asp?t=mtra06&c=3655>

explained by their different coverage and definitions and by the difficulties that traditional data collection methods have in counting female employment (points explained by McCaa *et al.*). However, these data along with those of the INEGI suggest a substantial increase in the labor force participation of females in the 1990s.

While the changes in labor force participation in Mexico are important bases for understanding the emigration experiences of the recent past, these changes along with the continuing relatively low level of the female labor force participation rate are relevant for anticipating future emigration. Although Mexico's labor force participation rate – overall or for females – is not low compared with many other low or middle income countries, it is low relative to the richer countries. For example, for 2003, the OECD reports an overall labor force participation rate for Mexico of 61.2 percent, while the average for the OECD is 69.8 percent; for women, the Mexican rate is reported as 40.5 percent, and the OECD average is 59.6 percent (OECD, 2004). Moreover, the path of rising labor force participation rates, especially for women, is one that has been common in many low income countries in recent decades (Beneria, 1989). There is, accordingly, every reason to believe that the trends of the recent decades in Mexico will continue well into the future.

#### 4.3. EMPLOYMENT AND INCOMES

In spite of Mexico's relatively slow economic growth during the 1990 to 2004 period and the large expansion of the labor force, official unemployment rates did not increase over the decade. Indeed, while in 1991 the official rate was 2.2 percent, in 2000 it had fallen to 1.6 percent; even with the poor GDP growth of the early part of the next decade, the official unemployment rate in 2004 was only 2.5 percent. When GDP plunged in 1995, the official unemployment rate rose to only 4.9 percent.<sup>20</sup>

As is widely recognized, of course, in Mexico (and in other countries where unemployment insurance and social welfare programs are minimal) there is widespread underemployment. One measure of underemployment is the virtual lack of labor productivity increase in the 1991 to 2004 period. According to OECD data, labor productivity in Mexico's business sector rose by only 1.8 percent in this entire thirteen year period.<sup>21</sup>

More important for the purposes of understanding the motivation to emigrate, incomes stagnated. Between 1991 and 2004, real compensation

<sup>20</sup> From the INEGI web site:

<http://www.inegi.gob.mx/est/contenidos/espanol/tematicos/mediano/anu.asp?t=mtra38&c=3630>.

<sup>21</sup> The OECD data are available at <http://www.oecd.org/dataoecd/5/47/2483871.xls>. A similar stagnation of productivity is implicit in the data on GDP growth and employment growth. Between 1991 and 2004, while GDP rose by 42.9 percent, the occupied labor force grew by 38.6 percent, providing a crude indication that productivity rose by only 3.1 percent in the entire 13 year period. The GDP data are from the same IMF source as the data in Table 1, and the labor force data are from the INEGI web site:

<http://www.inegi.gob.mx/est/contenidos/espanol/tematicos/mediano/anu.asp?t=mtra09&c=3600>.



per employee in the business sector declined by 21 percent. (A sharp decline followed the 1994 crisis, and real compensation dropped by 31 percent in the 1994 to 1997 period; recovery in subsequent years has been minimal.)<sup>22</sup> During the 1992 to 2002 decade, average real household income per household member increased by only 6.4 percent, while in this same period, real per capita GDP rose by 12 percent; these data indicate that a growing share of income was not going to the household sector.<sup>23</sup> These changes are consistent with the substantial real decline in the statutory minimum wage, which fell by 29 percent between 1990 and 2004 (an actual slowing of the longer term trend, as the real decline had been more than 50 percent in the 1980s).<sup>24</sup>

The limited data available that measure income distribution directly in Mexico do not, however, show a rise of inequality during these years. The Gini coefficient for 2000 for household income reported by INEGI of .4811 was slightly higher than the .4749 reported for 1992, but the ratio stood at .4558 in 1996 and fell back down to .4541 in 2002.<sup>25</sup> Although the declines in employee compensation noted above are partly offset by the increase in the labor force participation rate (and thus the slight rise in average household incomes), these various data on income distribution imply that over time a larger share of income was being obtained outside the household sector and, probably, by foreign firms.

The stagnation of incomes in Mexico is a driving force of emigration, but not simply because individuals move to obtain higher income in the United States. Emigration to the states becomes a family strategy, as remittances have played an increasing role in providing income to the emigrants' family members who remain in Mexico. As noted above, remittances amounted to \$6.6 billion in 2000 and rose to \$13.3 billion in 2003 (Orozco, 2004). Indeed, emigration is not simply a family strategy, but seems also to be a community strategy, as local politicians in Mexico are organizing efforts to bring in remittances to finance projects in their towns (Thompson, 2005). Overall, remittances have become an increasingly important component of Mexico's foreign exchange earnings, behind only the *maquiladoras* and oil as a source of foreign exchange.<sup>26</sup>

<sup>22</sup> Compensation per employee and consumer price data, allowing calculation of real compensation, are from the OECD and are available at <http://www.oecd.org/dataoecd/5/47/2483871.xls>.

<sup>23</sup> The household income per household member data are from INEGI web site, where they are presented in current prices:

<http://www.inegi.gob.mx/est/contenidos/espanol/tematicos/mediano/med.asp?t=ming04&c=3316>  
The consumer price index from the Banco de Mexico web site was used to convert to constant prices: <http://www.banxico.org.mx/elInfoFinanciera/FSinfoFinanciera.html>. The GDP data are from Table 3. The different years used in the various comparisons here are dictated by the data presented by INEGI.

<sup>24</sup> From the Banco de Mexico web site:

<http://www.banxico.org.mx/elInfoFinanciera/FSinfoFinanciera.html>.

<sup>25</sup> From the INEGI web site:

<http://www.inegi.gob.mx/est/contenidos/espanol/tematicos/mediano/anu.asp?t=ming01&c=3313>.

Even though Mexican immigrants to the United States generally enter into very low-wage activities, with workers' incomes stagnant in Mexico, "the average amount sent back in remittances to Mexico by each migrant worker [in the late 1990s was] 2.4 times the official minimum wage, which [was] two-thirds of the average working income in Mexico." (Canales, 2003, p. 744). It would appear (see below) that the pattern of employment in the United States will continue to offer these opportunities for Mexican migrants.

#### 4.4. THE EMIGRATION IMPLICATIONS AND U.S. EMPLOYMENT

The experience of Mexico over recent years, the years in which the economy has been dominated by liberalization, has generally conformed to the set of circumstances described in Diagram 2. Liberalization has not led to rapid growth. It has, however, led to a restructuring – a displacement of labor in agriculture, trade and services, and a rapid growth of employment in the *maquiladora* sector – that has contributed to a steady expansion of the labor force participation rate, especially the labor force participation rate of women. Moreover, lacking growth but also lacking unemployment insurance and social welfare programs, the Mexican economy has generated substantial underemployment; especially important, income expansion has been anemic, and incomes of the bottom segment of the population appear to have fared especially poorly. Under these circumstances, the population likely to emigrate has grown, and the high rates of migration to the United States have continued and are liable to continue.

One aspect of this migration that should be noted in light of this argument that liberalization generates emigration is the rise in the proportion of women who have migrated from Mexico to the United States in recent years. This phenomenon has been widely noted (for example: Massey *et al.*, 2002, Durand and Massey, 2004, Marcelli and Cornelius, 2001, and Donato, 1993). Women have always been part of the migratory flow from Mexico to the United States, but a large number of these women have come as wives or children of male migrants. More recently, it appears that a larger share of women migrants have come on their own, directly seeking employment in the United States. To the extent that this is the case, it would be consistent with the changes

<sup>26</sup> According to *Business Frontier*, a publication of the El Paso Branch of the Federal Reserve Bank of Dallas, "Mexico's economy, like the United States", entered recession in 2001 and has struggled ever since. One of the few bright spots in the Mexican economy has been the flow of money entering the country as workers' remittances—money earned abroad by Mexican citizens and sent back to their families in Mexico. In fact, in 2002 Mexico received the most remittances of any country in the world. This provided some relief to the macroeconomy and fostered economic activity, especially in the central and southern regions. In 2003, Mexico received nearly \$13.3 billion in workers' remittances, an amount equivalent to about 140 percent of foreign direct investment and 71 percent of oil exports. Continued growth in remittances is expected in 2004. The latest data, through March 2004, show remittances almost 22 percent higher than the same period a year ago. As a result of their vigorous growth, workers' remittances now occupy third place as a foreign exchange generator for Mexico. Maquiladoras continue to be the top foreign exchange generator, at \$18.4 billion in 2003, followed by oil at \$15 billion." (FRB Dallas, 2004).

emphasized above regarding the increasing role of women in the Mexican paid labor force.<sup>27</sup>

For both women and men, however, the factors bringing about the rising migration from Mexico to the United States are not only the changes within Mexico. The availability of jobs within the United States is also a major factor. For example, women's migration from Mexico has been influenced by, and in turn influences, the structure of the labor market in the United States. Fernandez-Kelly (1989) illustrates this phenomenon with a description of the extremely high rate of reliance on immigrant female labor in small scale Los Angeles garment and electronics factories during the 1980s. As Fernandez-Kelly, Sassen, and others have noted, in recent decades the forces of liberalization and "globalization" have not simply perpetuated the classical international division of labor whereby more advanced, technologically sophisticated, high-wage activities are located in the wealthy countries (for example, the United States) while less advanced, technologically backward, low-wage activities are located in the lower income countries (for example, Mexico). The global organization is in fact much more complicated, and one aspect has been the location of many low-wage activities within the wealthy countries themselves, often in urban centers and often heavily dependent on immigrant – often unauthorized – labor.

There are several reasons for the expanding demand for low-wage labor in the United States that has come with global liberalization. One of these is that, with greater import competition from low-wage countries, production of various commodities within the United States is competitive only if low-wage labor is available. Many small firms supplying parts to larger firms (as with electronics) or meeting the demands of rapidly changing consumer markets (as with garments) can have an advantage over competitors if they are close to their markets; yet they lose this advantage if the competitors, located in low-wage areas of the world, can employ labor at lower cost. Firms located in the United States with access to immigrant labor, however, can have both the advantages of market proximity and low-wage labor.<sup>28</sup>

Another causal mechanism arises from growing inequality. On the one hand, inequality has generated an expansion of the number of very wealthy households and of their demand for services – everything from swimming pool

<sup>27</sup> The data, however, are not as fully reliable as one would like. Because so many of the migrants are now not authorized, it is difficult to be confident regarding who is migrating and why. Beyond the numbers, Durand and Massey (2004) note the important impact of migration on gender roles in Mexico. As men have migrated, leaving their families, the women left behind often take on new social and economic roles with more authority. One aspect of the change is that, when men leave, women are more likely to enter the paid labor force. Entering the paid labor force, women are then more likely to be in a position to migrate themselves. This is another aspect of the self-reinforcing aspect of migration: the more migration that takes place, the more is likely to take place in the future.

<sup>28</sup> Even market proximity and the availability of low-wage immigrant labor are sometimes not sufficient to keep firms in the United States. It seems that recently, Mexican immigrants who have relied on low-wage manufacturing jobs in the states are finding themselves out of jobs as firms move to low-wage havens abroad, a phenomenon that has also affected *maquiladoras* in Mexico (LeDuff, 2004).

tenders to gardeners to house servants. On the other hand, inequality – in particular, the wage stagnation affecting workers in the bottom two-thirds of the labor force – has contributed to the rising labor force participation rate in the United States. To maintain family income levels, more and more people have entered the paid labor force. Especially as women have increasingly entered the paid labor force, there has been an associated demand for services that were previously self-provided (that is, provided largely by women) – for example, food preparation and serving, house cleaning, and child care. Immigrants, Mexicans and others, are often the providers of these services. A related phenomenon, though in large part a consequence of demographic change rather than liberalization per se, is the rising size of the elderly population and the consequent need for workers who care for the aged – nursing home workers, for example.<sup>29</sup>

Table 5 provides data, published by the U.S. Department of Labor's Bureau of Labor Statistics (BLS), illustrating the large growth in jobs in low-skill, low-wage occupations. The ten occupations listed are all in the top 30 occupations with the largest projected absolute job growth between 2002 and 2012. These ten occupations all rank in the bottom 25 percent of all occupations in terms of median annual earnings, and all ten are classified as requiring only "short term on the job training." These ten occupations, which accounted for 12.6 percent of jobs in 2002, are expected to grow more rapidly than total employment over the decade and would account for 13.2 percent of jobs in 2012. By contrast, among the BLS's list of most rapidly growing occupations (as opposed to largest absolute growth, which is the basis for Table 5) are seven occupational categories related to information technology.<sup>30</sup> These seven are projected to account for only 843 thousand new jobs between 2002 and 2012, less than the sum of the number of jobs projected to be provided by two of the occupations in Table 5, "combined food preparation and serving" worker and "janitors and cleaners" (occupations that would likely include many new immigrants).<sup>31</sup>

<sup>29</sup> While largely a consequence of demographic change, the rising demand for workers to care for the aged is also a consequence of structural economic changes. In an earlier era, when fewer women were in the paid labor force, caring for the elderly (as well as caring for everyone else!) was part of the unpaid labor of women in the home. While the roots of women's entry in the paid labor force are many, one contributing factor, as in Mexico, has been liberalization and the downward pressure it has created on male wages; one of the forces moving women into the paid labor force has been the inadequacy of male incomes to provide a "family wage."

<sup>30</sup> The seven occupational categories are: network systems and data communications analysis, computer software engineers (applications), computer software engineers (systems software), database administrators, computer systems analysts, network and computer systems administrators, and computer and information systems managers.

<sup>31</sup> "Landscaping and groundskeeping workers" – a category of work commonly seen as employing many Mexican immigrants – is also included among the BLS list of the occupations with the largest job growth projected for the 2002 to 2012 period. This occupation, while requiring only "short-term on-the-job training" is in the third quartile in terms of median annual earnings and is thus excluded from Table 5. Another category commonly viewed as employing numerous recent immigrants is "construction laborers," a category projected to expand by 133 thousand jobs in this decade – more than five of the seven categories of information technology workers noted above.

There are many problems with the occupational projection data shown in Table 5. For example, occupational growth of low-skill jobs depends in part on the availability of workers who will accept low-wage jobs, and thus to assert that the BLS projections show that such jobs will be available for Mexican immigrants involves a degree of circular reasoning. Also, the BLS occupational projection data do not allow identification of the substitution of low-skill for high-skill manufacturing jobs in various broad occupational categories. Nonetheless, as a crude indication of the demand in those sorts of occupations where Mexican immigrants are likely to find work, the data of Table 5 suggest that the demand will continue to be strong in the foreseeable future.

TABLE 5: PROJECTIONS OF U.S. EMPLOYMENT GROWTH 2002-2012, ALL EMPLOYMENT AND SELECTED LARGE-GROWTH, LOW-EARNINGS AND LOW-SKILL OCCUPATIONS (IN THOUSANDS)

	2002	2012	change	% change
All Employment	144,014	165,319	21,305	14.8
Retail Sales Persons	4,076	4,672	596	15
Combined Food Prep & Serving Workers	1,990	2,444	454	23
Cashiers (except gaming)	3,432	3,886	454	13
Janitors and cleaners	2,267	2,681	414	18
Waiters and Waitresses	2,097	2,464	367	18
Security Guards	995	1,313	317	32
Teacher Assistants	1,277	1,571	294	23
Home Health Aides	580	859	279	48
Personal & Home Care Aides	608	854	246	40
Food Prep Workers	850	1,022	172	20
Total of the 10	18,172	21,766	3,594	20
The 10 as Share of All Employment	12.6	13.2	16.9	

Note: Thee ten occupational categories are all in the top 30 occupations with the largest projected absolute job growth between 2002 and 2012. All ten rank in the bottom 25% in terms of median annual earnings, and all ten require only "short-term on-the-job training."

Source: *Monthly Labor Review*, February 2004, page 101, <http://www.bls.gov/opub/mlr/2004/02/art5full.pdf>

## 5.

The argument presented here, that liberalization is likely to lead to a continuing high level of Mexico-to-United States migration, is somewhat speculative. It is, however, based on a considerable body of evidence, as well as on the migration record of the past several years. Moreover, the points developed in the preceding section are buttressed by consideration of other factors (mentioned earlier) – the impact of “critical mass” and the roles of information and culture in the general process of globalization. Some factors do work in the other direction – most notably the long term demographic trends (also mentioned earlier) and these trends may become more significant as an increasing number of Mexican women enter the paid labor force. It is of course difficult to weigh the relative force of these different factors. Yet there is strong reason to believe that high levels of Mexico-to-United States migration will be the reality for many years.

The practical implications of this argument are substantial. Viewing immigration as a “problem” for the United States, many commentators have argued that economic growth in Mexico (and in low income countries in general) will alleviate this problem and that liberalization will promote growth. Mexican experience of recent decades, however, suggests that liberalization does not – or, at least, does not necessarily – lead to economic growth and, further, that the sort of economic change that comes with liberalization can promote, rather than curtail, emigration. Others who also view immigration as a problem advocate more strict regulation of the Mexico-U.S. border, which would, they believe, prevent (or greatly reduce) unauthorized immigration. Experience so far, however, holds out little likelihood of successful interdiction as a solution to the immigration “problem” (Massey *et al.*, 2002, and Cornelius, 2002). Perhaps even more draconian procedures would work, but they would have severe social as well as financial costs (and they might not work).

There are other ways to approach the very large Mexico-to-U.S. migration. One way is to stop viewing the migration itself as a problem, and view it instead as the reality that the analysis here suggests it is and will continue to be for some time. Then, once the migration is viewed as a reality, it is possible to find ways to minimize the problems associated with that reality.<sup>32</sup>

Perhaps the most significant such problems are the ones that arise from forcing so many Mexicans (and others) to enter the country without authorization (so-called “illegal aliens”). The result is a large group of workers, operating in many industries, that has virtually no formal rights and very little power in relation to their employers.<sup>33</sup> This is obviously bad for the immigrant

<sup>32</sup> While the argument is beyond the scope of this paper, I should note that many of us view immigration not only as the reality, but also as a “good thing.” Far from viewing it as a “problem,” we view immigration as making numerous positive contributions to life in the receiving countries.

<sup>33</sup> Illustrating this point, Newland (2004, p. 202) notes the 2002 U.S. Supreme Court decision in the case of Hoffman Plastics Compounds, Inc., in which the court ruled “that unauthorized [immigrant] workers cannot be awarded back-pay remedies, even if they are discharged in violation of the National Labor Relations Act – thus reversing a well-established trend that unauthorized workers are entitled to the same labor protections as authorized workers are.”



workers themselves – one extreme result is that, according to the AFL-CIO, in 2002 “foreign-born workers suffered 69 percent of the workplace fatalities in [the United States], even though they make up just 15 percent of our workforce” (Sweeny, 2004). But the situation is also bad for other workers as well because it is unlikely – if not impossible – for workers in general to have secure rights while a large segment of the work force exists without secure rights. Unionization is hampered, legislation that protects workers’ rights and well-being is undermined, and the workforce is more thoroughly segmented and politically weakened.

The reality of continuing large-scale immigration and the problems associated with unauthorized immigration have been recognized by the U.S. confederation of labor unions, the AFL-CIO. According to the President of the AFL-CIO, historically the American labor movement “favored a restrictive immigration policy, with no quarter given to workers who entered our country illegally... [O]ur historic position on immigration was unfair and self-defeating. But at the turn of the new century, it became obvious that efforts to improve immigration enforcement, while failing to stop the flow of undocumented people into the United States, had resulted in a system that was fostering discrimination, abuse and exploitation of documented as well as undocumented workers by unscrupulous employers” (Sweeny, 2004).

While the immigration reforms called for by the AFL-CIO are limited, the organization’s shift of policy is of considerable significance, representing a dramatic change of course for the principal organization of the American labor movement. Moreover, the AFL-CIO’s position accepts the high levels of immigration as a reality and seeks ways to most effectively cope with the situation. It is not immigration that is the problem; the problem is the structure of immigration regulation which creates a large under-class of unauthorized workers.<sup>54</sup>

The pressures for Mexico-to-U.S. migration are very great. Perhaps they are not as great as those in the opposite direction imagined by the makers of the disaster movie *The Day After Tomorrow*. But today and tomorrow those pressures are and will be powerful enough to maintain a continuing high rate of northwards migration. If this reality is recognized, responses and adjustments can be more positive.

<sup>54</sup> Of course most Mexicans living in the United States live in areas that were taken from Mexico by the United States in the 1840s, and thus there is a certain irony, as my daughter Anna pointed out to me, in classifying these people as “unauthorized.”

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Note: All web sites listed in the References were checked on April 18, 2005, unless otherwise indicated; all INEGI and Banco de México web sites were checked on April 24, 2005; other footnote web sites were also checked on April 24, 2005.