

A REPORT OF THE CSIS
SIMON CHAIR IN POLITICAL ECONOMY

Mexico's Economic Policy and Migration

DEALING WITH THE CAUSES

Rapporteur
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MEXICO'S ECONOMIC POLICY AND MIGRATION

DEALING WITH THE CAUSES

*Michael Graybeal*¹

Introduction

Mexican migration to the United States is primarily a result of inadequate employment opportunities in Mexico. Other motives for emigration exist, namely kinship relations in destination locations, but the primary motive remains economic improvement. Lack of opportunity for meaningful employment largely stems from stagnant growth in Mexico. Mexican growth has averaged 2.5 percent for the previous three decades, far below the 5 to 6 percent growth rate needed to create employment for new entrants into the labor force. As a result, many entrepreneurial Mexicans seek to improve their lot in the United States, many of whom send part of their earnings to relatives in Mexico.

Stagnant growth in Mexico is a result of numerous structural problems. These include labor laws that encourage informality; monopolies that contribute to higher costs for Mexican consumers; poor primary and secondary education; and low tax collection that is remedied by revenue from Petroleos Mexicanos (PEMEX), the state oil firm, which deprives the firm of adequate funds for exploration and development. Politics has played a role in the failure to address these structural deficiencies. During the hegemony of the Institutional Revolutionary Party (PRI), party leaders showed little appetite for making needed reforms. While the PRI lost its hold on the presidency in 2000, the presidencies of Vicente Fox and Felipe Calderón have been forced to confront a legislature still dominated by the PRI, making reform difficult. Finally, migration itself serves a disincentive to reform, as emigration reduces social tension and the urgency to make needed structural reforms.

The United States has an important stake in this topic as it admits more temporary workers from Mexico than any other country. At the same time, Mexicans represent more than half of all unauthorized immigrants in the United States. Despite this reality, immigration reform remains a polarizing issue in U.S. politics. While U.S. employers and Mexican authorities assert that low-skill Mexican workers stimulate U.S. economic growth and have little or no adverse effects on U.S. wages, opponents, such as organized labor, argue that the large-scale use of low-skilled Mexican labor reduces the compensation of low-skilled U.S. laborers. Both sides fail to capture the

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connection between the remaining challenge of economic reform in Mexico and its resulting emigration.

Recognizing the urgent need for policymakers in the United States and Mexico to have a deeper understanding of this reality, the CSIS Simon Chair in Political Economy held a conference in Washington, D.C., on January 11, 2011, to analyze Mexican migration to the United States and what both countries could do to reduce the flow of unauthorized migrants and increase economic growth in Mexico. Attention was given to the current state of migration from Mexico to the United States in light of high rates of U.S. unemployment; the connection between stagnant growth in Mexico and its high rate of emigration; economic reform and employment creation in Mexico; and what role the United States can play in this process.

The presentations and discussions of that conference are summarized in this report.

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Panel 1: The Current State of Mexican Migration

Jeffrey Passel, senior demographer at the Pew Hispanic Center, began the first panel with an overview of the current state of Mexico-U.S. migration. Passel first reviewed the evolution of Mexican migration to the United States. During the 1970s, the Mexican-born population residing in the United States was about 750,000 people, less than 2 percent of the Mexican population. By 2007, however, the Mexican foreign-born population had reached 12.5 million people, meaning that over 10 percent of those born in Mexico had moved to the United States. These 12.5 million immigrants, many unauthorized, represent about one-third of all immigrants residing in the United States. They also represent 60 percent of all undocumented immigrants and 21 percent of all legal immigrants.

Passel noted that much of the growth in the Mexican population occurred in the 1990s, when approximately 300,000 Mexicans came to the United States per year. This can be attributed to the strong economic growth that occurred for much of the decade, with many low-wage jobs created that led to a strong pulling force for immigrant labor. Following the 2001 recession in the United States, Mexican migrant numbers dropped. While they picked up in the mid-2000s as employment opportunities increased, their numbers dropped precipitously as U.S. economic growth halted in 2008. By 2009, only 100,000 Mexican migrants were entering the United States, a very low number when compared to the last 20 years. The number of unauthorized Mexicans residing in the United States, which peaked in 2007 at about 7 million, has actually dipped since that year.

Recognizing this decline in the population, Passel proceeded to discuss what might explain this trend. First, increased border enforcement may have affected migration flows. With the increased focus on border management since the mid-1990s, apprehensions rose to 1.6 million in 2000, but have decreased since then, as have overall immigrant numbers. Passel pointed out that apprehension figures merely count people caught, not people crossing the border, so the same person may be counted multiple times. While the overall apprehension rate has risen from 28

percent prior to the Immigration Reform and Control Act (IRCA) of 1986 to 41 percent for the most recent decade, 95 percent of Mexicans who set out to get into the United States are able to do so. Increasing border enforcement has also led to many undocumented immigrants remaining in the United States, as the return journey has become more costly and risky. However, many are likely remaining in the United States for fear of losing employment or due to the fact that they have become integrated into U.S. society, particularly families with children born in the United States. Thus, it is likely that immigration flows are simply responding to U.S. economic conditions. Since 80 percent of new immigrants are unauthorized, they choose to migrate to the United States at their discretion. This implies that with limited economic growth for much of the past decade, and the high unemployment rate since 2008, immigration numbers have declined as there is less demand for their labor.

To view Passel's PowerPoint presentation, please click [here](#).

Javier Díaz de León, executive director of the Institute for Mexicans Abroad, gave the audience an idea of what the Mexican government is doing to assist the Mexican diaspora living in the United States. Díaz de León noted that 98 percent of Mexicans residing outside their country live in the United States, making the issue of vital importance to the Mexican government. Though the media has focused on increasing enforcement efforts in the United States, the current migration picture is much more complex, with numerous initiatives occurring to improve the situation.

Concerning immigration policy, government actions are almost always unilateral—bilateral consensus is quite rare. In the United States, the increasing use of restrictionist policies, beginning in the mid-1980s, has caused the circularity pattern of migration between the United States and Mexico to break down. Since it is now more dangerous and expensive to cross the border, many migrants have opted to bring their families to the United States. There has also been a noticeable rise in migrant deaths, as migrants use new, more dangerous routes to get into the United States. As a result, there is increasing attention being paid to address the human rights aspects of migration between the two countries.

Given that immigration policy is often done unilaterally, there have been efforts to focus on alternative paths to address these issues. One idea is for more international cooperation on the issue, likely through a UN-sanctioned organization. However, Díaz de León pointed out that progress at the international level has been modest, as most migrant-hosting nations have been hesitant to participate and reduce their ability to act unilaterally.

Díaz de León also focused his comments on the link between migration and development. He argued that migrants can play an important role in reducing poverty in their country of origin while at the same time contribute to the prosperity of the hosting nation. With that in mind, governments have an important role to play in reducing the cost of sending remittances and assisting migrants in establishing businesses in their country of origin, particularly with the capabilities that migrants develop while in the host country. Governments, for example, can foster collective development projects that channel remittances, develop migrant networks, and include migrant organizations in local development policies.

The Institute for Mexicans Abroad, which was established in 2003, enables the Mexican government to focus on five main areas of development for its diaspora. First, the government is focusing on giving migrants increased access to banking and financial services. This has been aided by the Mexican identification cards issued by consulates, which are accepted by most banking institutions. Second, the government is providing low-cost services to send remittances to Mexico. *Directo a México* is an example of this, where the U.S. and Mexican Central Banks are working together to promote the sending of remittances through banks. Third, there have been increasing efforts at constructing skills-certification programs for migrants that would allow them to work in binational schemes. Fourth, programs are being created to give remittances additional value by promoting local and regional development. Díaz de León gave the example of housing, where the channeling of remittances can lead to the construction of new housing in a community. Fifth, the Mexican government is increasingly focused on the construction of a Mexican talent network for highly skilled immigrants that can help transfer sources of knowledge to Mexico to promote development through collaboration with the Mexican government in strategic areas.

To view Díaz de León's PowerPoint presentation, please click [here](#).

Concluding the first panel, **Adriana Ortega Ramírez**, professor at the Benemérita Universidad Autónoma de Puebla, presented Mexico-U.S. migration in an international context. She began by pointing out that the Mexico-U.S. migration corridor is the largest in the world, far surpassing that of Russia-Ukraine, the second-largest migration corridor. Furthermore, Mexico-U.S. migration stands out since the flow is largely unidirectional, whereas the Russia-Ukraine corridor is bidirectional. This results in the United States being one of the largest recipients of migrants in the world and Mexico one of the top sending countries. The United States also sticks out for the irregularity of its migration, with a much higher population in the United States than in other areas, such as the European Union.

As a result of these dynamics, the Mexican government has had to enact several changes to deal with this reality. Ortega Ramírez noted that the government has paid increasing attention to the Mexican diaspora since the 1990s; increased the number of consuls to help migrants with various immigration issues; increased the protection and security given to migrants; increased the amount of remittances invested; and focused attention on issues of health and education for migrants.

Continuing her discussion, Ortega Ramírez emphasized that Mexico is no longer just a sending country, but also a transit country for migrants from other regions, mainly Central America. This includes such groups as Guatemalan temporary workers that are seasonally employed in southern Mexico and also the thousands of migrants that cross Mexico to get to the United States. While many Mexicans migrate to the United States in search of better employment opportunities, Mexico is a destination and transit country for Central American nations due to its higher level of development than its southern neighbors. This, she argues, calls for a broader human security plan, one that focuses on issues such as the environment, the exercise of freedom, and a more comprehensive view than the currently used Human Development Index (HDI).

To finish her commentary, Ortega Ramírez offered some potential alternatives for the region in its approach to migration. One would be to differentiate between visas and programs for temporary workers. While visas are unilaterally done, a more comprehensive temporary workers program would allow the input of sending and receiving countries. Another area is migrant differentiation, mainly between low and highly skilled migrants. Differentiation allows receiving countries, such as the United States, to recruit based on labor shortages in specific sectors. As the United States and Mexico increasingly recognize the shared responsibility they have in drug trafficking, they must now recognize the shared responsibility to promote regional human security regarding migration.

To view Ortega Ramírez's PowerPoint presentation, please click [here](#).

Panel 2: The Connection between Mexico's Low Economic Growth and Migration

Raúl Delgado Wise, director of development studies at the Universidad Autónoma de Zacatecas and president of the International Migration and Development Network, asserted that migration as a field of study is narrowly understood and surrounded by mythology, leading to negative public opinion that sees migrants as criminals and public enemies. This stems from analysis that is decontextualized, which leads to public policy that ignores the root causes of migration. This lack of in-depth analysis often masks the contributions made by immigrants to host countries and the losses incurred by the sending countries (losses that are not covered by remittances).

Turning his attention to Mexico-U.S. migration, Delgado Wise noted the role the North American Free Trade Agreement (NAFTA) has played in increasing Mexican emigration. NAFTA, he argued, came at a time of increasing internationalization of capital. This transformation seeks to expand production to less-developed countries to have access to cheaper labor and more abundant natural resources. NAFTA, for instance, had an underlying objective to export cheap labor to the United States. This export of labor has been a crucial aspect of economic restructuring in the United States since the implementation of the agreement.

After his comments on NAFTA's role in spurring migration from Mexico to the United States and increasing asymmetries between the two nations, Delgado Wise offered evidence of the positive effects Mexican migration has had on the U.S. economy. U.S. population growth rates are primarily due to Latin American immigrants, with the majority being Mexican. Latino immigrants also contribute to a large share of the U.S. economy: 7 percent of total GDP in 2007. From 2000 to 2007, Latino immigrants contributed 17 percent of U.S. economic growth. Despite these contributions, these same immigrants often receive 30 percent less than they should receive in comparison to what they contribute. It is these types of disparities that show how remittances are not likely a pathway to development, as the costs incurred by the immigrants are much higher than what is received through remittances.

Delgado Wise offered six concluding thoughts on his presentation. First, human mobility under NAFTA is not free choice but instead forced migration. Second, the export of labor is a key component of U.S.-Mexico integration. Third, Mexican migrants contribute to demographic and

labor needs, as well as economic growth in the United States. Fourth, Mexican migrants contribute to fiscal and social security programs within the United States while often living in conditions of social exclusion and criminality. Fifth, remittances do not capture the important transfer of value incurred through migration. Sixth, the recent global economic crisis represents a unique opportunity to address the relationship between migration and development. In the instance of NAFTA, it represents an opportunity to review the agreement on a new basis—reciprocity—and increased cooperation for development and fair trade.

To view Delgado Wise’s PowerPoint presentation, please click [here](#).

Next to speak was **Agustín Escobar Latapí**, professor at the Centro de Investigaciones y Estudios Superiores en Antropología Social (CIESAS Occidente). Escobar Latapí began by noting that the main cause of migration from Mexico is quite evident: insufficient development. More importantly, it is necessary to look at the causes of insufficient development. For Escobar Latapí, increasingly ineffective governance in Mexico has contributed to the surge in migrants. One of the largest upsurges in migration occurred in the 1970s—well before the implementation of NAFTA—as a result of numerous government policies, notably frozen crop prices, which contributed to a decline in corn production and fiscal problems for the Mexican government. Economic policies matter, but effective government is far more important.

Recent political changes and institutional reforms have made the Mexican government weaker than in decades past and therefore less able to carry out reforms. This has been exacerbated by decentralization of power. Now, the central government is less capable of coordinating and implementing decisions, leading to difficulties in building consensus and forcing most changes to be gradual. The Mexican central government has begun to address some of these changes, such as increasing federal supervision of state expenditures and social programs, but efforts remain limited.

Escobar Latapí focused on two types of potential reforms—what he labeled as “mini-reforms” and “modest reforms”—that could spur economic development in Mexico and stem the flow of migrants. Under “mini-reforms,” an increased focus on basic needs would be useful. Social protection systems, such as cash-transfer programs, are helpful. There is also a need for better health care, increased incentives to attend school, and noncontributive pensions. If these changes are combined with reasonable employment opportunities, Mexico would be more capable of keeping people and bringing migrants home. Employment opportunities could be increased, but recent efforts have had limited impacts. In 2007, the Mexican government created an employment promotion scheme that had a very limited budget, of which only one-sixth was used. Yet, these schemes need to be made to work. Paternalism, as Escobar Latapí argued, is not a dirty word, and there is a need for the Mexican government to intervene when necessary.

“Modest reforms” would be more ambitious. Potential modest reforms include facilitating capital accumulation for migrants. This would entail federal and state programs to provide enterprising people with funds that could potentially replace the need for this group of people to migrate. Energy reform is also needed. This does not necessarily mean privatization, but joint ventures with private companies, which are undertaken by numerous state-owned oil companies. Modest reforms

could also include increasing the presence of Mexican inputs in global manufacturing; increasing globalized services offered in Mexico, such as retirement communities and improved health services; and increasing the access of many farmers to markets. Tax structures need to be changed to increase formal employment opportunities. This would likely be achieved by shifting health, security, and housing away from employment taxes to general taxes. This tax change would also help employers exit the informal economy, increasing tax revenues. Escobar Latapí concluded by noting that though the reforms he presented are general, all still represent a significant opportunity to dampen migration flows.

To view Escobar Latapí's PowerPoint presentation, please click [here](#).

Tamara Woroby, senior adjunct professor of Canadian studies at Johns Hopkins University School of Advanced International Studies (SAIS), concluded the second panel by offering a look at the differences between U.S. and Canadian migration policy and what has led to such small numbers of Mexicans migrating to Canada in comparison to the United States. While recognizing the shared border between Mexico and the United States, Woroby noted that Mexican populations in the northern United States have grown in recent years, while Canada's Mexican population has largely remained static.

In terms of legal foreign-born residents, when measured as a percentage of total population, Canada is the second most open country in the world, with only Australia being more open. It is relatively more open than the United States and much more open than Mexico. Whereas the United States tightened its immigration policy throughout the last century, Canada generally stayed open, with the proportion of immigrants living in the country stable. It is only in the past 20 years that the proportion of immigrants in the United States has increased, in fact doubling.

Canadian and U.S. immigration differ in many other areas as well. Canada receives many immigrants from Asia in comparison to the Western Hemisphere, with half of new arrivals originating in Asia. The European population is also higher in Canada than the United States. Criteria also vary. In the United States, a family criterion dominates the selection process, while in Canada economic and skill components are emphasized. Canada is also notable for its point system, introduced in 1965, to measure potential immigrants. The point system allows for greater transparency for applicants and is also very flexible—for example, the points allocated can be altered in the event of labor shortages in certain sectors. In contrast, the family reunification criterion adopted in the United States, because it acts a multiplier of the existing immigrant groups, leads to a higher percentage of low-skilled immigrants, which many point to as creating an economic underclass due to the low wages received by this group. Canada's system is far from perfect, however. In some ways, it has created an economic "superclass" of immigrants, and high skills do not necessarily translate into jobs. Nevertheless, the points system allows adjustments and reforms to be made more easily. Canada has a relatively low level of undocumented workers, in part because Canada's temporary worker programs allows low-skilled laborers to enter in greater numbers and more easily.

Recognizing the successes of the Canadian system, Woroby offered options for improving immigration policy in the United States and Mexico. For the United States, efforts must be made to improve the Mexican economy and thus diminish the push factors of migration. This includes increasing Mexican imports—possibly through new preferential treatments—or possibly locating industries in Mexico. The United States should also assist in channeling remittances to more productive endeavors in Mexico. Policymakers in the United States should also inform the U.S. public that, while it is the right of any country to decide who lives within its borders, countries cannot be against immigration and foreign aid if they hope to reduce immigration flows. The United States could also do more to lower narcotics consumption to reduce the demand side of this illegal and increasingly violent market in Mexico. And it could enact immigration reform that includes a temporary worker program, as well as some type of points system for permanent immigrant selection.

For Mexico, recommendations included working with the United States to channel remittances more effectively—ideally into job-creating sectors. Mexico should also continue focusing on its southern border, where Central American migrants are being increasingly victimized by drug-trafficking organizations. Mexico might also assist the United States in the construction of a temporary worker program that suits both the labor needs of the United States and the employment needs of Mexico. Finally, Mexico must continue to focus on finding ways to end poverty within its borders.

To view Woroby’s PowerPoint presentation, please click [here](#).

Keynote Speeches

In the first keynote speech, **Phillip Martin**, professor and chair of the Comparative Immigration and Integration Program at the University of California at Davis, focused on the difficulties of reforming U.S. immigration policy. He began by arguing that while Mexico-U.S. migration policy is described as “a broken system,” the status quo works for the people most directly affected, migrants and employers. It allows migrants to find jobs and employers to have access to their labor. Both governments have made efforts to reduce migration over the past several decades and have enacted policies to alter the status quo. However, many of these policies have had unexpected consequences, and governments today recognize that past efforts to reform the system have failed, causing them to lose credibility and leading to inertia today. Thus, while it is easy to criticize the current system, it is much more difficult to find answers to fix the system.

Martin highlighted three potential immigration policies for the United States. First would be maintaining the status quo; second, focusing on enforcement only or enforcement first; and third, enacting comprehensive reform. Concerning comprehensive reform, it has proven difficult to liberalize U.S. immigration policy when there is still significant emigration pressure in Mexico. As the number of workers in Mexico’s agricultural sector continues to decline, more urban jobs will need to be created, but it is still uncertain whether this will happen. This situation has created ambivalence for both governments. The Mexican government wants jobs for its workers, while the

U.S. government tolerates the access of its employers to unauthorized Mexican workers. This makes for a bad system, but one that “works” and is hard to reform.

U.S. migration policy toward Mexico has a zig-zag quality. While the 1940s saw active recruitment of employees, the 1950s saw an increase in enforcement. The 1980s also witnessed an increase in enforcement efforts, while policy since the 1990s has paid more attention to building-up resources at the border. Many Mexican and U.S. policies sped up processes that were already happening. Martin argued that even without NAFTA—or any type of economic integration—large-scale migration would still be occurring between the two countries. The aim should be faster development in Mexico to decrease emigration pressure. Until this occurs, and as long as Mexico’s growth rates lag behind many developing economies, both countries must learn how to manage the migration relationship.

Returning to U.S. immigration policy options, the status quo likely implies increased border control efforts and increased efforts at employer verification. If policy changed to focus on enforcement efforts, there would likely be a mandate requiring employers to check the legal status of new employees. This may discourage new migrants from entering the United States, particularly those without established networks. Comprehensive reform would entail a mixture of more enforcement efforts, legalization of those already residing in the United States, and other measures such as new guest worker programs. Comprehensive reform, however, is difficult, as failed reform efforts in 2007 demonstrated.

So where do the United States and Mexico stand today? Over the next decade, 10 to 15 million more Mexicans will leave rural Mexico in search of employment. Since formal sector job creation did not happen in the 1990s as had been hoped, there will likely be a continuing push to emigrate to the United States in search of better economic opportunities. The United States will likely continue its enforcement efforts to limit the entry of Mexican migrants at both the federal and state level. After the 2012 elections, U.S. policy will likely depend on the situation in Mexico: if there is light at the end of the tunnel, comprehensive immigration reform is more likely. Until then, the current situation will continue, where some in the United States argue that migrants are seeking a better life and deserve the opportunity, while others argue they take jobs from U.S. citizens and may be potential terrorists. Martin concluded that amidst this contentious debate, a majority of U.S. citizens support tougher enforcement, such as Arizona’s strict immigration law passed in 2010.

To view Martin’s PowerPoint presentation, please click [here](#).

Rafael Fernández de Castro, presidential adviser on international affairs and competitiveness and founder and head of the Department of International Studies at the Instituto Tecnológico Autónomo de México (ITAM), focused his keynote speech on the increasing costs of migration and increasing number of Central American migrants who transit through Mexico en route to the United States. Particularly after the events of 9/11 and subsequent increase in border security, the costs of migration have risen while benefits have declined. The increased border security was meant to allow for increased law and order at the border, which in turn would lead to comprehensive immigration reform. Yet, the anti-immigrant block within the United States has seized on these

changes to focus on increased border security while blocking comprehensive reform efforts. This has led to a decade of increasing marginalization of Mexican migrants—both legal and illegal—with many having to break links with their communities of origin as the circularity pattern of migration has been broken. This is not limited to Mexican migrants either. Increasingly, Central American migrants—Guatemalans, Hondurans, Salvadorans—must be included in the discussion on migration to the United States.

Numerous examples exist of the increasing costs of migration. Most noteworthy, and troubling, has been the rise of migrant deaths as they cross the border. Nearly 3,500 Mexicans lost their lives in the past 10 years while making the trek, and evidence points to rising deaths among Central American migrants as well. The rising deaths have increased fear among the migrant community, which hampers the ability of migrants to develop their full potential and negatively affects the assimilation process. Another cost is the persistence of migrants being employed in low-wage jobs. While many seem to accept their fate, other migrant communities—such as the Asian community—have focused on developing their children to rise above these jobs. There is also increasing recognition of the cost incurred by sending communities, where depopulation has led to broken families and the decay of social fabric. Fernández de Castro noted that Mexican president Felipe Calderón has changed the government’s rhetoric concerning immigration. Whereas the previous president, Vicente Fox, celebrated the role of migrants, Calderón has focused instead on the costs incurred.

Fernández de Castro highlighted the worsening plight of Central American migrants. As the Mexican government has cracked down on drug-trafficking organizations (DTOs), the DTOs have begun to prey on Central American trans-migrants, who, seeking to hide themselves from the authorities, become easy targets. This has led to increasing abuses of these migrants, many of whom remain silent. Peaking in the mid-2000s, the Mexico government has begun to deport fewer Central American migrants in recent years. Despite the Mexican government’s efforts, systematic abuse of these migrants continues to rise. This can be seen in the increase in kidnappings of these migrants, whose families in the United States are often forced to pay a ransom to secure their release. The massacre of 72 migrants in Tamaulipas in 2010 only highlighted the situation, although it remains difficult to ascertain the actual number of migrants and kidnappings due to the desire of many of these migrants to remain invisible.

With that in mind, Fernández de Castro examined the options for the five governments involved, particularly when there is little dialogue among them. For the United States—with the war on terrorism and high unemployment—immigration policy seems to be paralyzed. Mexico appears to have a full plate as well. Recognizing that former president Fox worked hard on the immigration issue and received very little, President Calderón has been hesitant to push the issue with the same vigor. Among the Central American nations, El Salvador has been the most aggressive in protecting migrants’ rights, opening consulates throughout Mexico. Yet, because these migrants still want to remain out of the spotlight, many are not utilizing these consulates. This makes for a situation where many recognize the long-term answer is structural change that decreases emigration pressures, but little is done in the short term to improve the situation.

Panel 3: Economic Reform in Mexico

Antonio Ortiz-Mena, head of the Economic Affairs Section at the Embassy of Mexico, laid out the main economic initiatives the Calderón presidency has spearheaded to create more employment opportunities in Mexico. These initiatives have included ongoing programs to combat poverty, universal coverage of health care, stable finances, reform of the energy sector, reform of telecommunications and reform of the regulatory system. The administration has seen success in some of these areas. Social security for state employees, a chronic drain on public finances, was reformed, reducing the fiscal expenditures of the state. These fiscal reforms were enacted in 2007, whereas 2008 saw reforms of Mexico's energy sector. Legislation was introduced in 2010 that contained reforms to favor more flexibility in hiring and dismissal, in tune with the dynamic twenty-first-century economy, but Congress has not yet passed it. Some of these reforms have faced resistance—as the status quo always benefits certain segments of society—but Ortiz-Mena argued that Mexico must move forward with these reforms and focus on actions that create sustained economic growth.

Two areas in particular need renewed attention to create more sustainable growth in Mexico. First, despite record high investment in infrastructure, when compared to recent administrations, still more investment in infrastructure is needed. Not only would these investments create jobs in the short term, they would also set the basis for a more competitive economy in the future. Second, despite high current rates of investment in Mexico's education and health care systems, budgetary priority for these areas must be maintained to improve the country's competitiveness and ensure sustained growth in the future.

With all of the needed reforms in mind, Ortiz-Mena pointed out that the Mexican economy has bounced back quickly from its 2009 downturn, while at the same time increasing its competitiveness internationally. This is often overshadowed by the press coverage of Mexico's security situation, but numerous examples show the underlying strength of the economy. For instance, Mexico recently issued a 100-year bond, reflecting strong confidence in future economic prospects. Mexico also consistently ranks highly among countries for ease of doing business, such as in the World Bank's *Doing Business* report, not only within Latin America but also above BRIC and European countries. One could argue that things are moving in the right direction in terms of Mexico's economic situation, although maybe not as quickly as many would like.

Numerous challenges exist within Mexico that will continue to need attention. Two reforms in particular—in labor and competition—will need to be carried out to increase employment opportunities. Mexico must also address the regional differences that have increased over the past decade. By comparing the development of Mexico's states, it is apparent that development in southern Mexico has lagged behind that in northern Mexico, and more effort will be needed to decrease this difference. The United States can help with these challenges as well. The United States must resist protectionism and keep an open economy. By thinking and acting strategically from a North American perspective, the United States stands to benefit greatly. A growing Mexico will benefit the United States, as Mexico is the second-largest destination of U.S. exports. Economic

interaction with Mexico is not a zero-sum game; greater economic interaction benefits both countries.

Rodolfo Cruz Piñeiro, professor of population studies at el Colegio de la Frontera Norte (COLEF), followed by giving a picture of migration flows and employment at the U.S.-Mexico border. Over the last two decades, Mexican border cities have seen significant growth in their populations, as a large influx of migrants from the interior of Mexico and Central America has settled in border cities. Yet the picture has changed significantly over the past 10 years. This includes a change in the source of migrants and a new economic structure at the border.

Through the use of surveys at the border, recent changes have become more evident. In particular, while in the 1990s most migrants were headed for employment in Mexican border cities, the last decade has seen many more migrants continue into the United States. Migrants have always been attracted to the border region, where unemployment is lower than in other Mexican regions due to the location of the *maquiladora* factories. However, the *maquiladora* industry has seen declining employment since the early 2000s—as Chinese imports have displaced Mexican imports in the U.S. economy—and unemployment at the border has risen. Now, many migrants are forced to find employment in the informal sector, indicating the absence of quality employment opportunities at the border. Studies indicate that the number of people staying at border cities less than seven days is decreasing, while the unemployment rate for those remaining more than seven days is increasing. One reason for this is that increasing border security has put more pressure on border cities due to difficulties for migrants in entering the United States. At the same time, Mexico has not invested needed resources into employment promotion in border cities, with resulting job creation often temporary.

Cruz Piñeiro argued that these changes call for new strategies at border cities. First, the Mexican government must establish a new political industrial model focused on creating employment opportunities at the border. Increased investment in infrastructure at the border is needed that will also generate employment opportunities and increase the region's competitiveness. Diversification of the border economy is needed to decrease the dependence on the *maquiladora* industry by, for example, enlarging tourism from the United States. The government must also promote the building of human capital necessary for the region through productive and education sectors. Finally, to increase the human capital of migrants arriving at the border, skills-building programs must be implemented at the border that increases employment opportunities.

To view Cruz Piñeiro's PowerPoint presentation, please click [here](#).

Concluding the third panel, **Andrew Selee**, the director of the Mexico Institute at the Woodrow Wilson International Center for Scholars, focused on recent trends in the Mexican economy. He began by pointing out that Mexico does well in many areas except one: economic growth. Faster economic growth would help create employment opportunities throughout Mexico, reducing persistent poverty and a precarious situation for the nation's middle class.

Selee noted six recent developments in Mexico's economy. First, the last decade has seen the emergence of globally competitive Mexican businesses. Many companies are at the vanguard of

their respective industries, from Bimbo to Cemex to Lala, and have made significant investments in many countries, including the United States. Yet, while competitive internationally, many do not face competition domestically, where monopolies provide expensive services due to the absence of competitive policies. In relation to this, the second trend has been the growing importance of the export economy. Despite the importance of exports to the Mexican economy, linkages between national and export-led industries remain weak, as many national industries, particularly smaller businesses, face limited access to credit and the banking sector.

Next, the hollowing out of rural Mexico shows no signs of slowing down. Nearly half of migrants to the United States come from rural areas, despite the fact that most Mexicans live in cities. Yet, there are still significant numbers of Mexicans dependent on agriculture. The Mexican government has failed to address this problem, as its subsidies typically do not go to poor farmers. As Mexico must now compete with U.S. agriculture, the decline of agriculture in Mexico makes a significant contribution to migration.

Fourth, education and human capital remain barriers to increasing employment in Mexico. Mexico has made significant strides in the last 30 years in these areas, but quality is still not there. One factor has been the strength of the teachers' union. Mexican schoolchildren spend fewer hours in school than elsewhere, and they have limited access to technology that could improve their education as well. Despite the proximity to universities in the United States, many Mexicans do not study in the United States, something that may need to change in the future to increase educational opportunities. For the last two points, Selee pointed out that local governments must seek to dynamize local economies, something the federal government is not likely capable of doing. This will be difficult, however, as states collect little taxes, and there is very little transparency at the state level. Finally, oil could be an engine of growth if reforms are able to increase production.

There are numerous efforts to link migration and development, much of it by migrants themselves. However, many groups are not well organized, and communities should not be forced to depend on migrants—development is the role and responsibility of the state. One area on which the Mexican state must focus is creating rural credit markets based on remittances. This could help fund businesses in rural areas and reduce the migration pressure from rural Mexico. Finally, oil revenues could be placed into a sovereign wealth fund, similar to Chile's actions with copper revenue. This fund could be used to revamp Mexican infrastructure or used for social purposes, such as educational or other efforts that would create economic opportunities throughout the country.

Panel 4: What Can the United States Do?

Immigration reform in the United States is the exception, not the rule, argued **Susan Martin**, executive director of Institute for the Study of International Migration at Georgetown University. Seldom has the United States been able to enact comprehensive reform. At the same time, most reforms that have been enacted have sought to restrict the number of immigrants allowed to enter the United States. The reforms of 1875 were a series of restrictionist measures meant to keep people

out, while the reforms of 1921 put the first numerical cap on immigrants, while imposing national origin measures intended to keep southern and eastern Europeans out of the United States. In 1965, national origins measures were eliminated, after years of pressure to do so, but restrictions remained to limit the number of immigrants able to enter the United States—this time from the Western Hemisphere—and this system largely stayed in place until 1990. Thus, there are often long periods in the United States where many recognize that the immigration system is broken, but Congress has historically been unable to make changes.

Several factors have made it difficult to reform U.S. immigration policy. Historically, there has often been ambivalence toward immigration in the United States: many U.S. citizens are suspicious about current immigrants, but hold favorable views of previous immigrants. This has made it difficult for reforms to build consensus, as the issue attracts “strange bedfellows” into a coalition that easily falls apart and ensures that the status quo prevails, which often works well enough for most interested parties.

Currently, with a split Congress, it is highly unlikely that the United States will be able to enact comprehensive reform. In this context, the issue for reformers becomes what can still be done. Mostly, this will be blocking bad things from happening and continuing to push for positive reforms, primarily at the local and state level. While recent restrictionist measures passed in such states as Arizona have drawn attention, Martin pointed out that there are many positive developments at the local level as well. This is seen in such efforts as focusing on integration through language training for migrants and increased incorporation of migrants into civil life. Finally, more attention must be given to administrative reforms. This includes increased consultation with Mexico on migration issues and ideally the development of a framework that allows the two countries to address the issue. Likewise, more resources could be devoted to workplace verification, shifting dialogue away from increased border control. It could also include streamlining temporary worker programs to increase the efficiency and transparency of the process.

Marc Rosenblum, senior policy analyst at the Migration Policy Institute, followed by discussing the difficulties the United States has in developing a comprehensive immigration policy. He began by pointing out that there are large technical and logistical barriers to manipulating the migration system, making it particularly difficult to use economic policy to influence immigration from Mexico, as there is no simple “one-to-one” development-to-migration ratio. It is also difficult to design development policy to target migration producing regions. Creating jobs to dampen outflow is an expensive proposition, and no U.S. governmental actor has this mandate. This means that the U.S. government must focus on the immigration channel to dampen migration.

Several barriers exist that make it difficult to have an international perspective on immigration policy. This is mainly seen in the differing goals of U.S. foreign and economic assistance policy and immigration policy. Immigration policy is driven by family, humanitarian, and economic concerns, while foreign policy must focus on defense and diplomatic interests, as well as protecting access to U.S. markets. These are very separate conversations, and there is no simple answer to what diplomacy expects from immigration policy.

Foreign policy occasionally influences immigration policy. Often, this is during times of crises or when immigration is seen as a strategic consideration. It also occurs when immigration is less tumultuous politically, such as in 1965 when the immigrant population in the United States was historically small. During the Cold War, it became strategic for a more open immigration policy, while other periods have been dictated by foreign policy that calls for more restrictionist measures.

Immigration policy can also influence foreign policy, particularly through humanitarian concerns. The Bracero Program is one example, where the United States needed agricultural workers, approached Mexico, and worked with the Mexican government to ensure a supply of workers. Notably, the Bracero Program remained in place even into the John F. Kennedy administration, after the politics subsided, as President Kennedy did not want to harm U.S.-Mexico relations.

The U.S. government increasingly recognizes the connection between migration and development, mainly through increased foreign assistance to countries that are sources of migration. Many presidents have formed commissions that have issued reports on the topic, but it has often ended there. During the 1960s, the U.S. Agency for International Development had a large budget devoted to development assistance, not necessarily for immigration but to increase economic opportunities in low-income countries. This funding has significantly decreased since then, and most aid is now given as military aid. The U.S. government is now increasingly working with diasporas to channel remittances more effectively. In all, the United States could do much more. Rosenblum noted that the U.S. government could work more closely with sending states for “smarter” development assistance; could increase the size of temporary worker programs; look at creating country-specific visas; construct a credentialing program for migrant workers; reform agriculture policy, especially U.S. subsidies; and move foreign assistance away from a security focus to assistance focused on development.

The United States must reexamine the assumption that immigration reform is the precondition for making progress on other fronts. **Doris Meissner**, senior fellow at the Migration Policy Institute, argued that immigration reform may or may not happen, but most likely not in the short term. Instead, while continuing to push for immigration reform, advocates must think in new terms, focusing on the interconnectedness of the United States with Mexico and Central America. By increasing the focus on this dynamic, policymakers will increasingly recognize that immigration is a regional issue and best addressed through the lens of long-term competitiveness. By doing so, more effort could be made to address building up the region’s human capital infrastructure.

U.S. policy has not kept pace with the reality that the economic and social lives of the United States, Mexico, and Central America (particularly El Salvador) are intertwined. There is little ongoing dialogue among these nations that offers a regional vision toward solving migration issues. Thus, civil society groups must find a way to move this agenda forward. In particular, these groups must focus on education and workforce development to increase the competitiveness of the region.

Meissner offered several recommendations for how this can be achieved. One area to focus on would be the creation of common standards within the region for education and workforce development in key sectors that complement one another. In high-skill areas, this could be health

care and education, while in low-skill areas, it could be done in hospitality and construction. The credentialing for these skills could be done at the state level to allow for more flexibility in their adoption. This could also assist in creating career ladders that are cross-national, where career pathways are constructed through the universities for migrants, while at the same time increasing the circularity of migration. All of these efforts should begin with pilot programs that recognize the flaws of their design and what is achievable so they may be more successful on a larger scale. By enacting changes in these areas, it may be possible to help change the cycle these countries are locked in, where meager development is the result of the status quo.

Given that there is little appetite in the United States for immigration reform, the focus must be on making incremental changes. **Lindsay Lowell**, director for policy studies at the Institute for the Study of International Migration at Georgetown University, focused his remarks on reforming one type of program: temporary worker programs that are very important for Mexicans seeking to work in the United States. For instance, under the Bracero Program, Mexican migrants made up approximately 17 percent of U.S.-hired workers by the 1950s. Bilateral management became conflicted with the Bracero Program, as there were many problems on both sides. The United States increasingly controlled the program while problems increased, and the program was ultimately abandoned. In the United States, for instance, evidence showed that the Bracero Program adversely affected U.S. agricultural workers even while Mexican Braceros often experienced exploitative working conditions. Yet, the importance of temporary worker programs continues.

This importance can be seen in the H-2 program. Under the immigration reform enacted in 1986, the H-2 program was split into two categories. The numbers of entrants into both programs grew steadily under the Bill Clinton and George W. Bush presidencies. It cannot be said with certainty why this occurred, but it was likely influenced by changes in the agricultural workforce at the time, as well as an eased admissions process. Under George W. Bush, the number of H-2R workers—that is, workers with an H-2B visa that wish to stay a second year—grew significantly as well. As migration has declined in recent years, the H-2 programs have continued growing, indicating they are operating in a countercyclical fashion. Since the H-2 visas account for one-fifth to one-third of Mexican migration, they are an important component of the migration picture and an important area for policymakers to target.

Lowell suggested several ways to improve management of the H-2 visas, focusing on maximizing benefits, while minimizing abuse; focusing on enforcement of visa regulations, as many are fraudulently applied for; ensuring migrants are paid what they should be paid; and an increased focus on general labor law enforcement. There is also potential in constructing small-scale programs that focus on the labor needs of specific industries. This program would be enhanced with skill certification, with the idea being a return to Mexico, encouraging the circularity of migration. A commission could be established that auctions the H-2 visas, possibly with a test auction in a specific market, to help improve the efficiency of the process. Above all, more consistency is needed with temporary workers program. While the George W. Bush presidency saw the relaxation of conditions and wages under the program, the Barack Obama presidency reversed

these changes. If the regulation of the program became more consistent, it would allow policymakers to better address the labor needs of U.S. employers and focus on the abuses of the system.

To view Lowell's PowerPoint presentation, please click [here](#).

The full audio from the conference and video of the keynote addresses may be accessed by clicking [here](#).



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