

Ten Years of NAFTA And The New Labor Market Part 2: Migration

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Ready to cross.

THE EXPLOSION OF THE MIGRANT POPULATION

Given the difficulties in finding formal jobs and the low wages in both the formal and informal economy, millions of Mexicans opt to emigrate. While this has many historical pre-

cedents, since modernization (1983-2004) or globalization, this process has turned into a massive expulsion of Mexican workers. However, the great majority of those who enter the United States and Canada do so illegally.

For a long time, there has been hostility in the United States toward Latin Americans, particularly Mexicans, who enter into the underground economy where they are exploited to the maximum, earn low wages and enjoy few if any benefits.

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In this context, three major trends forge the new contours of the status of Mexico's working classes: work in the country's informal sector, jobs in the maquiladora sector (analyzed in the first part of this article; see *Voices of Mexico* 69) and migration to the United States and Canada.

These parts of the labor economy offer bare survival to millions of Mexicans in the global economy created in the last 10 years, the years of the North American Free Trade Agreement (NAFTA). If these escape valves did not exist, the social pressure on the formal labor market would be much more explosive since the population in general and workers in particular have lost confidence in public institutions, political life and the formal labor market.

For that reason, migration as an answer is quite complex and has a long history and deep structural roots, not only in Mexico but also in the destination countries:

- a) The accelerated, constant growth of the Mexican population of working age.
- b) The Mexican economy has limited capabilities of absorbing the national work force.
- c) Economic policy has been incapable of consolidating economic and social development, and particularly of fostering the domestic market.
- d) The United States requires manual workers with a basic primary and junior high school education, above all for agriculture and services, where the current scarcity of labor will increase in coming years.¹
- e) Wage differentials between the two countries are significant.

NAFTA AND MIGRATION

While the articulation of the U.S. and Mexican economies was already quite strong in the 1960s and 1980s, Mexico's modernization policy and free trade from 1994 to 2004 led to a greater integration of different areas of the economy.

These conditions, among others, have led to such an increase in the flow of Mexican migrants to the United States, the majority undocumented, that the Vicente Fox administration has promoted a migratory accord to

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give the process a certain legality. For his part, George W. Bush has talked about signing this agreement, although he has not specified when, probably because his reelection was at stake and he was trying to get the Hispanic vote, particularly that of Mexicans.

EFFECTS OF MIGRATION IN MEXICO

Generally speaking, we can say that in these conditions, migration has both positive and negative effects:

- 1) The loss of human capital, particularly of skilled workers.
- 2) Mexican immigrants in the United States earn wages—whether agreed legally or illegally—that

are relatively higher than those paid in Mexico.

- 3) One of the benefits are the remittances sent to Mexico, the country that receives the most remittances in Latin America and the second worldwide—the first is India. In 2000, for example, they came to between 1.5 and 2 percent of Mexico's gross domestic product.

THE EFFECTS OF MIGRATION IN THE UNITED STATES

- 1) In the tax system, illegal immigrants using false documents pay withholding tax, but laws limit their access to social networks and services.
- 2) The immigration of young workers contributes to diminishing the effects of the aging of the U.S. population. Eventually, they will replace retirees.
- 3) The immigrant population tends to remain in the United States, integrating into society and cultural life.²

CONTINUITY AND CHANGE IN MEXICO-U.S. MIGRATION

Today's migration has the following characteristics:

- 1) Greater complexity and heterogeneity.
- 2) Growing regional diversification. Among the home states of recent migrants are Puebla, Hidalgo, the State of Mexico, Mexico City's Federal District and Morelos.

- 3) An increasing number of migrants come from large and medium-sized urban centers.
- 4) Greater occupational and sectoral diversification among migrants.
- 5) Mexican migrants tend to prolong their stay in the United States, even taking up permanent residence.³

The profile of today's Mexican emigrants is not the same as that of the 1960s and 1970s. Until the 1970s, they came mainly from among the poor or from peasant regions, but between 1994 and 2004, because of increasingly precarious economic conditions, people with greater resources or with family ties to emigrant groups have joined them.⁴

Over Mexico's last two presidential terms (12 years), every year approximately 390,000 workers have emigrated. The annual net flow has increased about 12-fold in the last 30 years, going from an average of 29,000 persons in the 1960s to 390,000 in 2003.

REMITTANCES

a) According to National Population Council (Conapo) figures, the 1995 economic crisis spurred Mexican international migration in search of higher earnings. By 2003, remittances sent home by Mexican migrants reached U.S.\$14.5 billion.⁵ As a point of comparison, Mexico's Central Bank states that in 2003, foreign direct investment came to U.S.\$11 billion.

Today, 4.5 million Mexicans depend directly or indirectly on remittances from abroad.

- b) These monies, on average U.S.\$321 per month per family (about the equivalent of twice Mexico's monthly minimum wage), were received in one out of every four homes and contribute to Mexico's domestic consumption.
- c) Remittances were the equivalent of 79 percent of the value of crude oil exports in 2003 and 2.2 percent of Mexico's GDP.⁶

The impact on the Mexican economy of the labor of migrants who work in the United States and Canada, then, is noteworthy, particularly with regard to consumption. They have become the second source of hard currency, after oil production and ahead of tourism, which is in third place.

To the extent that the country lacks real development plans for agriculture, industry and services, as long as there is no policy to shore up the domestic market, Mexican society will continue in a process of social and economic marginalization, suffering the continual decrease in its revenues and labor rights. On the other hand, Mexico's large companies and the multinationals will continue to increase their profits. ■■■

NOTES

¹ Conapo, "Índice de Intensidad Migratoria México-Estados Unidos, 2000," <http://www.conapo.gob.mx>, December 2002, pp. 12-13.

² *Ibid.*, pp. 24-26.

³ *Ibid.*, pp. 29-30.

⁴ *Ibid.*, pp. 18-23.

⁵ *Reforma* (Mexico City), January 11, 2004, p. 20.

⁶ *La Jornada* (Mexico City), February 4, 2004, p. 20.

Mexico is the country that receives the most remittances in Latin America and the second worldwide. In 2000, they came to between 1.5 and 2 percent of Mexico's gross domestic product.

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