

The Migration and Labour Question: Lessons from the Mexico-US Corridor

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The nature of contemporary capitalism has been inaccurately represented and distorted by an apologetic notion of globalization, which emphasizes the increase in international flows of capital, information, technology and workforce. Underlying this partial and limited vision is a blind faith in a supposedly free and self-regulating market as a route to achieving a just and equitable society, but which has instead provided political cover for a project of capitalist expansion, neoliberal globalization, that has had severe consequences in terms of development and social justice for the past three and half decades. One of the main features of the new global architecture, boosted by the emergence of one of the most distressing global crisis since the 1930 recession, is the assault on the labour and living conditions of the majority of the working class (Harvey 2004). The migrant workforce is among the most vulnerable segments of the global working class (Márquez and Delgado Wise 2011a).

The purpose of this paper is to analyse some key aspects of the system in which contemporary migration is embedded, with particular emphasis on the process of segmentation and the precarization of labour markets. More specifically, the aim is to unravel: a) the nature of the dynamics of neoliberal restructuring under the aegis of neoliberal globalization, in search of cheap and flexible labour, as well as natural resources from the south; b) the growing asymmetries among and within countries and regions; c) the increase and intensification of social inequalities; d) the configuration of a gigantic global reserve army of labour associated with the emergence of severe forms of labour precarization and exploitation; and e) the predominance of forced migration as the main modality of human mobility under conditions of extreme vulnerability.

The lessons derived from the experience of the Mexico-US migration corridor not only provide important empirical evidence to support our overall argument, but they offer crucial data for demystifying the dominant visions in the field, and, perhaps more importantly: they set an important platform for disentangling the migration and labour question today.

Migration and Labour under the Neoliberal Regime

Although human mobility is a historical process with a certain degree of continuity, it has undergone major transformations in the context of neoliberal globalization, acquiring a new profile and dynamism. The working-class, primarily that from peripheral or underdeveloped countries, is forced to travel in conditions of increasing vulnerability due to lack of employment and access to decent livelihoods in countries of origin. International human migration travels mainly in a South-South and South-North direction; together, these two flows comprise nearly 70 per cent of the 214 million international migrants on Earth. There is also a significant contingent of internal migrants mainly located in the South that totals some 740 million. This means that, nowadays, one in seven people on Earth is a migrant (UN 2004 and 2010; Delgado and Márquez 2007 and 2009).

This implies a quantitative and directional change in population flows as well as a drastic restructuring of the labour market in a context of extreme exploitation and precarization. This re-composition is part of the complex restructuring process that

characterizes the global capitalist system under the neoliberal regime and which is essentially characterized by:

- Increased capital internationalization via a profound transformation of the geo-economic structure, commanded by large multinational corporations. This transformation results in a configuration of global networks of monopolist capital based on global chains of production, trade and services, and intra-firm trade mechanisms such as outsourcing or subcontracting. These networks spread like tentacles toward peripheral regions in search of natural resources and cheap labour force. Thanks to this new structure, large multinational corporations are able to carry out a global offensive against the international working, cheapening labour costs in an unprecedented fashion. The countries of Africa, Latin America, Asia and the former Soviet bloc have become suppliers of abundant cheap, flexible and disorganized workforce, as well as of national and international natural resources (Harvey 2007; Schierup, Hansen and Castles 2006; Delgado Wise and Márquez 2009; Foster and Magdof 2009; Bello 2006).
- Financialization. Financial capital is a significant fraction of international monopoly capital and utilizes speculative strategies typical of fictitious capital to generate easy profits in the short term. These undermine the performance of the so-called real economy and lead to massive fraud and recurrent crises. High volatility and speculative games also accelerate the “distillation” of capitals, which eventually benefit the concentration and centralization of monopolist capital while causing problems such as unemployment, famine and impoverishment. This perverse game not only involves the large capital and savings of the so-called first world but also the financial resources of the periphery, including sovereign wealth funds, investment funds, pension funds and public budgets. In essence, this is about resources being diverted from productive activity or the promotion of social development toward the world’s casino economy, with enormous costs for the majority of the population (Amin 2010).
- The restructuring of processes of innovation under mechanisms such as outsourcing and offshore outsourcing allows large corporations to have a growing contingent of scientific and technological southern workers at their service, transfer risks and liabilities, and capitalize on presumed benefits through the concentration of patents. This results in an unprecedented commodification of scientific work with a short-term vision and little social concern, one where physical and indirect emigration of highly qualified Southern workers plays a very important role (Petras 2001; Freeman 2005; Andreff 2009; Koepp 2002).
- Degradation brought about by privatization while disregarding the environmental, communal and national costs for the exclusive benefit of large multinational corporations, whose desire for profit takes unscrupulous precedence over social and environmental costs. This expansion and revival of extractive forms of natural resource appropriation has resulted in environmental predation, pollution, famine and disease, all of which threaten the balance between nature and society (Foladori and Pierri 2005).

At the centre of this process, which provides the foundation for the asymmetric and subordinate reintegration of peripheries into the sphere of neoliberal capitalism and conditions contemporary migrations, is a trait inherent to contemporary capitalist architecture: the massive oversupply of workforce. With the incorporation of the former Soviet Union, China and India into the world capitalist market, the world’s labour supply more than doubled, increasing from 1.46 to 3.1 billion workers. To this add the overflowing and violent liberalization of the workforce that has taken place in

peripheral economies as a result of the implementation of neoliberal structural adjustment programs. In a recent article, John Bellamy Foster, Robert McChesney and Jalim Jonna (2012) estimated that the global workforce reserve comprises 65 per cent of workers on the planet.

As a corollary, labour precarization has attained unforeseen levels. According to 2011 data from the International Labour Organization (OIT 2012): 1,520 million workers (49 per cent of the planet's workforce) labour in conditions of vulnerability (i.e., lack of job security and no access to basic labour rights); 910 million workers (29.4 per cent) earn less than US\$2 a day, which places them in a situation of extreme poverty; there are 203 million unemployed across the world and about half of the working population has informal employment. This is, clearly, a systemic kind of violence that must be understood and combated using all means at our disposal.

The deep multidimensional crisis (i.e., one regarding finances, overproduction, the environment and society) that currently afflicts the whole of humanity urges us to deepen our understanding, especially in regards to prospects of actual social transformation (Márquez 2010).

Uneven Development and Reintegration of the Peripheries

The concept of uneven development provides a suitable explanation for historical processes of polarization between social classes and geography. Unequal development does not entail a dichotomous or Manichean analysis, but aims to unravel the historical, structural and strategic dynamics of exploitation and domination employed by plutocratic elites who appropriate the economic surplus generated in the peripheries as well as the heart of the capitalist world system (Márquez 2010).

A central element of global architecture under neoliberalism is the deepening of uneven development trends inasmuch as these are processes of economic, social and political polarization between classes, countries and regions. There are two main trends: i) the intensification of asymmetries between countries and regions and ii) the increase of social inequalities. While this characterizes capitalist dynamics in general, it has become extreme under neoliberal globalization.

The primary tools in this case are the structural adjustment programs promoted by the World Bank and the International Monetary Fund, which have served to disarticulate peripheral economies and ensure their asymmetric and subordinate reintegration to the economies of central countries. Direct and indirect workforce export is a key element of this process. The first refers to the global networks of monopoly capital (Márquez and Delgado Wise 2011) which operate as enclaves where the exported component, by virtue of the high degree of imported components, is limited to the low cost of the workforce incorporated into the merchandise. Currently, some 55 million labourers work in this type of manufacturing plants (Robinson 2008), including 66 million southern workers (Singa Boyenge 2007). The direct export of workforce via labour migration involves approximately 100 million workers from the periphery.

All of this configures a new international division of labour where the indirect export of workforce entails a net transfer of profits from the periphery to the center, and the direct export of workforce implies a transfer of the training and social reproduction costs of the emigrant population. Both mechanisms are associated to labour superexploitation.

The New Face of Human Mobility: Forced Migration

Migration has taken a new role in the labour division of neoliberal globalization. Mechanisms of unequal development produce structural conditions such as unemployment and inequality, which lead to the massive migration of dispossessed and marginalized populations. Looking for a means of subsistence or opportunities of social mobility, large segments of the population are literally expelled from their territories in order to relocate within their own country or abroad. Labour oversupply and worsening living conditions turn migration, particularly from peripheral countries, into a form of forced displacement (Delgado Wise, Márquez and Puentes 2013; Márquez 2010).

Forced migration flows have four outstanding features: a) they take place on a national and international level, and move mainly from deprived peripheral regions toward relatively more advanced areas in central or peripheral economies; b) they primarily affect the vulnerable, poor and marginalized who are barred from satisfying their basic material and subjective needs in their place of origin; c) they generate an oversupply of cheap and disorganized labour exploited by employers and corporations interested in keeping costs down, and d) they fuel mechanisms of direct and indirect labour export, both among low-skilled and high-skilled workers.

The number of migrants (most of whom come from peripheral regions) has increased over the past three and a half decades, from 84 million in 1975 to 215 million in 2010. The main flows are in a South-North direction (82 million), followed by the South-South direction (74 million). There is also a significant contingent of domestic migrants (750 million) that, as a whole, have reshaped the labour map and turned migration into a cornerstone of the capitalist restructuring process (UN 2004 and 2010; Delgado Wise and Márquez 2009). Undocumented migration flows in a South-South direction, including transit migration at an intra-national level in peripheral countries, is exposed to conditions of utmost vulnerability and occupies the lowest echelons in this displacement dynamics.

In line with the above considerations, it is possible to distinguish four types of forced migration: 1) migration due to violence, conflict and catastrophe (43 million, UNHCR, 2011); 2) smuggling and trafficking of persons (2.45 million, OIM, 2008); 3) migration due to dispossession, exclusion, and unemployment (132 million from the South without considering the bulk of internal migrants—UN, 2010); and 4) migration due to over-qualification and lack of opportunities (25.9 million, Lozano and Gandini 2011).

Forced migrations involve multiple risks and dangers, particularly in the case of the most vulnerable groups. These involve permanent exposure to conditions of labour insecurity and instability, as well as social exclusion in host societies. Furthermore, international migration is increasingly subjected to criminalization policies and practices and race- and gender-based discrimination, which not only increases vulnerabilities and risk but also often endangers life itself (Delgado Wise and Márquez 2009; Castles and Delgado Wise 2008).

The safeguarding of human rights is still a pending issue for most governments in countries of origin, transit and destination. Few nations are exempt from this responsibility. Either because of the stigma of illegality or racial prejudices—and often mainly because of economic interest—destination countries turn a blind eye on the labour and human rights of migrants. They also put up obstacles that hinder or bar them from easily obtaining legal residence and citizenship. Countries of origin or transit work

under a double-standard: while their governments denounce violations to the rights of their citizens in destination countries, the rights of foreigners in their own land are systematically violated.

Lessons from the Mexico-US Migration Corridor: Eight Demystifying Theses

To illustrate the aforementioned problem, we now turn to the Mexico-United States migration system, a highly representative case of the phenomenon we are analysing. In addition to being the leading capitalist power and spearheading the aforementioned restructuring strategy, the United States is the world's most important migrant receiver and remittance issuer. Mexico is a relatively industrialized peripheral country that has unquestioningly adopted neoliberal structural adjustment programs and is the world's main migrant sender and third remittance recipient. The two countries are also economically linked by the North American Free Trade Agreement (NAFTA), which primarily serves the strategic interests of U.S. transnational corporations. In contrast to the reigning myths about migration and development,¹ here we put forth six theses on the causes of migration, the contributions of migrants to the economic growth of receiving countries, the migratory transfer of resources from countries of origin to those of destination, and the inadequacy of remittances as a source of development for the issuing country.

Thesis 1. In the context of capitalist restructuring, forced migration has become a new form of population flow.

Massive migration flows are rooted in the increasingly narrow and precarious character of the formal labour market and the expansion of the informal sector, where conditions are so abusive that vast sectors of the population are forced to emigrate. The migrant workforce, in turn, must deal with restricted mobility (i.e., criminalization), devaluation, and conditions of extreme vulnerability, social exclusion, precariousness and exploitation.

Mexicans have been migrating to the United States for over a century, but the phenomenon has not remained the same. Important quantitative and qualitative changes have taken place; these are intimately related to changes in the development model, capital accumulation in the country, and different modes of economic insertion or regional integration with the United States.

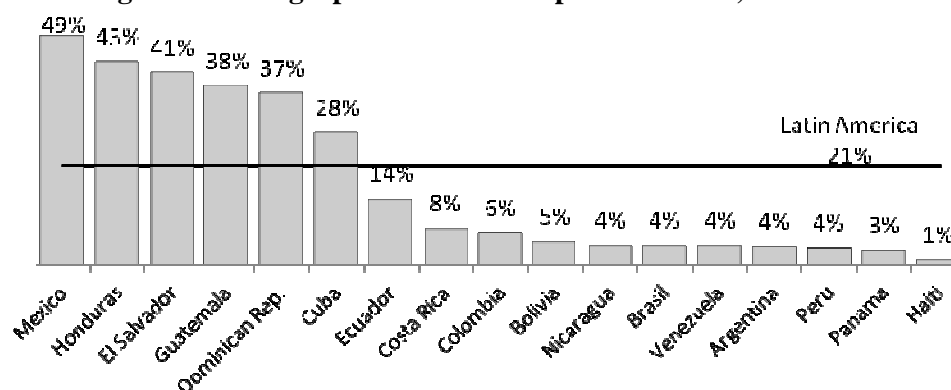
But beyond its quantitative and qualitative expressions, forced migration entails an invaluable population loss for Mexico on at least three fronts:

- 1) *The transfer of the demographic dividend.* The so-called demographic dividend occurs when, during a certain stage of a nation's demographic transition, the working-age population becomes proportionally larger than that of the dependent

¹ The dominant view on the nexus between migration and development is based on the idea that migration contributes to development in places and countries of origin. Among the assumptions that characterize this vision: 1) migration is a source of development for the sending country, with migrants as the agent and remittances as a motor or lever; 2) migration has its own dynamic, is self-generated and does not have a structural source; 3) migration represents a burden and remittances are a leak of resources for the host country; 4) migrants are responsible for a decline in labour standards and quality of life in the host society, and 5) migration is a strategy to combat poverty, economically empowering the poor.

population: those under 15 and over 65. This proffers a window of opportunity for the development of countries that can exercise labour sovereignty. International migration is an outlet for vast contingents of working-age population who cannot work or get adequate remuneration in their countries of origin. This signals a loss of labour sovereignty for the sending country (Márquez 2008). The host country, on the other hand, receives fresh resources to maintain the cycle of demographic reproduction in accordance with their labour needs. The implementation of the neoliberal model in Mexico has led to a veritable squandering of the demographic dividend; at 49 per cent, the country is the main Latin American workforce exporter to the United States, while the continental average is 21 per cent (see Figure 1).

Figure 1. Demographic Dividend Export to the US, 2000-2008

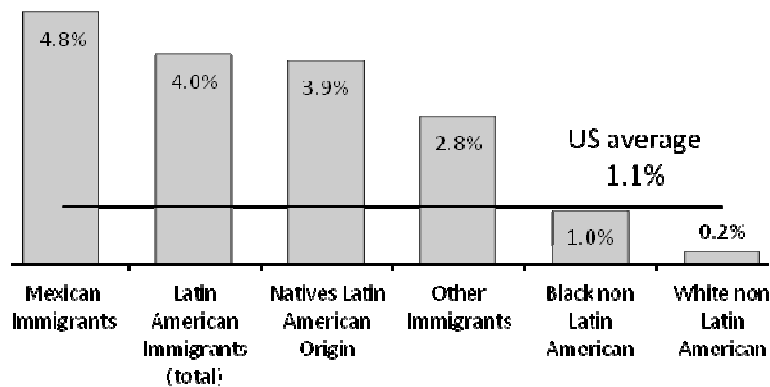


Sources: SIMDE based on CEPALSTAT, Estadísticas de América Latina y el Caribe; and US Census Bureau, Current Population Survey (CPS) 2000 and 2008.

Mexico's population transfer contributes to U.S. demographic reproduction. In fact, Mexican immigrants have been the main bastion of population growth in recent decades. Between 2000 and 2008, Mexicans were the national group with the highest population growth in the United States (4.8 per cent), contributing 1.1 per cent to U.S. population growth. Those groups considered as natives have below-average growth rates (CPS) 2000-2008.

- 2) *The loss of the central resource for national accumulation and wealth: the workforce.* More than a demographic factor, migration is a sign of deepening underdevelopment and the difficulties inherent to the undertaking of significant processes of social transformation. With 37 per cent rate in the 2000-2011 period, Mexican immigrants and Mexican natives were, by far, those who contributed the most to U.S. population growth (see Figure 2).

Figure 2. Demographic growth rates of different ethnic groups in the US, 2000 to 2008 (annual percentage)



Source: SIMDE. Estimations based on CPS March Supplement, 2000 and 2008.

- 3) *Economic exclusion in the periphery and precarized labour inclusion with social segregation in the centre.* The combination of expulsion mechanisms for populations made redundant by the neoliberal restructuring of peripheral regions correlates to mechanisms of highly vulnerable and insecure labour market incorporation in central countries, as we shall see in greater detail in Thesis 2.

Contribution of migrants to the economic growth of the host country

The approach to international migration developed over the past two decades argues that the wage differential and the emergence of a kind of culture of migration propels migratory flow, and that migrants in the receiving country a) put pressure on the labour market and compete for jobs with native workers; b) constitute a burden for the State by requiring public and social services, and c) threaten social cohesion since they are bearers of anachronistic or different traditions and customs. But, more than anything, most analysts, governments and international agencies have focused on the supposed benefits remittances have in places and regions of origin.

To change this orthodox view on migration and development, it is important to take into account the role played by migrants in the dynamics of capital accumulation in the host economies. We posit that, in fact, the most significant migrant contribution is carried out in the country of destination, not in the country of origin.

Thesis 2. Forced migration plays a strategic role in the supply of cheap, flexible and disorganized workforce for the host economy.

The global capital accumulation strategy calls for a cheapening of the workforce. The economies of peripheral countries have been penetrated by central capital seeking to take advantage of this abundant resource and have been forced to reorient their cycles of investment, production, marketing and distribution. In this regard, labour migration has significantly increased to supply the labour requirements of developed countries.

Mexico has dismantled its import substitution industrialization model and thoroughly implemented the neoliberal one, consolidating itself into a leading supplier of cheap workforce for the U.S. economy, both indirectly (i.e., via maquila manufacturing, agribusiness, the transfer of banking and trade to foreign hands) and directly (i.e., direct labour). Employment data drawn from the CPS show the strategic role played by

migrants in the U.S. labour market. Between 1994 and 2008, more than 23.2 million jobs were created in the country; 46.2 per cent were taken by the migrant population (see Table 1).

In this context, Mexicans were the main labour suppliers among the migrant group. In fact, between 1994 and 2008, Mexicans contributed 3.8 million jobs, one-third of migrant employment and 16 per cent of the total employment generated in the United States during that period (i.e., 1 out of every 6).

Table 1. Employed Population in the US according to Immigration Status, 1994-2008

| Employed | 1994 | 2008 | Difference 1994- 2008 | Average annual growth rate 1994-2008 |
|---|-------------|-------------|-----------------------------|--|
| Employed population | 129.714.943 | 152.986.375 | 23.271.432 | 1.3% |
| Employed native population | 116.753.126 | 129.266.308 | 12.513.182 | 0.8% |
| Employed migrant population | 12.961.817 | 23.720.067 | 10.758.250 | 5.9% |
| Non-Mexican employed migrant population | 9.323.008 | 16.226.064 | 6.903.056 | 5.3% |
| Employed Mexican migrant population | 3.638.809 | 7.494.003 | 3.855.194 | 7.6% |

Source: Authors' calculations based on the Current Population Survey, March Supplement, 1994-2008.

The role played by migrants, particularly Mexicans, in the U.S. labour market is even more evident in relative terms. Employment for Mexican migrants represents 7.6 per cent of the average annual growth in occupations.

Compulsive Mexican migration to the United States, fostered by a policy of regional economic integration, has different effects on both countries. In the host country, migrants contribute to the nourishment and flexibilization of the workforce in certain segments of the labour market, cheapening labour costs and increasing capital profits. This is not simply a process regulated by the free play of manpower supply and demand, but, in multiple ways, a deliberate business strategy that aims to reduce labour costs through the massive replacement of native workers in certain segments of the U.S. economy. In this regard, it should be noted that, at the level of the manufacturing industry, there is a double process of labour restructuring and corporate strategies where migrants play a central role. On the one hand, we have a labour substitution process where the migrant population is increasingly relevant. In effect, the data contained in Table 2 reveal labour substitution of natives by migrants in manufacturing: between 1994 and 2008, native personnel fell by around 4.2 million people while the number of migrants employed in the sector increased by 813 thousand, out of whom more than 300 thousand (40 per cent) were Mexican. On the other hand, certain groups of migrants in this sector, particularly Mexicans, receive very low wages. Table 2 shows the very significant wage differentials between natives and non-Mexican migrants with regards to Mexicans working in manufacturing. We must take into account that, in 2008, the average annual salary of a Mexican migrant employed in manufacturing was equivalent to the average wage that a native employed in this sector earned in 1994.

Table 2. Employees Working in Manufacturing according to Immigration Status, 1994-2008

| Employees and salary | 1994 | 2008 |
|---|------------|------------|
| Total population employed in manufacturing | 20.340.523 | 16.868.190 |
| Average annual salary (USD) | \$25.523 | \$48.910 |
| Native population employed in manufacturing | 18.119.790 | 13.835.048 |
| Average annual salary (USD) | \$26.008 | \$50.361 |
| Migrant population employed in manufacturing | 2.220.733 | 3.033.142 |
| Average annual salary (USD) | \$22.299 | \$42.198 |
| Non-Mexican migrant population employed in manufacturing | 1.412.495 | 1.900.300 |
| Average annual salary (USD) | \$26.514 | \$51.572 |
| Mexican migrant population employed in manufacturing | 808.238 | 1.132.842 |
| Average annual salary (USD) | \$15.002 | \$26.360 |
| Wage gap between natives and Mexican migrants | \$11.006 | \$24.001 |
| Wage gap between non-Mexican and Mexican migrants | \$11.512 | \$25.212 |
| % of employed native population with respect to the total number of people employed in manufacturing | 89,1% | 82,0% |
| % of employed non-Mexican migrant population with respect to the total number of people employed in manufacturing | 6.9% | 11,3% |
| % of employed Mexican migrant population with respect to the total number of people employed in manufacturing | 4.0% | 6.7% |

Source: Authors' calculations based on the Current Population Survey, March Supplement, 1994-2008.

The above data clearly evidence the fact that the U.S. labour market is in process of restructuring and precarization. The Mexican workforce export model is inscribed within this dynamic (Delgado Wise and Márquez 2007).

Summarizing, as far as labour is concerned, immigrants in general and Mexicans in particular contribute to the host economy in five complementary ways:

- 1) *Cheapening*. Cheap, flexible and disorganized workforce helps reduce work processes across both low- and high-qualification areas;
- 2) *Displacement*. Migrants are used to replace labour contingents that enjoy better pay and unionized protection because they are willing to work in more exploitative and exclusionary conditions;
- 3) *Supplementation*. Given the observed lower population growth rate, they complement the necessary workforce to maintain the accumulation and growth pace;
- 4) *Replacement*. Through the internationalization of production and the creation of global production chains, jobs are moved to peripheral or underdeveloped countries that have an abundant supply of cheap labour force;
- 5) *Devaluation*. By contributing to the cheapening, displacement, supplementation and replacement of labour, coupled with the fact that they are immersed in wage goods-producing activities and domestic service, migrants contribute to the general devaluation of the workforce within the global framework of capitalist restructuring.

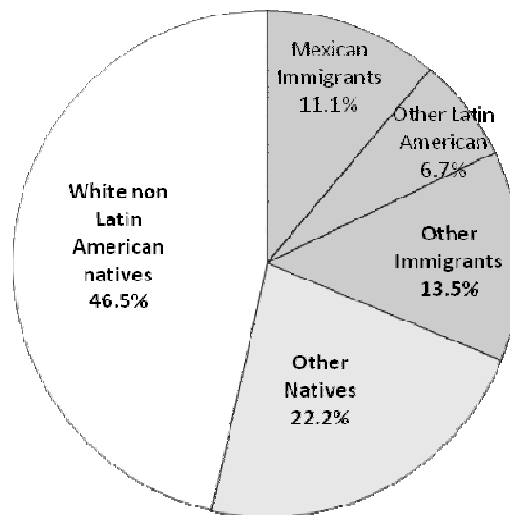
Thesis 3: migrants help boost production and consumption in the host economy.

So far, the focus regarding the migration and development relationship has been on the economic impacts of remittances in countries of origin, either at the macro-level (i.e., their effects on the balance of payments); mid-level (i.e., contributions to specific regions and communities), or micro-level (i.e., resources for family subsistence). The relationship is, however, more complex and entails more than unidirectional effects in the country of origin.

For starters, it is important to consider that the existence of a vast contingent of Mexican migrants who live and work in the United States directly contributes to production and consumption in that country. In percentage terms, the contribution of Mexican migrants to the U.S. gross domestic product (GDP) nearly doubled in the past 14 years, increasing from 2.3 per cent to 3.8 per cent. In 2008, this last percentage entailed a direct contribution of 531.6 billion dollars to the U.S. GDP, the equivalent to 57 per cent of the Mexican GDP. It is also worth noting that, between 1994 and 2008, the U.S. GDP grew 4,148 billion USD in real terms (at 2008 prices); Mexicans contributed \$312 billion, 7.5 per cent of that increase (Canales 2009).

Immigrants contributed 31.7 per cent to the growth of the U.S. GDP between 2000 and 2007. Mexicans were the national group of immigrants with the highest contribution at 11.1 per cent (see Figure 3).

Figure 3. Contribution to U.S. GDP Growth 2000-2007



Sources: SIMDE, estimation based on US Bureau of Economic Analysis, Gross Domestic Product by Industry Accounts, 1995 to 2007, and US Bureau of Census, CPS March Supplement, 1995 to 2007.

The contribution made by Mexican migrants to the U.S. economy also has a significant impact on the revitalization of the domestic U.S. market, notwithstanding the workers' low income, through consumption. Indeed, Mexican migrants directly contributed 400 billion dollars to the U.S. domestic market in 2008.

Moreover, between 1994 and 2008, U.S. consumption grew 3,228 billions of dollars in real terms (at 2008 prices). Mexicans contributed 241 billion, which represents 7.4 per cent (Canales 2009).

In 2008, Mexican migrants accounted for about 5 per cent of the employed population in the United States, and their spillover effects accounted for about 217 billion annual USD, 2.9 per cent of total U.S. spillover effects. Out of this income, nearly 12 per cent was sent to Mexico in the form of remittances.

As a preliminary conclusion we can say that, regardless of the adverse conditions in which they labour, migrants make significant contributions to dynamics of accumulation in the host country:

- 1) *Immigrant inclusion entails labour superexploitation.* Migrants suffer adverse working conditions and extreme vulnerability: high labour intensity, long working hours and low pay. They are exposed to occupational hazards, disease, labour insecurity; their working abilities are prematurely spent, and there is a decrease in their quality of life.
- 2) *Consumption at the subsistence level.* The fact that forced migrants suffer the worst working conditions and have the lowest incomes means much of their income is destined to cover their basic living costs; they often resort to credit. One of the most recurrent instances is precarious consumption, since their salaries barely cover the subsistence minimum. In addition, a fraction of their wages is sent to their dependents in places of origin.

Thesis 4: migrants are subjected to conditions of superexploitation given that their wages are well below their productive contributions and are insufficient to maintain a decent standard of living.

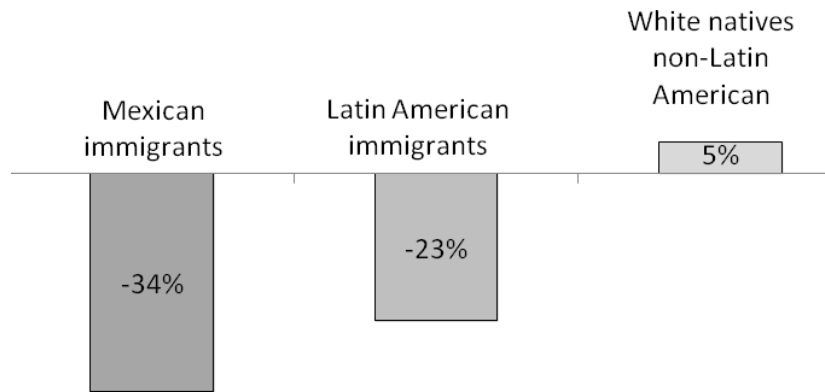
Hypothetically, a criterion of economic equity would establish wages in accordance with productivity. This way, each national immigrant group would participate in income distribution based on their contribution to economic growth. In practice, even though Mexican and Latin American immigrants in general have significantly contributed to the growth of the U.S. GDP, their participation in the distribution of income has been lower than expected. Mexicans and Latin Americans earn between 34 and 23 per cent less than what they should receive under a criterion of economic equity. These groups, in short, are subject to permanent economic discrimination. In contrast, non-Latino whites earn 5 per cent more than they actually contribute to the U.S. economy. Ultimately, and rather than mere ethnic or cultural discrimination, this is a strategy of labour superexploitation targeted at immigrant groups from the peripheral countries in the American continent (see Figure 4).

Despite factors such as proximity, an old immigration tradition and social networks, Mexican immigrants have the highest poverty levels in the United States. In 2010, 28.8 per cent of them were catalogued as poor, occupying the first place among national immigrant groups; the general population poverty average was 14 per cent (CPS 2010).

Migration cannot be conceived as a way out of poverty, neither in places of origin nor destination—at least not for the majority of Mexican migrants who settle in the United States. Mexican migrants are the poorest immigrant group in the United States and it

has been shown that remittances do not bring receiving Mexican households out of poverty (Canales, 2008).

Figure 4. US: Wage Transferences 2005-2007



Sources: SIMDE, estimation based on the US Bureau of Economic Analysis, Gross Domestic Product by Industry Accounts, 2000 to 2007, and US Bureau of Census, CPS, March Supplement, 2000 to 2007.

Thesis 5: migrants contribute to the financing of the fiscal and welfare systems in the host country despite suffering social exclusion and holding precarious citizenship.

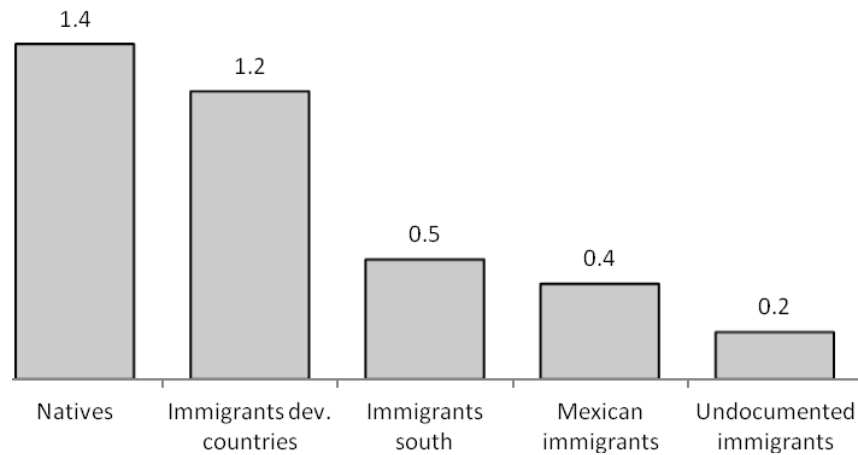
The dominant discourse on migration and development often claims that migrants are a fiscal and social burden on the receiving nations, but this is not the case if we consider migrant contributions to the host public purse and welfare system in spite of the processes of social exclusion to which they are often subjected given their undocumented status.

In the case of Mexican migrants living in the United States, empirical evidence wholly contradicts these arguments and shows that, in 2008, this population contributed 52,800 million USD in taxes, both through direct labour taxation and indirect consumption taxation.² This amount is slightly more than twice the total amount of remittances sent to Mexico.

For every dollar paid in taxes, U.S. natives receive 1.4 USD in social benefits, while Latin Americans receive 50 cents on average, and Mexicans only 40 cents. In reality, all immigrants receive less social benefits for every dollar they pay in taxes (see Figure 5).

² Data from the Current Population Survey and taxes carried out under the U.S. Tax Law from 1992 to 2008.

Figure 5. Ratio between Taxes to Benefits Received from Public Social Services in the US (2008)



Source: SIMDE based on US Bureau of Census, CPS March Supplement, 2008

The paradox is that this significant contribution is that it is carried out in a context of considerable economic and social vulnerability, since it is mostly undocumented workers who do not have access to the array of public and welfare services available to the rest of the population. According to Passel's estimates (2006), in 1990 46.5 per cent of Mexican immigrants were undocumented; the number had grown to 52.2 per cent in 2000, and 56.4 per cent in 2005.

Accordingly, employed Mexican migrants lack a wide range of social services: the vast majority do not have access to social security or public assistance programs. The bulk of employed Mexican migrant workers receives the lowest wages and has the highest poverty rates. According to the CPS (2008), out of 2.9 million Mexican migrants residing in the United States, 1 out of every 4 is poor. Access to health services is limited: 3 of every 4 employed Mexican migrants do not have access to health insurance (CPS 2008). Again, Mexicans occupy the first place as the national immigrant group with less access to health insurance coverage.

The educational levels of Mexican migrants are still relatively low when compared to those of migrants from other countries and the U.S.-born population of Mexican origin: 6 out of every 10 have less than 12 years of schooling. Also, U.S. school services exclude Mexicans over the rest of the population, both immigrant and native. In 2009, 50.3 per cent of Mexican U.S.-residents between 5 and 24 years did not attend school (ACS 2009).

Another obvious feature of the exclusion suffered by Mexican migrants is their lack of legal recognition as U.S. citizens despite the fact that they work, consume and pay tax in that country. In 2009, 76.1 per cent of Mexicans did not have U.S. citizenship (ACS 2009).

Labour inclusion accompanied by social exclusion is the way most Mexicans participate in the United States, which leads to, at least, three adverse processes:

- 1) *Containment of social mobility.* If we consider remittances along labour precariousness and social exclusion, we will note that migrants' consumption capacity is undermined, along with their possibilities of social ascent.

- 2) *Stigmatization of the migrant as a human commodity.* Migrants are reduced to cheap exploited labour force receiving minimum remuneration and incurring little social expenditure. They can be discarded when they are no longer needed.
- 3) *Subsidizing of the State.* In addition to being subject to conditions of superexploitation, immigrants finance the State without receiving an equivalent allocation of public services, benefits, or optimal remuneration in return. Instead, they are stigmatized, criminalized and segregated.

Migration transfers and costs for countries of origin

The dominant vision on migration and development, which emphasizes just one side of the problem, posits that migrants' remittances contribute to the formation of so-called human capital, an expression that conceals the reduction of the person to an exploitable resource. Some argue immigrants demand educational services that entail additional costs to the host State. However, evidence shows that migration brings a form of transfer that would appear to be invisible for most analysts: the costs of educational preparation and workforce training are generally transferred in the migratory process, which entails significant savings for the host economy.

The notion of transfer under uneven development means that a dominant country extracts resources from countries or regions that have been politically, economically or culturally subjected. These resources can be economic, cultural, populational or natural; e.g., economic surplus and people. The latter case comprises a cheap workforce whose formation and reproduction costs were paid by the sending country, a highly convenient deal for the receiving nation. From this standpoint and regardless of its root causes, forced migration is a form of plunder that adds up to so many other mechanisms of dispossession and exploitation, obstructing accumulation processes in the localities, regions and countries of origin.

Thesis 6: migration leads to significant transfers of economic resources spent on the education and social reproduction of the workforce.

Labour insertion of migrants into the receiving work market implies a transfer of educational training and social reproduction costs that have already been made by the country of origin, which has contributed to the education, subsistence and welfare of those who emigrate. Seen another way, labour migration entails significant savings for the receiving country. Due to socio-economic asymmetries, these costs are considerably less in peripheral countries than in receiving ones.

The transfer of the educational costs of Mexican migrants between 1994 and 2008 was 83 billion USD at 2008 prices if we consider the educational level held by migrants upon arrival in the United States and estimate based on the corresponding educational level costs in the Mexican public education system.³ This figure amounts to 45 per cent of total family remittances sent to Mexico over the same period.

³ Expenses by educational level were taken from the *Informe sobre el panorama educativo de México 2008* (INEE) and data from the Current Population Survey, March Supplements, 1994-2008.

The United States, on the other hand, saved 613 billion dollars in education from 1994 to 2008 (at constant 2008 prices).⁴ If remittances were seen as a sort of “resource drain” for the host country, their accumulated amount over the same period would amount to only 30 per cent of educational savings, without considering the economic contributions explained in Theses 2 and 3.

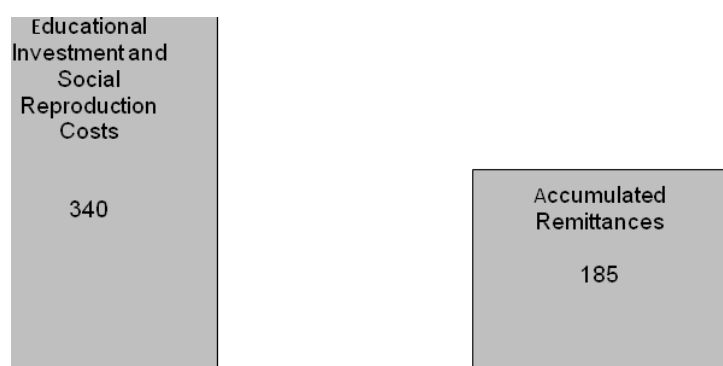
In addition to the educational expenditure, migration represents a transfer of resources by concept of social reproduction, i.e., migrants’ cost of living prior to their entry into the country of destination. We must note that this cost is derived from different sources, ranging from public resources destined to communal social welfare to basic family expenses spent on those who emigrate, including a substantial part of the remittances that contribute to the formation of new migrant workforce.

If we take into account the basic cost of living proposed by Mexico’s National Council for the Evaluation of Social Development Policy (CONEVAL) as an expression of the cost of living, between 1994 and 2008 Mexico transferred to 257 billion USD into the U.S. economy (at 2008 prices). This is 1.4 times the amount of cumulative remittances received during the same period.

From the perspective of the country of origin, remittances are neither a panacea nor a path to development. If, having taken into account the age and educational level of people at the time of emigration, we compare the accumulated amount of remittances with the costs of migration, a conservative estimate based on official data (public education and basic food needs) shows that Mexico’s spending on the social reproduction and basic education of migrants almost doubles the amount of remittances. This means that the sending nation subsidizes emigration to the host one, a true form of unequal exchange that is not compensated by remittances. When we add resource transfers via educational investment and social reproduction costs during this period, we see that Mexico contributed 340 billion USD to U.S. socio-economic dynamics. This figure is 1.8 times the amount of remittances received by Mexico, and this estimate does not include contributions to employment, production, consumption and taxes (see Figure 6). From this point of view, it is clear that Mexican society is subsidizing the U.S. economy via labour migration.

⁴ This calculation was based on the expenditure by education level presented by the National Center for Education, US Department of Education 2007, and combined with data from the Current Population Survey, March Supplements, 1994-2008.

Figure 6. Emigration Costs for Mexico vis-à-vis Remittances, 1994-2008 (billion USD)



Source: SIMDE, based on CPS (1994-2008); CONEVAL, Poverty Lines in Mexico and Educational Statistics Yearbook in Mexico, 2008.

Despite the low education levels of the majority of Mexican migrants, qualified and highly qualified human resources are increasingly being transferred to the United States. If we take into consideration the immigration of people with undergraduate and graduate degrees into the United States, Mexico is places fourth after India, Philippines and China (ACS 2009).

The transfer of this type of workforce is crucial, as scientists, technologists, researchers, academics, artists and other professionals who could provide quality resources to national development are forced to emigrate given the dismantling of national labour markets, and are then exploited by the largest economy in the world. This is highly advantageous for the latter since, in many cases, skilled or highly skilled workers are used in lower-ranking job categories than those they can fulfil, with the consequent savings in labour costs. Only 51.2 per cent of Mexican migrants with undergraduate and graduate degrees work in jobs suited to their qualifications, a percentage that is well below that of natives and immigrants belonging to other nationalities (ACS 2009). However, the average income of Mexican migrants in managerial or professional positions (193 thousand annual USD) is below that of similarly-employed immigrants of other nationalities (4.6 million annual USD) and natives (25.4 million annual USD) (ACS 2009).

Forced migration, then, is associated with deepening of underdevelopment in the periphery rather than the promotion of development, because it implies:

- 1) *Transfer of human resources.* Labour-exporting countries transfer their most precious resource, people. This is the primary source for the generation of wealth, but also the basis for the creation of social, cultural and political ties that could be potentially geared toward the social creation of alternatives. Phenomena such as depopulation, which is associated to forced migration, are evident signs of sending nations' inability to support decent living standards while delivering their workforce to developed countries.
- 2) *Socio-economic costs.* Rather than a windfall where everybody wins, migration represents the transfer of training and other collateral population costs. It also entails family dismemberment, epidemiological vulnerability, depopulation,

abandonment of productive activities, alcoholism and drug addiction, poverty, and dependence on remittances, among other socio-economic problems.

- 3) *Capital benefits*. Capital reaps the most benefits by employing immigrants in highly advantageous conditions. The State and society who save on workforce formation costs also benefit, not to mention that, as posited in Theses 3 and 4, migrant exploitation happens in conditions of social exclusion and low wages. Moreover, migration has led to the proliferation of lucrative businesses that end up in the hands of large transnational corporations based in host economies (Guarnizo 2003).

The true meaning of remittances

The idea of remittances as a currency that holds external accounts, circulates money with expansive multiplier effects, proffers quality resources to detonate local development, and makes philanthropic contributions for poor communities or leads the fields of the third world into progress is a fetishistic and ideologically skewed view of the migration process. It paints the migrant as a source of wealth or capital, an enterprising and successful person, as sort of hero of development who will replace or complement the functions of capital and the State. This apologetic discourse masks the nature of uneven development, which expels an abundant mass of workers from their own country to absorb them in an exclusive and precarious labour market.

Thesis 7. Migrant remittances do not compensate for the transfers and socio-economic costs entailed by forced migration.

While there is no empirical or theoretical foundation for this, there is an ongoing idea that remittances are transformed into levers or engines of development in countries of origin. The main problem behind this political/ideological formulation is that it does not take into account the context, interweaving processes or actors. It fuels the romantic idea that migrants are agents or heroes of development, ignoring the fact that the vast majority of them are highly exploited and excluded while struggling to ensure personal and family subsistence. In short, this ignores the root causes of migration (Thesis 1), hides migrant contributions to the host country (Theses 2, 3, 4 and 5), and overstates and idealizes the contributions that migrant remittances make to their places of origin, waving aside an increasingly bleak landscape: ghost towns, abandoned productive activities, uprooting and hopelessness.

What are remittances and how are they produced. In this regard, we should remind ourselves that remittances are part of a migrant's wages sent to dependents in places of origin with the goal of ensuring basic family subsistence (Márquez, 2007). The other part is meant to ensure the migrant's own subsistence and that of economic dependents in the country of destination. Therefore, the living and working conditions of migrants and their dependents, in places of origin and destination, are essential to the understanding of remittances, a type of wage transfer from developed countries to sending ones. However, under uneven development, these transfers are insignificant when compared to the resource transfers that originate them (see Theses 1, 2, 3, 4 and 5). This means that migrant remittances entail forms of unequal exchange within a new international division of labour established by so-called neo-liberal globalization, which blocks possibilities for growth, accumulation and development in places of origin.

Remittances come from wages that have already been reduced. The wages might be higher than those in the place of origin, but are well below those of other labour contingents under similar conditions in the country of destination. These wages are

usually below the value of the workforce from the point of view of covering basic needs in the host country, not to mention that the fraction sent to places of origin as remittances is insufficient, despite the asymmetric exchange rate, to fully ensure a household's livelihood, let alone generate development. It is, therefore, a wage earned in conditions of social exclusion and superexploitation.

Mexico is often seen as an example of "good practices" in the area of migration and development. Between 1994 and 2008, the country received 185 billion USD in remittances (2008 prices). These contribute to the macroeconomic stability of the country insofar as they represent the second income source after oil, as well as to social stability by supporting the livelihood of around 5 million Mexican households. But Mexico loses an amount of total resources that, according to conservative estimates based on the premises posed by Thesis 5, nearly double remittance income.

Moreover, remittances have a limited impact on local development and the reduction of poverty. A number of surveys have shown that remittances are fragmented and mostly channeled toward household livelihood; the few productive areas in which they are invested also involve a subsistence economy. While remittances are crucial to the subsistence of millions of Mexican households, only 1/3 of these achieved slight improvements which would place them, temporarily, in the lower levels of the middle class, but also on the threshold of poverty. Seen another way, without remittances, the poverty increase would be between 1.5 per cent (Rodríguez 2007) and 1.9 per cent (Canales 2008). The few productive projects financed by remittances are detached from local development strategies (Márquez 2007).

In the light of the above, we can say that:

- 1) *Migration has various socio-economic costs for families, localities and regions of origin, and these are not offset by remittances.* These costs are quite tangible and include depopulation, abandonment of productive activities, and dependence on remittances both at the micro and macro levels.
- 2) *Migrant remittances are wage-based in nature.* To insist remittances are a source of development in places of origin and that migrants are agents of development is a fetishistic mystification of forced migration that ignores migrants' living and working conditions while presenting them as inexhaustible resource providers.
- 3) *Remittances represent a marginal resource vis-à-vis migrant contributions to the host society and associated forms of transfer, and cannot be seen as a source of development for the country of origin.* Remittances imply new forms of resource transfers and are part of a system that generates processes of social and economic degradation. In the absence of a national project, the result is a critical dependence on remittances that entails massive transfers of material and human resources while inhibiting development opportunities in the sending country.

Thesis 8. Migrant export is not a development strategy but a feature of underdevelopment and dependence that postpones the implementation of progressive and inclusive development alternatives in home countries.

The Latin American countries that have attained the greatest relative development (Group 1—not that they can be considered developed in the context of the capitalist world system) have not based their strategy of accumulation on workforce export. They have implemented development strategies under centre-left administrations, particularly in the cases of Brazil, Argentina and Uruguay. Those countries that have a greater

reliance on remittances and a greater proportion of migrants (Groups 2 and 3) have a lower per capita GDP and higher levels of poverty and informal employment (especially in Mexico, in Group 2, and the Central American region, in Group 3). Neither export of cheap workforce nor its counterpart, reliance on remittances, have brought relative development to these nations—not, in any case, from the data available in Table 3.

From this perspective, the migration and labour issues are two sides of the same coin the currency of which translates into unbearable conditions of systematic oppression against the working class under the aegis neoliberal globalization and its driving forces.

Table 3. Selected Wellbeing and International Migration Indicators based on Development Level for Countries in Latin America (2008)

| Indicator | Latin America Total | Group 1 Countries with higher development (Argentina, Brazil, Chile, Costa Rica, Panama and Uruguay) | Group 2 Countries with moderate development (Colombia, Mexico and Venezuela) | Group 3 Countries with lower development (Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru and Dominican Republic) |
|---|---------------------|--|--|---|
| Remittances per capita in 2008 (USD at 2000 prices) | 81.6 | 35.6 | 90.0 | 177,5 |
| Remittances as GDP percentage, 2008 | 2.0% | 0.5% | 1.7% | 9.0% |
| Migrants as population percentage, 2008 | 3.7% | 1.9% | 4.8% | 6.3% |
| Per capita GDP 2008 (USD at 2000 prices) | 4074 | 6601 | 5320 | 1975 |
| Demographic dependency rate 2005-2010 | 60.9 | 52.9 | 54.8 | 68.3 |
| Poor population around 2008 (%) | 38.4 | 19.7 | 35.1 | 52.1 |
| Indigent population around 2008 (%) | 18.1 | 6.7 | 14.7 | 26.8 |
| Informal sector employed population around 2008 (percentage of total employed population) | 55.7 | 41.6 | 55.3 | 65.3 |
| Tax burden including social contributions, 2007-2008 (percentage of GDP) | 18.7 | 24.8 | 13.7 | 16.4 |
| Social public spending 2007 / 2008 (USD at 2000 prices) | 597 | 1209 | 619 | 181 |
| Public social spending 2007- | 13.3 | 18.6 | 11.8 | 10.2 |

| Indicator | Latin America Total | Group 1 Countries with higher development (Argentina, Brazil, Chile, Costa Rica, Panama and Uruguay) | Group 2 Countries with moderate development (Colombia, Mexico and Venezuela) | Group 3 Countries with lower development (Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru and Dominican Republic) |
|---|---------------------|--|--|---|
| 2008 (percentage of GDP) | | | | |
| Retirement pension coverage (percentage), urban areas | 33 | 64.4 | 26.6 | 14.1 |
| Out-of-pocket percentage expenditure on health care | 49.7 | 23.3 | 35.1 | 72.1 |

Sources: estimation based on CEPALSTAT, statistics for Latin America and the Caribbean; CEPAL 2010; CPS 2008; IMF, World Economic Outlook Database 2010.

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