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## Mexico-US Migration

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Migration was a defining feature of the Mexico-US relationship for most of the 20th century, but legal immigration remained low until the 1990s. About 37 percent of all Mexican immigrants to the United States in the 20th century arrived in the United States in the 1990s (table 8.1). Over the past century, most Mexican migrants were negatively selected: They were usually from rural areas, where levels of education were lower than average; most had their first US jobs in seasonal agriculture (Martin 1993). US policy supported the recruitment of rural Mexicans under bilateral agreements in force between 1917–21 and 1942–64, but most 20th century Mexican migrants arrived and were employed outside these guestworker programs.

US government-sanctioned recruitment of Mexican workers for US jobs, followed by toleration of unauthorized migration, has a long history. The US government approved the recruitment of Mexican *bracero* workers during World Wars I and II to obtain additional farm and railroad workers by making “exceptions” to immigration rules that otherwise would have blocked their entry. The United States unilaterally ended both wartime *bracero* programs, in part because US labor and civil rights groups argued that the presence of Mexican migrants depressed wages and increased unemployment for similar US workers.

Both *bracero* programs were followed, with a lag, by rising illegal immigration from Mexico. At first it was very easy to cross the border: The

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**Table 8.1 Mexican immigration and apprehensions, 1890–2003**

Decade	Number of immigrants		Decade as percent of 1890–2000 total	Deportable aliens decade total
	Annual average	Decade total		
1890–1900	97	971	0	n.a.
1901–10	4,964	49,642	1	n.a.
1911–20	219,000	219,004	4	n.a.
1921–30	45,929	459,287	8	128,484
1931–40	2,232	22,319	0	147,457
1941–50	6,059	60,589	1	1,377,210
1951–60	22,981	229,811	4	3,598,949
1961–70	45,394	453,937	8	1,608,356
1971–80	64,029	640,294	11	8,321,498
1981–90	165,584	1,655,843	27	11,883,328
1991–2000	224,942	2,249,421	37	14,667,599
2002	219,380	n.a.	n.a.	n.a.
2003	115,864	n.a.	n.a.	n.a.
<b>Total</b>	n.a.	6,041,118	100	41,732,881

n.a. = not applicable

Note: Deportable aliens are measured by apprehensions, which in turn record events, so one person caught three times is three apprehensions; 95 to 98 percent of those apprehended are Mexicans.

Source: US Department of Homeland Security, *Yearbook of Immigration Statistics* (2003).

US Border Patrol was not established until 1924, so Mexican workers with US experience had little difficulty entering the United States and returning to the farms on which they had worked as *braceros*. By 1930, Mexicans were estimated to be 70 to 80 percent of the 72,000-strong seasonal workforce in California (Fuller 1940, 19871).<sup>1</sup> However, the Great Depression led to “repatriations” of Mexicans to free up jobs for Americans and practically stopped Mexican immigration, so that there were fewer Mexican-born US residents in 1940 (378,000) than there had been in 1930 (641,000), according to the US Census.

Since 1990, the share of Mexican immigrants in the civilian labor force has increased, but most Mexican-born workers in the United States are

1. During the 1920s, California farmers argued they needed continued access to Mexican farmworkers. The Farm Bureau asserted that “California’s specialized agriculture [requires] a kind of labor able to meet the requirements of hard, stoop, hand labor, and to work under the sometimes less advantageous conditions of heat, sun, dust, winds, and isolation” (quoted in Fuller 1940, 19840). A Chamber of Commerce spokesperson testified to Congress in 1926: “We have gone east, west, north, and south and [the Mexican] is the only manpower available to us” (quoted in Fuller 1940, 19859).

now employed outside of agriculture.<sup>2</sup> In 2000, about 6.3 percent of male and 5 percent of female Mexican immigrants worked as farm laborers (Borjas and Katz 2005). Among the roughly 8 million Mexican-born US workers, two-thirds are unauthorized, and only an eighth are employed in US agriculture.<sup>3</sup> However, agriculture remains a major port of entry for the “new-new” unauthorized Mexicans from southern Mexican states such as Oaxaca and Chiapas, who often find their first US jobs in the fields, as more experienced Mexican workers move on to construction, manufacturing, and service jobs. As Mexico-US migration networks continue to mature, more Mexicans are moving directly from Mexican to US urban areas, bypassing the traditional agriculture port of entry.

While the number of legal Mexican immigrants increased from 2.2 million in the 1990s to nearly 9.2 million in 2000, fewer Mexican immigrants now work in the US agricultural sector and more work in the construction and retail sectors.<sup>4</sup> During 1990–2000, the shares of male and female Mexican immigrants working in the agricultural sector declined from about 21 to 16 percent and from 10 to 8 percent, respectively. The share of male Mexican immigrants employed in construction, however, increased from about 15 percent in 1990 to 26 percent in 2000. Similarly, the share of female Mexican immigrants employed in retail jumped from about 13 percent in 1990 to 20 percent in 2000.<sup>5</sup>

## Postwar Migration Policy

John Steinbeck’s 1940 novel *The Grapes of Wrath* gave an emotional impetus to the prescription for farm labor reform widely prevailing in the late 1930s—namely, to restructure southwestern agriculture in a manner that reduced its dependence on migrant and seasonal workers. Alternatively, if factories in the fields were to continue as a way of doing business,

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2. In 1990, Mexican immigrants represented about 2 percent of the US labor force (2.6 million). By 2000, the share had doubled to about 4 percent (4.9 million). These data are based on US Census Bureau (2000). As another example, the share of Mexican immigrants in the Californian workforce jumped from just 2.4 percent in 1970 to 14.8 percent in 2000. See also Grieco and Ray (2004) and Borjas and Katz (2005).

3. The estimated number of unauthorized foreigners in the United States was 10.3 million as of March 2004, of which 57 percent, some 6 million, were Mexicans. See Passel (2005).

4. The share of legal Mexican immigrants in the total US immigrant population has increased since the 1950s: It rose from 12 percent in the 1950s (about 300,000 legal Mexican immigrants) to 25 percent (2.2 million) in the 1990s to about 30 percent by 2000 (9.2 million). The ratio of Mexican immigrants to the Mexican labor force has also increased: In 1970, Mexican immigrants represented about 3 percent of the Mexican labor force; by 2000, they represented about 16 percent. See Borjas and Katz (2005) and Mishra (2003).

5. See Card and Lewis (2005) and Borjas and Katz (2005). We thank Gordon Hanson and Luis Rubio for these observations and written comments to an earlier draft.

reformers wanted the workers to be treated as factory workers and covered under nonfarm labor laws.

In 1940, a congressional subcommittee chaired by Senator Robert LaFollette Jr. (Progressive-WI) recommended the second option, treating large farms as factories and covering their workers under federal labor laws, an approach that was expected to raise farm wages and encourage mechanization.<sup>6</sup> However, decades of low farm wages had been capitalized into higher land prices, and landowners were unwilling to see land prices fall as a consequence of higher wages. They used the outbreak of World War II to win a new bracero program (Craig 1971; Martin 1996, chapter 2). During the war, braceros, prisoners of war, interned Japanese, and state and local prisoners all supplemented the farm workforce, and their presence in the fields sent an unmistakable signal to US farmworkers that getting ahead in the US labor market meant getting out of farm work.

The bracero program expanded in the 1950s, when irrigation opened new land for farming in the southwest, the cost of shipping produce by truck from west to east fell with the interstate highway system, and the baby boom increased the demand for labor-intensive fruits and vegetables.<sup>7</sup> Western farmers assumed that Mexican or other foreign workers would continue to be available at US minimum wages and invested accordingly. However, the United States unilaterally ended the bracero program in 1964 amid predictions that labor-intensive agriculture would have to shrink for lack of seasonal workers and that the commodities most dependent on bracero workers would have to follow them to Mexico.<sup>8</sup>

The commodity in the spotlight in the early 1960s was the processing tomato used to make catsup. In 1960, about 80 percent of the 45,000 peak-harvest workers employed to pick the 2.2 million-ton processing-tomato crop in California were braceros. Growers testified that “the use of braceros is absolutely essential to the survival of the tomato industry.” They were wrong. Today, 5,000 workers use machines to sort 12 million tons of tomatoes. The higher wages that followed the end of the bracero program spurred labor-saving mechanization. The state government facilitated mechanization, encouraging the University of California to develop a mechanical system for harvesting tomatoes.<sup>9</sup>

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6. See “Violations of Free Speech and the Rights of Labor,” hearings before a Subcommittee of the US Senate Committee on Education and Labor (The LaFollette Committee), 1940–41.

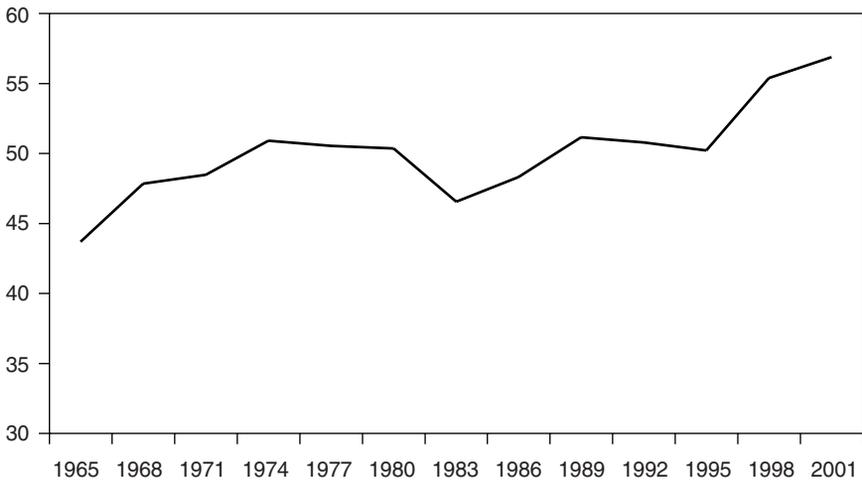
7. California has been the number one farm state since 1950 and has displaced New Jersey as the garden state, supplying fruits and vegetables to eastern US centers.

8. Based on the number of US-Mexico border patrol apprehensions, the number of illegal Mexican aliens increased after the bracero program ended. Apprehensions increased from 41,600 in 1964 to 348,200 in 1970 and about 1.7 million in 1986. See Borjas and Katz (2005).

9. California also established random sampling stations to test machine-harvested tomatoes and determine the price paid to the grower. Processing tomatoes today are worth about 2.5 cents a pound. When tomatoes were picked in 50-pound lugs by braceros, and each lug was

**Figure 8.1 Ratio of US farm to manufacturing worker hourly earnings, 1965–2001**

percent



Source: US Department of Labor (2002) and US Department of Agriculture (USDA 2002).

Labor displacement and the reduction in the number and size of farms growing tomatoes led to a cutback in mechanization research. The number of workers hired for the harvest fell by 90 percent, and the number of farms growing tomatoes dropped 70 percent. Tomato-harvesting machines were costly, and only farmers with large acreages could justify purchasing them. Suits were brought against the University of California, alleging that taxpayer monies were spent on mechanization that displaced farmworkers and small farmers (Martin and Olmstead 1985). Agricultural researchers turned their attention elsewhere, and tomato mechanization proved to be the exception rather than the vanguard of a labor-saving trend, as had been expected in the 1970s.

Mexico-US migration was low during the late 1960s and early 1970s—the “golden age” for US farmworkers. Farm wages rose sharply without braceros. Cesar Chavez and the United Farm Workers (UFW) won a 40 percent wage increase for grape pickers in 1966, increasing entry-level wages from \$1.25 to \$1.75 an hour in the UFW’s first contract (figure 8.1). However, some of the ex-braceros had become US immigrants during the 1960s, when a US employer could issue a letter asserting that a foreigner

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worth \$1.25, the loss was relatively minor if a lug was rejected for having too many green tomatoes or too much dirt. But with machine-picked tomatoes arriving in 25-ton truckloads, a load is worth \$1,250, and random-sampling stations were crucial to overcome the perennial struggle between growers and packers over deductions for poor quality.

was “essential” to fill even a seasonal farm job, and a foreigner could use this offer of employment to become an immigrant. Ex-braceros who became immigrants in this manner received visas printed on green cards and were known as green-card commuters: Mexicans who lived in Mexico and worked seasonally in the United States.

As green-card commuters aged out of seasonal harvest work in the late 1970s, many sent their sons north, using false or altered green cards, or simply entered the United States illegally. A smuggling infrastructure soon evolved to provide information and move rural Mexicans to rural America and was strengthened in the early 1980s by events in the United States and Mexico. In the United States, the UFW sought another 40 percent wage increase in 1979, when federal wage-price guidelines called for maximum 7 percent wage increases. With no workers available from UFW hiring halls, growers turned to labor contractors, many of whom were green-card commuters, and they returned to their villages to recruit workers and bring them to the United States. The contractors stayed in business after the strikes were settled, and competition between union hiring halls and labor contractors to supply seasonal workers decidedly favored the contractors. The number of workers under UFW contracts dropped from 60,000–70,000 in the early 1970s to 6,000–7,000 a decade later (Mines and Martin 1984).

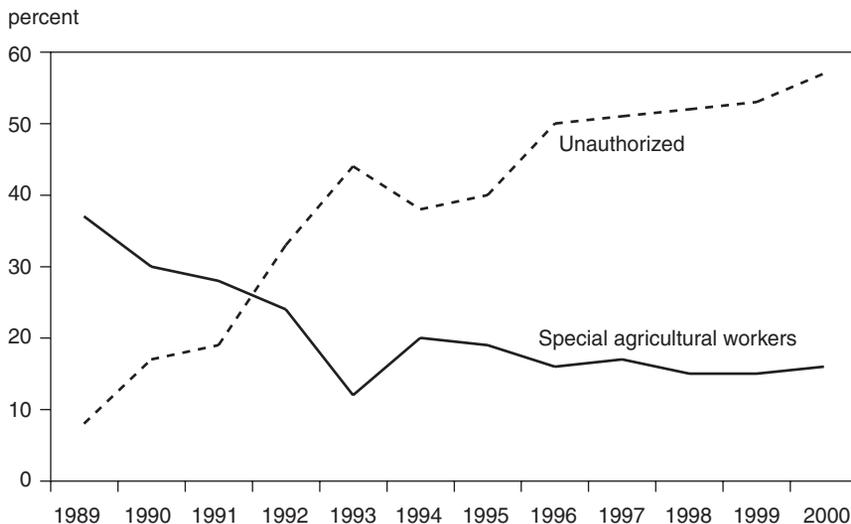
## **The Immigration Reform and Control Act of 1986**

In Mexico, the peso devaluation in 1982–83 made work in the United States even more attractive. Apprehensions of Mexicans just inside the Mexico-US border reached their all-time peak of 1.7 million in 1986, meaning that the US Border Patrol was apprehending on average three Mexicans a minute, 24 hours a day, seven days a week.

In 1986, the United States also enacted the Immigration Reform and Control Act (IRCA, also known as the Simpson-Mazzoli Act). The purpose of IRCA was to reduce illegal immigration, both by imposing sanctions on US employers who knowingly hired unauthorized foreigners and by legalizing some unauthorized foreigners in the United States. Contrary to expectations, the IRCA actually increased Mexico-US migration.

The IRCA included two legalization or amnesty programs. One of these—a legalization program for unauthorized farmworkers called the Special Agricultural Worker (SAW) program—was rife with fraud. Over 1 million Mexican men became US immigrants under the SAW program by presenting letters from employers saying they had worked 90 days or more in 1985–86 on US farms as unauthorized workers (Martin 1994). Since about 6 million adult men lived in rural Mexico in the mid-1980s, it appears that the SAW program gave about one-sixth of them immigrant

**Figure 8.2 Legalized and unauthorized US farmworkers, 1989–2000**



Source: US Department of Labor (2002).

visas. Their families were deliberately excluded from legalization, under the theory that Mexican men wanted to commute to seasonal farm jobs and keep their families in Mexico, as earlier green-card commuters had done (Martin 1994).

The SAW participants did not behave as expected. Many switched to nonfarm US jobs and settled in US cities with their families; many others had never been farmworkers. State and local government outlays for education, health, and other public services to newly legalized immigrants and their often unauthorized families rose during the early 1990s (a period of recession). Unsuccessful suits were then brought against the federal government seeking reimbursement for the costs of providing services to these newcomers, and the perception that immigrants did not pay their way culminated in California’s Proposition 187 in 1994 and later federal welfare reforms in 1996. Meanwhile, SAW participants moved on to nonfarm jobs and were replaced in the fields by newly arrived unauthorized workers (figure 8.2), so that between 1995 and 2000, almost 90 percent of the Mexicans who arrived were unauthorized (table 8.2).

## Mexican Immigrants and Current Trends

In previous decades, about 80 percent of Mexicans settled in California and Texas, but beginning in the 1990s, fewer than half the Mexican immigrants

**Table 8.2 Mexican-born US residents by period of entry and authorization (millions)**

Period of entry	Total	Authorized	Unauthorized	Percent unauthorized
Pre-1980	2.2	2.2	n.a.	n.a.
1980–84	1.0	0.9	0.1	10
1985–89	1.7	1.0	0.7	41
1990–94	1.9	0.4	1.5	79
1995–2000	3.0	0.4	2.6	87

n.a. = not applicable

Note: There is no reliable estimate of the number of unauthorized Mexican-born US residents before 1980.

Source: Jeff Passel, Urban Institute (based on 2000 US Census).

settled there.<sup>10</sup> Instead, more Mexican immigrants settle in far-flung US cities, away from the Mexican border. During 1990–2000, the increase in Mexican immigration was concentrated in ten major US cities: Atlanta, Charlotte, Denver, Greensboro, New York, Portland, Raleigh-Durham, Salt Lake City, Seattle, and Washington, DC (Card and Lewis 2005).<sup>11</sup>

Another changing pattern is that Mexican immigrants to the United States are now more educated on average than nonmigrants remaining in Mexico (even after adjusting for illegal immigration).<sup>12</sup> Contrary to the “negative selection” hypothesis that less skilled workers are more likely to migrate to rich countries, recent economic studies suggest a greater proportion of Mexican immigrants are either high school graduates or have some college education. While Mexican immigrants are generally less educated than native US workers, Mexican immigrants with 12 to 15 years of schooling represent a significant share of Mexican immigrants living in the United States (Chiquiar and Hanson 2005).<sup>13</sup>

10. The share of Mexican immigrants settling in California or Texas declined from about 75 percent in 1970 to 65 percent in 1990 and less than 50 percent in 2000. For example, the share of Mexican immigrants living in Los Angeles fell from 31.7 percent in 1980 to 17.4 percent in 2000. See Card and Lewis (2005).

11. The share of Mexican immigrants in the Colorado workforce increased from 1 percent in 1980 to nearly 5 percent in 2000. See Borjas and Katz (2005).

12. We thank Gordon Hanson for this observation.

13. In 2000, Mexican immigrants with high school education represented 31 percent of the Mexican labor force in the United States, and those with some college education represented about 33 percent. However, the share of male Mexican immigrants who are college graduates increased only slightly from 1.4 percent in 1940 to just 3.4 percent in 2000. See Mishra (2003) and Borjas and Katz (2005).

Mexican immigration has a positive impact on wage levels in Mexico.<sup>14</sup> Economic studies suggest that during 1970–2000, Mexican immigration to the United States helped raise average Mexican wages by about 8 percent. Upward pressure on Mexican wage levels especially benefited Mexican workers with higher education levels.<sup>15</sup> Moreover, Mexican immigration plays a pivotal role in raising the level of remittances, which in turn help encourage Mexican capital accumulation, small business investment, and educational attainment. In 2003, Mexican immigrant remittances reached nearly \$13 billion, equivalent to about 2 percent of Mexican GDP (Hanson 2005).

## NAFTA and the Migration Hump

NAFTA went into effect on January 1, 1994, locking in place policies that lowered barriers to trade and investment between Canada, Mexico, and the United States. Studies on NAFTA's prospective impact agreed that the bulk of the additional jobs due to NAFTA would be created in Mexico. One hoped-for side effect of NAFTA was a reduction in unauthorized migration. This did not happen. Instead, the number of unauthorized Mexicans living in the United States rose from an estimated 2.5 million in 1995 to 4.5 million in 2000, representing an annual increase of 400,000 a year.<sup>16</sup> Moreover, between 1991 and 2000, some 2.2 million Mexicans were admitted as legal immigrants, over 200,000 a year. Why was NAFTA accompanied by an increase rather than a decrease in immigration?

Greater Mexican emigration was partly a consequence of the 1995 peso crisis and efforts to reform the Mexican rural *ejido* land tenure system. In particular, the peso crisis appeared to adversely affect Mexican states with a high propensity to emigrate (central and western Mexico) more than

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14. According to Daniel Chiquiar and Gordon Hanson, male Mexican immigrants belong disproportionately to the middle and upper tiers of the Mexican wage distribution profile. In particular, they are concentrated in the third and fourth highest wage quintiles, while female Mexican immigrants are concentrated in the two lower-wage quintiles. See Chiquiar and Hanson (2005).

15. Mishra (2003) estimated that Mexican immigration to the United States accounted for about 37 percent of the increase in relative wages of high school graduates and about 14 percent of the increase in relative wages of college graduates in Mexico during 1990–2000. While Mexican real wages on average declined during 1970–2000, there was a big difference in the extent of decline between the upper and lower quintiles.

16. In the 1990s, some 15 million foreigners, 95 percent of them Mexicans, were apprehended just inside the US border. Individuals are often caught several times. The US Border Patrol reported 1.2 million apprehensions in fiscal 2004. Each person apprehended is fingerprinted. About 741,115 individuals were apprehended, including 36 percent who were apprehended at least twice.

states with a low propensity. Ejido reforms, by consolidating land holdings, tended to raise household incomes in southern Mexican states that specialize in agriculture, while prompting some rural workers to migrate north.<sup>17</sup> However, in addition to these events, which corresponded with NAFTA but were not caused by NAFTA, other and more fundamental forces were at work.

## Pre-NAFTA Studies

Contrary to official rhetoric, some pre-NAFTA studies actually anticipated simultaneous job creation and displacement in Mexico. Scholars predicted that the displacement of workers from previously protected Mexican sectors such as agriculture might lead to additional Mexico-US migration. Hinojosa-Ojeda and Robinson (1991), for example, estimated that NAFTA would displace about 1.4 million rural Mexicans, largely because NAFTA-related changes in Mexican farm policies and freer trade in agricultural products would lead some farmers to quit farming. The authors projected that 800,000 displaced farmers would stay in Mexico, while 600,000 would migrate (illegally) to the United States over five to six years.

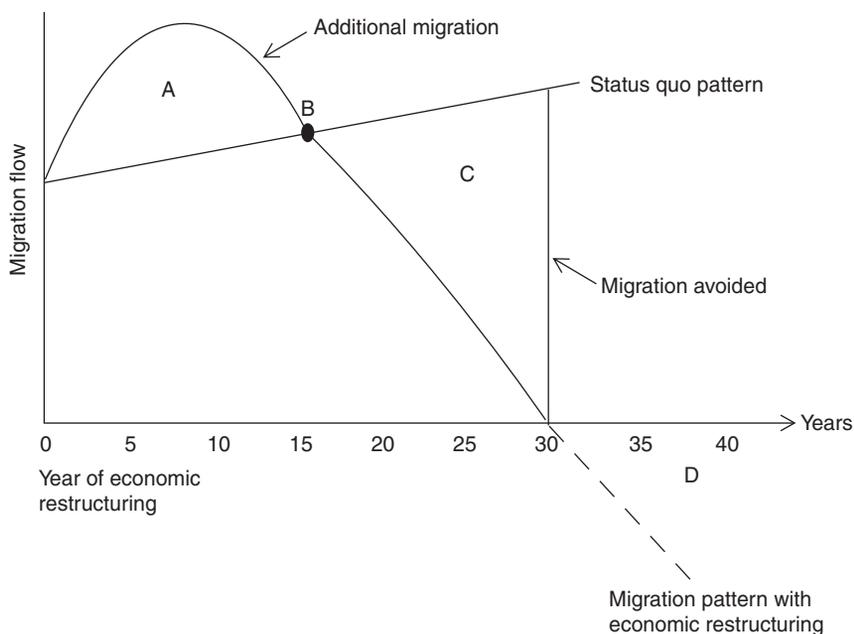
Hinojosa-Ojeda and McCleery (1992) developed a computable general equilibrium (CGE) model to project adjustments in the Mexican economy after NAFTA. They estimated that as of 1982, there were 2.5 million unauthorized Mexicans in the United States, that the cost of migrating illegally from Mexico to the United States was \$1,200 (in the form of smuggling costs and lost earnings), and that the US earnings premium was \$3,000 a year (unauthorized Mexicans then earned \$4,000 a year in the United States versus \$1,000 a year in Mexico). Hinojosa-Ojeda and McCleery sketched three migration scenarios—no more unauthorized Mexico-US migration, 4 million Mexican illegals, and 5 million Mexican illegals—and argued that the middle scenario could be achieved with NAFTA and a new guestworker program (what they called managed interdependence).

In an earlier report (Martin 1993), I examined NAFTA's likely impacts on Mexican and US agriculture. Most Mexican-born US residents are from rural areas in Mexico, and most find their first US jobs on farms. After examining how demand-pull factors in the United States and supply-push factors in Mexico would likely evolve after NAFTA, I concluded that the flow of Mexicans to the United States, running at 200,000 settlers and 1 million to 2 million sojourners a year in the early 1990s, would increase by 10 to 30 percent for 5 to 15 years, producing a hump when Mexico-US migration is viewed over time. The upward slope of the hump in the 1990s was due primarily to previous demographic growth in Mexico, in-

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17. We thank Gordon Hanson and Luis Rubio for these comments. See also Hanson (2005), Schmidt and Gruben (1992), Robinson, Burfisher, and Thierfelder (1995), and World Bank (2001).

**Figure 8.3 The migration hump**



sufficient jobs in Mexico, and strong US demand for Mexican workers. The downward slope of the hump was projected to occur when the number of new entrants to the Mexican labor market fell and economic growth created more and better-paid jobs in Mexico.

### Picturing the Hump

The migration hump is pictured in figure 8.3, where the volume of migration is measured on the Y-axis and time on the X-axis. The solid line through B represents the status quo migration flow (without NAFTA and other changes), and the arced line above A depicts the migration hump. Economic integration leads to an increase in migration over the status quo trajectory. Economic integration also speeds up job growth in Mexico so that migration falls and the volume of migration returns to the status quo level at B, in this case after 15 years. As growth continues, migration continues to fall, and area C represents the migration avoided by economic integration. Eventually, some migrants may return from the United States, shown by the area represented by D. This has occurred in previous emigration countries, including Ireland, Italy, Spain, and South Korea.

The critical policy parameters in a migration hump are A, B, and C: How much additional migration results from economic integration (A)? How soon does migration return to the status quo level (B)? And how much mi-

gration is avoided by economic integration and other changes (C)? Generally, a preexisting migration relationship and three additional factors must be present for economic integration to lead to a migration hump: a continued demand-pull for migrants in the destination country, an increased supply-push in the country of origin, and migration networks that can move workers across borders. Comparative static analysis—that is, comparison before and after the equilibrium points—usually ignores the adjustments that occur during economic integration, implicitly assuming that international trade will substitute for migration both in the short and the long terms. The migration hump, by contrast, illustrates the short-run dynamic relationship between economic integration and migration.

## **Contrast with Trade Theory**

In standard Heckscher-Ohlin trade theory, capital-rich country N will import labor-intensive goods from labor-rich country S. Trade liberalization shifts additional production of labor-intensive goods to country S and capital-intensive goods to country N. These production shifts in turn put upward pressure on country S wages, discouraging emigration.

By contrast with the standard trade story, when technology differs between countries, trade and migration can be complements, not substitutes. Historically, corn in Mexico was highly protected; a guaranteed price of corn twice the world price served as the social safety net in rural areas. Mexico had about 3 million corn farmers in the mid-1990s, but the 75,000 corn farmers in Iowa produced twice as much corn as Mexico at half the price. In this example, more US exports of corn will stimulate more Mexican exports of labor.

The productivity story can be taken further. Suppose Mexican workers are more productive in the United States than they are in Mexico because of better public and private infrastructure. Migration can then complement trade. This occurred when much of the Mexican shoe industry shifted from León, Mexico, to Los Angeles, California, in the 1980s. The somewhat surprising result was that shoes produced with Mexican workers in Los Angeles were exported to Mexico in larger volumes when NAFTA lowered barriers to trade. By converting less productive Mexican workers into more productive US workers, NAFTA discouraged the production of a labor-intensive good in Mexico and encouraged migration to the United States.

## **Formal-Sector Jobs and Migration**

Mexico needs formal-sector job creation to reduce emigration. As Mexico's population almost doubled between 1970 and 2000, from 53 million

**Table 8.3 Mexico and United States: Population and labor force, 1970–2050 (millions)**

	Mexico	United States
Population in 1970	53	203
Labor force in 1970	15	83
Percent of population	28	41
Population in 2000	100	281
Labor force in 2000	40	141
Percent of population	40	50
Labor force increase, 1970 to 2000 (percent)	167	70
Population in 2050	151	414
Labor force in 2050	70	207
Percent of population	46	50
Labor force increase, 2000 to 2050 (percent)	75	47
Employment in 2000		
Formal-sector jobs	15	125
Filled by Mexicans	15	6
Agriculture jobs	6	3
Filled by Mexicans	6	2

Sources: US Census Bureau (2000); Mexico's Consejo Nacional de Población (Conapo); 2050 projections from PRB (2004); IMSS (2000).

to 100 million, the number of Mexican-born US residents increased more than tenfold, from 0.8 million to about 9 million. In other words, about 9 percent of Mexicans live in the United States, and half the Mexican-born US residents are unauthorized. More important, 30 percent of Mexicans with formal-sector jobs work in the United States.<sup>18</sup> Thus, in 2000, about 20 million of the 40 million-strong Mexican labor force had formal-sector jobs—counting the 5.5 million Mexican-born workers in the United States (table 8.3).

## Job Growth

Much of the recent formal-sector job growth in Mexico took place in *maquiladoras*, foreign-owned plants (largely in border areas) that import components duty-free, assemble them into goods, and then export the goods. Value added (mainly wages) by *maquiladoras* in Mexico typically

18. The usual indicator of formal-sector employment in Mexico is based on enrollment in the pension system (IMSS). About 13 million Mexican workers are forecast to be enrolled in the IMSS in 2005. Many Mexican workers are self-employed farmers, unpaid family workers, or subsist in the informal sector. If 5.5 million Mexicans are employed in the United States, and about 13 million are enrolled in the IMSS in Mexico, then 30 percent of Mexicans with formal-sector jobs are in the United States. For details, see Banamex at [www.banamex.com/esp/pdf\\_bin/esem/pronos\\_130105i.pdf](http://www.banamex.com/esp/pdf_bin/esem/pronos_130105i.pdf) (accessed in April 2003).

amounts to 10 to 20 percent of the total value of the finished good.<sup>19</sup> The number of maquiladoras and their employment increased sharply after several peso devaluations and reached a peak of 1.3 million in 2000 before contracting sharply during the economic downturn in 2001–03 (see table 1.10 in chapter 1).

Maquiladoras never fulfilled their original goal of creating jobs for ex-braceros. The braceros were young men, while most maquiladora workers are young women (over 60 percent in 2000). Maquiladoras prefer hiring young women from the interior, many in their first jobs, believing that young women are more likely to be satisfied with assembly-line work. Nonetheless, maquiladoras have very high worker turnover. In many maquiladoras, two workers must be hired during the year to keep one job slot filled, an annual turnover rate of 100 percent.<sup>20</sup>

During the late 1990s, many Mexicans migrated northward with maquiladora expansion, but there is little smoking-gun evidence of “stepping-stone migration,” as would occur if internal migrants to border areas became US migrants. The clearest evidence of such migration involves indigenous Mexicans, Mixtecs, and Oaxacans from southern Mexico who were recruited to work in Mexico’s export-oriented vegetable industry in Sinaloa and Baja California in the 1980s and 1990s. Their seasonal jobs end in the spring, just as the demand for farmworkers in the United States rises, and some were recruited and later continued on their own to work in US agriculture. One survey of Mixtec workers in the United States in the late 1980s found that two-thirds had worked in northern Mexico’s export-oriented agriculture before arriving in the United States (Zabin et al. 1993).

## Demography

Mexican population growth peaked at 3.3 percent a year in 1970. In 1974, the Mexican government launched a family planning program, which greatly decreased fertility—from an average 7 children per woman in 1965 to 2.5 children in 2000. As a result, Mexico’s population is now growing by less than 2 percent a year. Declining population growth reduces migration both directly and indirectly because households with fewer children tend to keep them in school longer, reducing the need for jobs.

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19. The maquiladora or Border Industrialization Program was launched in 1965 to provide jobs to ex-braceros and their families who had moved to the border to be closer to US farm jobs. They had no source of income with the end of the bracero program. Many braceros had originally moved to the border area to increase their chances of being selected. The US employers had to pay for transportation from the workers’ place of recruitment to the US job, so they preferred border-area workers.

20. Job turnover has remained high, even in the 2001–02 downturn, partly because the managers get together and pay the same wages, and workers shift jobs frequently because there is little penalty for doing so.

While past population growth presents Mexico with a major job creation challenge, the number of Mexicans turning 15 (the age of labor force entry in Mexico) should drop 50 percent between 1996 and 2010, from 1 million to 500,000 a year. Meanwhile, if Mexican economic reforms continue, sustained growth can create jobs for new labor force entrants so that fewer Mexicans will feel compelled to emigrate. Mexico averaged 2.7 percent GDP growth since 1992, but formal-sector employment averaged 3 percent, which should persuade more Mexicans (particularly young workers) to stay in Mexico (see table 8.4). The key to keeping youth home is continuous economic and job growth, which creates optimism for economic betterment without migration. If the US Border Patrol buildup is completed by 2010, just as emigration pressures fall, one must be careful to credit the real reasons for the drop in immigration: demography and jobs.

## Managing Mexico-US Migration

The migration hump has both an upside and a downside. Looking at the upside of migration in the 1990s, some observers saw ever-rising levels of Mexico-US migration. But Mexico-US migration may fall for demographic and economic reasons, and the policy question is how to manage Mexico-US migration until emigration pressures subside.

### President Fox's Initiative

How should Mexico-US migration be managed until the X is crossed and emigration begins to fall? (see figure 8.3) Mexican President Vicente Fox, elected in July 2000, made a migration agreement one of his government's top priorities. In February 2001, Presidents Fox and Bush established a high-level working group to create "an orderly framework for migration that ensures humane treatment [and] legal security, and dignifies labor conditions."<sup>21</sup> President Fox subsequently proposed a four-point migration plan, which included legalization for unauthorized Mexicans in the United States, a new guestworker program, cooperative measures to end border violence, and changes in US law that would exempt Mexicans from US immigrant visa ceilings.<sup>22</sup>

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21. "Mexico: Bush, Fox Meet," *Migration News* 8, no. 3 (March 1, 2001), [http://migration.ucdavis.edu/mn/more.php?id=2318\\_0\\_2\\_0](http://migration.ucdavis.edu/mn/more.php?id=2318_0_2_0) (accessed in July 2005).

22. In presenting Mexico's proposal, Foreign Minister Jorge Castaneda in June 2001 said, "It's the whole enchilada or nothing." While the US government seemed willing to embrace historic changes in Mexico-US migration management, it was not prepared to serve the "whole enchilada." US Secretary of State Colin L. Powell in September 2001 reported, "We've made a great deal of progress with respect to principles. We are now getting ready to move from principles into specifics and programs and how would one design such programs." See "Fox

**Table 8.4 Mexican GDP and employment growth, 1992–2004**

Year	GDP growth (percent)	Labor force (millions)	Labor force growth (percent)	Employment (millions)	Employment growth (percent)	Formal-sector employment (millions)
1992	3.6	31.2	3.6	30.3	3.5	11.3
1993	2.0	32.4	3.7	31.3	3.6	11.3
1994	4.4	33.2	2.7	31.8	1.6	11.4
1995	-6.2	35.0	5.2	33.0	3.5	11.0
1996	5.1	35.7	2.1	34.1	3.6	11.4
1997	6.8	37.5	5.1	36.2	6.1	12.3
1998	4.9	38.3	2.2	37.2	2.7	13.3
1999	3.7	38.4	0.2	37.6	1.1	14.2
2000	6.6	39.1	1.9	38.3	1.8	15.0
2001	-0.1	39.2	0.1	38.3	0.1	15.2
2002	0.7	40.2	2.7	39.3	2.5	15.3
2003	1.3	40.7	1.3	39.7	1.1	15.6
2004 <sup>a</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	16.1
<b>Average</b>	2.7	36.2	2.6	35.1	2.6	13.2

n.a. = not available

a. Data for the total population in 15–24 age group are from two sources: For 1992–2003, data are based on OECD (2005); 2004 data are based on the Mexican Ministry of Labor (Secretaría del Trabajo y Previsión Social [STPS]).

In addition to sponsoring a new public policy framework, Mexico has pioneered in recognizing the contributions that its citizens living in the United States can make to foster economic development in Mexico. President Fox has called migrants in the United States heroes for their remittances of over \$1 billion a month to Mexico and has said that migrants are indispensable to creating a modern and prosperous Mexico. Backing up such claims, the Mexican government began issuing matricula consular documents to Mexicans in the United States so that they have government-issued ID cards to open bank accounts, rent apartments, and function in a security-conscious United States.<sup>23</sup> Mexican federal, state, and local governments have created programs to match remittance savings that are in-

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Visits Bush," *Migration News* 8, no. 10 (October 1, 2001), [migration.ucdavis.edu/mn/more.php?id=2463\\_0\\_2](http://migration.ucdavis.edu/mn/more.php?id=2463_0_2) (accessed in July 2005). By promising a far-reaching agreement on migration, the Fox administration may have made a political blunder that made more modest migration reforms nonnegotiable. We thank Luis Rubio for this observation on an earlier draft.

23. Mexico's 47 US consulates issue matricula consular cards to Mexicans in the United States for \$29. Over 600,000 were issued in 2001 and 1 million in 2002. Consular officials also educate Mexicans on low-cost options for remitting funds. Cited in "Mexico: Ag, Remittances, Social Security," *Migration News* 10, no. 1 (January 2003), [migration.ucdavis.edu/mn/more.php?id=23\\_0\\_2\\_0](http://migration.ucdavis.edu/mn/more.php?id=23_0_2_0) (accessed in July 2005).

Formal-sector employment growth (percent)	Labor force (excluding formal sector) (millions)	Labor force growth (excluding formal sector) (percent)	Total population, 15–24 age group (millions)	Total population growth, 15–24 age group (percent)
2.5	20.0	4.2	17.8	0.9
0.2	21.1	5.7	18.0	0.9
1.1	21.8	3.5	18.2	1.3
–4.2	24.0	10.1	18.8	3.5
3.7	24.3	1.4	18.9	0.5
8.0	25.2	3.8	19.0	0.4
8.0	25.1	–0.7	19.1	1.0
6.8	24.2	–3.3	18.9	–1.7
5.8	24.1	–0.4	19.3	2.4
1.1	24.0	–0.5	19.0	–1.8
1.2	24.9	3.7	19.1	0.9
1.7	25.2	1.0	19.3	0.8
2.9	n.a.	n.a.	19.7	1.9
3.0	23.3	2.4	18.8	0.8

Sources: World Bank *World Development Indicators* 2005; OECD (2005); IMSS (2005); and STPS (2005).

vested to spur economic development. In 2004, these programs provided \$60 million to match \$20 million in remittances donated by Mexicans abroad to build or improve streets and water systems.<sup>24</sup>

However, the September 11, 2001 terrorist attacks froze Mexico-US migration discussions, as the American public refocused on border security. A new emphasis on ensuring that foreign terrorists do not arrive legally or illegally, the movement of the Immigration and Naturalization Service (INS) into the new Department of Homeland Security, and a recession in both Mexico and the United States combined to reduce the impetus for a new Mexico-US migration agreement. Nonetheless, Mexico-US migration continues at historically high levels despite stepped-up border controls.

## Congressional Initiatives

Within the United States, three major US migration policy options have been debated: guestworkers, earned legalization, and legalization. In January 2004, President Bush unveiled a Fair and Secure Immigration Reform (FSIR) proposal, which would permit the 6 million to 8 million unautho-

24. Agustin Escobar, personal correspondence, January 2005. See also IMF *World Economic Outlook* (2005).

alized foreigners in the United States with jobs—perhaps two-thirds of the total of unauthorized foreigners—to become legal guestworkers if their US employers certified their employment and if the foreigner paid a registration fee of \$1,000 to \$2,000. As temporary workers with renewable three-year work permits, they would be free to travel in and out of the United States, get Social Security numbers and driver’s licenses, and apply for immigrant visas. However, at the end of six years, these guestworkers would have to return to their countries of origin, albeit with a new incentive: credit in their home country’s social security system for the legal work they did in the United States.<sup>25</sup> As under current law, US employers would be able to request immigrant visas for guestworkers or unauthorized workers who fill jobs for which US workers cannot be found, and President Bush promised to urge Congress to raise the total number of employment immigrant visas available (both skilled and unskilled workers), currently 140,000 a year.<sup>26</sup>

If the currently unauthorized workers who came forward were not sufficient to fill vacant jobs, the Bush proposal would allow US employers to recruit additional foreign workers. After advertising jobs on a new Internet labor exchange and justifying a refusal to hire any US workers who respond, the employer could go abroad and recruit guestworkers, who would receive three-year renewable visas like those issued to unauthorized workers in the United States. Guestworkers from outside the United States, however, would not have to pay the registration fee charged to unauthorized workers in the United States. After his reelection in November 2004, President Bush pledged to work for congressional approval of legislation “to make sure that where there’s a willing worker and a willing employer, that job ought to be filled legally in cases where Americans will not fill that job.”<sup>27</sup>

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25. The Bush plan has not been transformed into legislation. It could, however, work as follows: First, an employer acknowledges in a letter or affidavit the unauthorized worker’s employment history. After paying a fee and undergoing a security check, the unauthorized worker then uses the employer’s letter or affidavit to become a registered guestworker for three years.

26. Bush promised to propose an increase in the number of green cards or immigrant visas available for foreigners in cases where US employers cannot find US workers. There still could be, however, long waits for employers seeking immigrant visas for needed foreign workers. The current limit is 10,000 immigrant visas a year for unskilled workers. If the number of such visas were raised to 100,000 a year, and 5 million unauthorized workers sought to become guestworkers with immigrant visas, it would take 50 years to convert all of them to immigrants. “Bush: Legalization, AgJOBS,” *Migration News* 11, no. 1 (January 4, 2004), [http://migration.ucdavis.edu/mn/more.php?id=2967\\_0\\_2\\_0](http://migration.ucdavis.edu/mn/more.php?id=2967_0_2_0) (accessed in July 2005).

27. According to Sidney Weintraub, the illegal Mexican immigration debate is essentially about wage subsidies for employers, at the expense of low-skilled US nationals, and price subsidies for the general public, in the form of cheap goods and services made by foreign workers. Weintraub offers an alternative to Bush’s guestworker program: substantial US de-

The Bush plan would turn unauthorized workers into guestworkers. Conversely, many Democrats, the AFL-CIO,<sup>28</sup> and groups such as La Raza want legalization for unauthorized foreigners in the United States, which gives them immigrant visas—as the IRCA legalization of 1987–88 did. The most recent Democratic proposal is the Safe, Orderly, Legal Visas and Enforcement Act (SOLVE), introduced in May 2004. SOLVE would legalize unauthorized workers who have been in the United States at least five years and with at least two years' employment, if they can pass English, background, and medical exams. Those in the United States less than five years could apply for "transitional status" valid for up to five years and then apply for "earned immigrant status" after they satisfy residence, employment, and other criteria. Under SOLVE, the number of low-skilled guestworkers would be capped at 350,000 a year. Before they could be admitted, the US Department of Labor would have to check that employers paid prevailing wages and that the presence of guestworkers did not adversely affect similar US workers. Guestworkers could apply for immigrant visas after two years.

The third option is earned legalization. Senators Edward Kennedy (D-MA) and Larry Craig (R-ID) introduced the Agricultural Job Opportunity, Benefits, and Security Act (AgJOBS) in September 2003, a proposal endorsed by a majority of senators to test an earned legalization program for farmworkers. Under AgJOBS, unauthorized foreigners could become legal residents and workers if they did at least 100 days of farmwork in a 12-month period. Then, after satisfying a three-part farmwork test that includes at least 360 days of farmwork over six years (including 240 days in the first three years), AgJOBS workers and their families could become immigrants through a process that could take five years. AgJOBS would also make it easier for farm employers to recruit additional guestworkers by revising the H-2A program to eliminate the requirement that farmers provide free housing to out-of-area workers<sup>29</sup> and by freezing the adverse-effect wage rate that farmers must pay to avoid depressing wages for US workers.<sup>30</sup>

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velopment aid on the condition that Mexico increase its own tax collections for development purposes. As Weintraub notes, Mexican federal tax revenues are less than 12 percent of GDP, one of the lowest ratios in Latin America. See Sidney Weintraub, "Development Aid Can Ease Illegal Immigration," *Financial Times*, April 18, 2005.

28. The AFL-CIO has also called for an end to enforcement of employer sanction laws and stepped up enforcement of labor laws, but no new guestworker program.

29. AgJOBS would allow employers to provide workers with "a monetary housing allowance" if the state's governor certifies that "sufficient housing" exists; the allowance would be \$150 to \$250 per month in California.

30. Farmers currently, and under AgJOBS, would have to pay foreign H-2A workers the higher of the federal or state minimum wage, the prevailing wage in the occupation and area of intended employment, or the adverse-effect wage rate.

## Pilot Guestworker Programs

Major legislation will be controversial and take time to enact. Meanwhile, pilot guestworker programs could play an important role in managing Mexico-US migration until the downward side of the migration hump appears. They could be used to test concepts such as the inducement to return to Mexico, included in the Bush proposal, or tracking guestworkers and their employment, as the Bush plan and AgJOBS would require.<sup>31</sup>

The United States has about 20 nonimmigrant programs that allow the admission of foreigners to work for temporary periods, issuing visas that range from A for ambassadors to TN for NAFTA professionals with a bachelor's degree or more. Most Mexicans entering the United States legally as guestworkers arrive with H-2A and H-2B visas—farmworkers and unskilled nonfarmworkers, respectively—to work temporarily in seasonal or temporary US jobs (the “double-temporary” criteria).

The H-2A and H-2B programs are certification programs, meaning that a US employer must convince the US Department of Labor on a job-by-job basis that US workers are not available. In other words, each job vacancy to be filled by a foreign worker with an H-2A or H-2B visa needs a DOL certification that US workers are not available to fill the job, and the border gate to foreign workers stays closed until the government certifies that US workers are unavailable. The alternative process, used in the H-1B program to admit foreigners with a bachelor's degree or higher to fill US jobs (for up to six years), allows a US employer to open the border gate by attesting that foreign workers are needed to fill vacant jobs. Under the H-1B program, there is generally no enforcement of employer attestation unless DOL receives complaints.

The purpose of nonimmigrant or guestworker programs is to add workers temporarily to the labor force but not to add settled residents to the population. The “guest” adjective implies that the foreigner is expected to leave the country when his job ends. Under H-1B, H-2A, and H-2B programs, foreign workers are tied to a single US employer by contracts—the employer's job offer becomes the contract—and workers must generally leave the United States if they are discharged. In most cases, guestworkers are envisioned as a transitional presence in an industry or occupation, employed until jobs are mechanized or otherwise eliminated by trade or restructuring.

The United States and Mexico could usefully experiment with new guestworker pilot programs to determine whether alternatives to the current H-2A and H-2B programs are viable and whether Mexico-US coop-

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31. Hufbauer and Vega-Cánovas (2003) called for a general guestworker program that would issue up to 300,000 visas a year to Mexicans after they underwent a background check, require them to have at least eight months of employment in the United States, and allow them to naturalize after five years (the normal period legal immigrants must live in the United States to naturalize).

eration can reduce unauthorized migration so that workers and employers are legal rather than illegal.

US industries that currently hire large numbers of unauthorized Mexican workers might be candidates for new-style guestworker programs that modify the H-2A and H-2B programs. One example is meatpacking. In 2002, the US meat- and poultry-processing industries employed an average 520,000 workers to “disassemble” cattle, hogs, and poultry. There is very high worker turnover, with some plants hiring two workers a year to keep one job slot filled. Most meatpacking firms are enrolled in the voluntary Basic Pilot employee verification program, under which employers submit the government-issued A-numbers of newly hired non-US citizen workers for verification of their right to work in the United States. Many meatpackers, including Tyson Foods, also employ workers supplied by temp agencies, and data for these workers are not necessarily submitted to Basic Pilot.<sup>32</sup>

A pilot guestworker program could relax the requirements of the H-2B program that the US job be temporary in exchange for a requirement that meatpacking firms hire all workers directly and screen them for legal status under Basic Pilot. A pilot program, labeled H-2BB, could isolate the Social Security and unemployment insurance taxes paid by US employers and guestworkers and (1) use the employer’s contributions to enforce program rules, subsidize mechanization research, and train US workers; and (2) return the worker’s Social Security contributions when he surrenders his work permit in Mexico. Both efforts could be supplemented with other steps to ensure compliance and achieve longer-term goals. For example, Mexico could select guestworkers from among those participating in *Oportunidades*, a program that gives poor Mexicans cash payments. Payments or required health checkup dates could be adjusted to ensure compliance with guestworker rules.

## **An L-1 Visa Option**

The US L-1 visa is available to “key employees”—executives, managers, and workers with “specialized knowledge”—to allow them to move from a job in a multinational corporation abroad to a job in an affiliated US firm. On a pilot basis, multinational firms with operations in both Mexico and the United States could be permitted to use L-1X visas to bring unskilled Mexican workers to the United States for employment and training in the

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32. In 2001, the US federal government charged Tyson Foods (with 120,000 employees, the largest US meatpacker) with conspiracy to smuggle unauthorized workers into the United States after plant managers made arrangements with INS undercover agents to pay \$200 for each worker who went to work in Tyson plants as employees of temp firms. The federal government sought \$100 million in fines and changes in Tyson’s hiring methods. Tyson maintained that a few rogue managers were responsible for working with undercover federal agents acting as smugglers and was acquitted of the charges in March 2003.

expectation that the Mexican worker would return to Mexico and be employed in the firm's Mexican operation after one to three years. Such a program involving hotels, medical care providers, and other services would provide continuity in employee seniority within a single firm and make the multinational firm a partner in ensuring that program rules are followed. By opening legal channels for Mexican workers who have contacts with US employers in Mexico, unauthorized migration might be discouraged.

## **Migrant Workers in Agriculture**

A third pilot guestworker program could involve agriculture. Seasonal employment on US crop farms has served as the port of entry for many Mexican-born US residents, and 85 percent of the almost 2 million hired seasonal employees on US crop farms were born in Mexico. An agricultural pilot program could test methods of using payroll taxes collected from participating guestworkers and their US employers to encourage worker returns as well as promote mechanization.

For example, 95 percent of US raisins are grown around Fresno, California, by about 3,500 farmers, many of whom have relatively small plots that average 40 acres. Workers receive about \$0.01 a pound for cutting and laying 25 pounds of green grapes on paper trays to dry in the sun. There is a "labor shortage" every year because in order to raise the sugar content of their grapes, farmers wait as long as possible to begin harvesting, yet they know that the longer they wait to begin harvesting, the more likely rain will diminish the value of the drying grapes. When the sugar content is high enough, farmers want 50,000 workers during the four- to six-week harvest.

The alternative is dried-on-the-vine (DOV) systems, which allow mechanical harvesting of raisin grapes. DOV systems increase the hours of labor needed for pruning in the winter months, when unemployment is high, and reduce the need for harvest workers. However, the upfront cost of retrofitting vineyards for mechanical DOV harvesting is about \$1,500 per acre, or a total of \$225 million for the 150,000 acres of raisin grapes. If the DOV system were adopted, peak September employment in the raisin industry would fall from 50,000 to 10,000, and a magnet for unauthorized Mexican workers would disappear.

## **Social Security and UI Funds**

A pilot guestworker program in which employer contributions for Social Security and unemployment insurance (UI) were set aside could generate significant funds to transform the industry, provide transitional jobs for Mexican migrants, and spur development in the migrants' areas of origin. The 20 percent of wages paid by employers and workers for Social Security (15 percent of gross wages) and UI (5 percent) could generate signifi-

cant funds to achieve these goals. For example, if raisin harvesters average \$5,000 each, 20 percent payroll taxes are \$1,000 per worker per season. Hence the employment of 50,000 guestworkers could generate a total of \$50 million to subsidize mechanization and encourage returns.

More broadly, if there are 6 million unauthorized Mexican workers and they were converted to guestworkers earning an average of \$15,000 a year, the 20 percent payroll taxes accounted for by Social Security and UI would generate \$3,000 a year per worker, or a total of \$18 billion a year from gross earnings of \$90 billion. This significant sum could be used to promote labor-saving mechanization and worker training in the United States, as well as encourage returns and foster economic development in Mexico.

## **Don't Forget Enforcement**

None of these pilot programs can achieve their goals unless illegal migration is reduced. During the 1990s, the United States stepped up border control efforts and relaxed the enforcement of laws aimed at having US employers hire only legal workers. Since the September 11 terrorist attacks, immigration authorities have stepped up workplace enforcement in selected sectors, including airports, nuclear reactors, and other sensitive industries, but not at US workplaces. The Mexican and US governments have announced new cooperative agreements to patrol the border to prevent terrorists from slipping into the United States and prevent deaths of migrants attempting entry through the deserts.

Cooperative border control efforts and workplace enforcement that reduce illegal immigration and employment are indispensable keys to testing the effectiveness of pilot guestworker programs. As long as Mexicans can enter the United States illegally and find jobs, there will be little incentive for Mexican workers or US employers to participate in pilot guestworker programs, even if they promise return bonuses for workers and other assistance for employers. Reducing illegal migration and employment is a prerequisite for any new guestworker or migration arrangement.<sup>33</sup>

The pilot guestworker programs could be open to foreigners outside the United States as well as authorized foreigners already in the United States. However, they would not encompass most of the 10 million unauthorized foreigners in the United States, including 6 million to 7 million workers.

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33. In addition, steps should be taken to expedite legitimate traffic across the border. This goal can be achieved with prescreening and trusted traveler and transporter programs that allow expedited entries. Both countries can benefit by expanding the number of people and firms in such trust-expedite programs so that limited enforcement resources can be targeted on others who may pose a danger. As Hufbauer and Vega-Cánovas (2003) suggest, inspecting trusted travelers before they arrive at the border and inspecting goods away from the border facilitate the movement of trusted travelers and goods. Hufbauer and Vega-Cánovas include in their trusted traveler proposal an immigration component, calling for the creation of a NAFTA retirement visa that would allow retirement in any of the three NAFTA countries.

Instead of starting with them, the pilot program and enforcement approach should allow tests of new concepts to keep guestworkers guests and to prevent unauthorized migration for employment. This approach could help to prevent another immigration surprise: Experience shows that for most major immigration reforms, the unanticipated consequences are more important and long lasting than the anticipated consequences.

## Conclusions and Recommendations

The number of international migrants is relatively small. In a world of 6 billion, the United Nations estimated the number of international migrants—that is, persons living outside their country of birth or citizenship—at 175 million in 2000, or 3 percent of global residents. Mexico-US migration is larger, with about 9 percent of Mexican-born persons living in the United States.

The economic integration symbolized by NAFTA should eventually reduce economically motivated Mexico-US migration. NAFTA went into effect in January 1994, in part to enable Mexico to export, in the words of former President Carlos Salinas, tomatoes rather than tomato pickers. However, during the 1990s, Mexico-US trade and migration increased together, producing a migration hump, because of large numbers of new labor force entrants, very uneven economic and job growth in Mexico, and an economic boom in the United States.

High levels of Mexico-US migration over the past decade should not obscure the fact that Mexico-US migration may soon diminish for demographic and economic reasons. A combination of the sharp drop in Mexican fertility in the 1980s and 1990s, the potential for sustained economic and job growth in Mexico, and the winding down of the large-scale exodus from Mexican agriculture should reduce Mexico-US migration after 2010.

While demographic and economic forces are taking hold, policy initiatives should seek to reduce the frictions inherent in US-Mexico migration. The options most often mentioned—large-scale guestworker programs at one extreme and legalization at the other—may simply add to illegal immigration, as has occurred in the past. Instead, pilot guestworker programs that make incremental changes to existing foreign worker programs—by adding economic mechanisms to encourage employers to mechanize and guestworkers to return—would allow the United States and Mexico to test new methods of managing declining migration pressures.

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