“Status Quo” until...
Mexican emigration in an age of uncertainty.

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“Comparing Mexico – U.S. and Turkey – Western Europe”
Why deal with emigration?

- “The status quo works” is a phrase we have heard repeatedly for the past 20 years: people leave, they earn money, they lead fairly normal lives, many return to Mexico with savings, others earn resident status in the U.S. Employers run very few risks.
- Yet it has steadily worsened.
- Border deaths.
- Criminalization.
- Remittances.
- The question is at what point should government intervene, and how.
Total and Hispanic Offenders sentenced for immigration offenses in U.S. District Courts by Fiscal Year (2000-2009)

Source: Table 5.26, Sourcebook of Criminal Justice Statistics, several years.
http://www.albany.edu/sourcebook/
Border Mortality Rate

Figure 10. Migrant Mortality Rate, per 10,000 Apprehensions

Source: CRS Analysis of CBP Data.
Also,

- Since 2005 I have shown that:
  - Remittances to Mexico are among the lowest in the Americas in GDP per capita terms,
  - That their distribution is NOT progressive (But Lustig and Scott 2011),
  - And that migrants’ stay-at-home income is on average greater than their remittances, at least among the poor.
  - I.e., both for the country and for the poor migrant, migration doesn’t work.
Dealing with the causes.

Migration analysts have insisted since the 80’s that development is the comprehensive goal, and that migration should be approached from a development perspective. But exactly how to go about development, and how to place migration in a development perspective is another matter. There is no agreement on the general strategy, although remittances, returns, the acquisition of new competences, investment and social capital generated through migration can all contribute to development.
How is development a cause?

- There is disagreement about underlying causes.
- It seems obvious: GDP, jobs, wages and productivity growth have been low and erratic.
- But what causes low growth is controversial.
- Since 1987, I pointed at crises and employment.
- But more careful analysis has convinced me that low growth was the outcome of a mismanaged political crisis in 1968 - 72, and, today, is a reflection of an increasingly ineffective state.
- It is not the outcome of an economic “model”, although external pressures, endogenous mistakes and the inability to rein in new vested interests are related to the outcome.
- And U.S. demand and reforms should not be underestimated.
Governance as cause of emigration

- **Largest relative upsurge** in migration flows occurred in the 1970’s.
- After student unrest in 1968 - 71 and rural guerrillas, president Echeverría froze crop prices, tripled credit to farmers, lowered government ability to buy and store grain, while keeping prices to consumers low.
- Corn production fell and imports rose. Government expenditure rose through higher subsidies to consumers, higher prices of imports, and more credit to farmers. Devaluation ensued.
- People left the countryside, but urban centers could not absorb them at the same rate as previously. They started leaving the country in much larger numbers.
- This is not a right - and - left dilemma: it’s political control at a high price.
- Economic “models” matter, but there are successful instances of various models in LA. The reason why Mexico is not has less to do with the model than with effective decision-making and implementation.
Governance today

- Bad decisions led to crises, governance crises, and to reforms making the government weaker.
- This is made harder by decentralization. States went from controlling 16% of the budget to approximately 44% today. Federal - State coordination is difficult.
- Today, change has to come gradually, and consensus is more difficult to achieve and enforce.
- Progress is being made, but slowly:
  - accountability of “Branch 33” of the budget (42 Bn Dollars) (CONEVAL).
  - Evaluation of social programs is increasingly effective.
Structural and personal

- Also, while analysts agree on the role of poverty, jobs, and wages, this does not translate directly into flows.
- The unemployed and the poor do not migrate to a greater extent than others.
- These links exist but they are complex: take the case of poverty
Poverty, migration, remittances

- The frequency of remittances among Mexico’s 20% poorest household is high.
- Their dependence on remittances is high: the 8% that do receive them depend on them for 51% of their total current income in 2000.
- But remittances to Mexico’s 20% highest income group are higher.
- And remittances to Mexico’s 5% poorest are extremely low.
- Remittances are progressive relative to quintile income, yet neutral or regressive when analyzed from total income distribution.
From cause to process to policy

- As migration unfolds, it ceases to respond to original causes, and responds to new conditions.
- These new conditions (or processes) can be addressed through policy.
- I address only two kinds of migration, responding to specific conditions: “basic needs” and “risk and asset” migration.
Two reform scenarios

- Reforms are difficult. They can be mistaken, they always harm someone, they cost and they need to be reformed.
- It makes sense to phase them in, and to think of them as gradual processes.
- I sketch one “mini” reform scenario, one “moderate” reform scenario.
Mini reform for “basic needs”

- One kind of person migrates because she needs higher income to meet basic needs (and risks).
- For this kind of migration, the current push to “Social Protection Systems” is an answer.
- These systems are spreading through L.A. And other medium-income countries.
- They include a Cash Transfer Program, Health, and non-contributive pensions. Sometimes unemployment benefits.
- Together with reasonable income opportunities, they can both retain population and attract it back: “catastrophic” emigration is significantly diminished.
- (And poorer migrants are much less successful today).
Mini reform: PROCAMPO

- Rural areas are still the main source of international emigration.
- PROCAMPO supports farmers with a acreage-based cash subsidy.
- Created in 1993, to offset the loss of pre-NAFTA subsidies.
- But its coverage of poor producers is quite low and falling, and leaves productivity untouched.
- Implementation and subsidy structure need substantial improvement.
Employment promotion

- “First job” program created in 2007 did not work, was superseded by emergency subsidy for technical stoppages during the recession (2008-9).
- But needs to be revived and made to work.
- Congress announced another program just like the first. Not implemented.
Mini reform: Change the attitude and the rhetoric

- Some argue the Constitution bars exit inspections.
- At which point does a parent taking his child into the Arizona desert become an unfit parent? At 1/1000 death rate, at 1/10?
- Paternalism is not a dirty word: mandatory education…
- Freedom of movement must have a limit when a government’s duty to protect lives and to respond to intergovernment relations are at stake.
- Migrants have rights, but laws should be enforced.
Moderate reforms for “risk and asset” migrants (and other entrepreneurial Mexicans).

1. A second kind of migrant could be called “risk and asset”: migrants seeking to lessen their risk, and/or accumulating for various ends (a house, a business, buying land). NELM
2. Matching funds for microenterprise, small farms (not microfinance).
4. Small farmers to market: urgent, in view of food prices.
5. Health, security and housing away from the employment nexus and into general taxes.
6. Formalize or restructure social protection.
7. True, these are general reforms. But they would allow “risk and asset” migrants to be much more successful.
Commodities Production in International Commodity Prices by year (1970-2008)