Chapter 3

Development and Migration

Development, if sustained, can eventually reduce emigration pressures, but it may take several generations for this process to run its course.

There is no simple relationship between international migration and economic development. Socioeconomic modernization leads to a continuous progression of cumulative change and the gradual transformation of political, social and economic systems. It stimulates demographic changes, entails a drastic overhaul of manufacturing and agriculture, and results in a subtle but powerful cultural transformation.

In modernizing societies, urban growth and development go hand in hand. Rural to urban migration is induced by increases in productivity brought about by modern equipment, irrigation, and other agricultural advances. Land scarcity, rapid population growth in rural areas and a declining reliance on labor-intensive farming all contribute to the exodus of people. Rural modernization also leads to the disintegration of traditional social networks. Market transactions substitute for family and social obligations.

As they become urbanized, populations adopt new ways of organizing economic and social life. People become more interdependent through the division of labor and increasingly complicated market mechanisms. Complex societies, in turn, demand diversified educational systems to train a heterogenous workforce.

With rapid city growth, urban labor markets become taxed by the sheer number of jobseekers, many of whom are poorly equipped to hold demanding occupations in manufacturing and skilled services. "Dual" labor markets appear, in which a relatively few people enjoy the privileged jobs of the modern sector while most workers remain outside of the economic mainstream. The better educated and more entrepreneurial attain relatively high incomes. The urban poor, in contrast, have little recourse to other than badly paid jobs, often on the fringes of the economy. Inequitable income distribution, while granting some a life of plenty, condemns others to a life of poverty. (See Box 3.1, p. 35.)

This complex context governs the constantly changing relationship between migration and development. The transformations intrinsic to the development process are at first destabilizing. They initially promote rather than impede migration. Better communications and transportation and other improvements in the quality of life of people working hard to make a living raise expectations and enhance their ability to migrate.

Inequitable income distribution, while granting some a life of plenty, condemns others to a life of poverty.

Puerto Rico's experience is illustrative. Many hundreds of thousands of Puerto Ricans (who are U.S. citizens) migrated to the mainland following World War II This was the partial result of the transformation of Puerto Rico's previously rural agrarian economy into an urban industrial-based economy. Despite considerable success in raising local living standards, Puerto Rico is still seeking a sustainable development strategy Notwithstanding major economic growth, reduction of generalized poverty, and return of many migrants, large-scale migration is still a reality, particularly in times of economic hardship.

However, if development is successfully sustained over generations, more people can be brought into the economic and social mainstream This pattern was followed in Europe by the United Kingdom, Sweden, Germany, Italy, and Spain, from which many people emigrated during the late 19th and early 20th centuries. Today those countries attract hundreds of thousands of migrants from other parts of the world. Over decades, improved labor market conditions are capable of providing more diversified and better paid employment opportunities to a slower growing labor force. International wage rate gaps can begin to be reduced and social amenities and educational standards begin to match those previously found only abroad. Ultimately, the desirability of emigration is lessened.

But the transformation in Europe was achieved under conditions far more favorable than those faced by Mexico and other migrant-sending countries of the Western Hemisphere. Labor force growth rates in Europe were not nearly as high, and production techniques at the time were considerably more labor intensive. Many receiving countries of the period were relatively underpopulated and welcomed immigrants Therefore, the Commission cautions that the

Box 3.1 - "Dual" Labor Markets

While there is a tendency to talk of "labor" as an undifferentiated group of persons, we know from everyday observation that some workers are more skilled than others and that labor market tasks require different degrees of preparation. This is recognized in the marketplace by salary differentials. It is common for jobs to go wanting for lack of qualified applicants at the same time that there is unemployment among would-be workers in the same area.

We know, therefore, that labor markets are segmented by skills and qualifications. This is as true in the United States as it is in migrant-sending countries.

Most unauthorized immigrants coming to the United States from Latin American and Caribbean countries are unskilled. They generally have had four to six years of education and worked before they came as laborers on farms, in various low-skill service operations, or perhaps on assembly lines doing repetitive jobs. For the most part, the unauthorized immigrant fills a low-skill, low-wage job in the United States. The unauthorized immigrant may compete with other workers with comparable skills, but may also permit workers legally in the United States to move up the employment ladder to higher paying jobs.

While the concept is not accepted by all economists, some students of unauthorized immigration thus talk of dual labor markets. Jobs at a low level in the labor market may be filled by unauthorized immigrants, and jobs at a higher level by legal U.S. residents or nationals. The jobs at the lower level generally have little future in terms of advancement. It is sometimes argued that these jobs can be kept low-level and low-paying precisely because there is a steady flow of unauthorized immigrants to fill them.

It is evident that there are not just two levels of workers, but a continuum based on skills and preparation. Labor markets are almost infinitely segmented. However, those who use the word "dual" stress the contrast between different types of jobs—skilled or unskilled workers, well-educated or inadequately-educated workers, dead-end jobs or those that provide opportunities for advancement.

Puerto Rican example may be more typical than the European experience of what might be expected in the Western Hemisphere during the next several generations. Development, if sustained, can eventually reduce emigration pressures, but it may take several generations for this process to run its course. In the interim, it can be expected to exacerbate emigration pressures.

Just as the development process influences migration, migration has an impact on development patterns. The nature of the latter relationship is quite ambiguous. The outcome depends on the specific circumstances of each situation.

There is general agreement that under some circumstances emigration helps ease some of the most daunting problems confronting migrant-sending societies. The departure, even if temporary, of young workers relieves labor market pressures. Migrant remittances are an important source of foreign exchange for some countries and are an important factor in improving the quality of life of migrant households. Migration can also serve as a vehicle for social change. Returning migrants often introduce modernizing agricultural and commercial skills in home communities, and are instrumental in disseminating contemporary world views.

Under some circumstances, on the other hand, emigration can hamper the pace of development. The most ambitious people are the most likely to emigrate. Economic bottlenecks resulting from emigration of skilled workers may hinder economic growth. There is even a downside to remittances. Inflation is frequent in communities heavily impacted by remittances, pushing up land and housing prices. Remittances may even weaken local work incentives because it is apparent that no matter how hard a person works at home, the returns from foreign employment are far greater.

A Vigorous Restructuring of the Mexican Economy

Patterns of unauthorized immigration to the United States are an amalgam of historical experience and current socioeconomic conditions. Many migrants are attracted by the wage differential between the United States and their home countries. This is particularly true in the case of Mexico, where wage differentials of ten-to-one are typical for comparable jobs.

People from what is now Mexico have been moving north since long before colonial times. The normal pattern in recent times was to come for short periods, such as harvest time in the United States or slack time in Mexican rural areas, and then return home. Indeed, this pattern of temporary immigration was encouraged by the United States. The Bracero Program was an explicit form of temporary worker recruitment first induced by the labor shortage in U.S. agriculture during World War II. Other encouragement was implicit. Since it was not illegal to hire non-U.S. workers without proper documents, many employers recruited or otherwise enticed unauthorized workers to enter the United States

Pressures for Mexicans to emigrate can be mitigated over time only as Mexican incomes increase, not necessarily to equal those in the United States, but to narrow the differential substantially. U.S. economic policy will influence Mexican economic growth rates, but the task of stimulating development in Mexico must be primarily the responsibility of that country.

For many years following the Second World War, Mexico based its economic development policy on establishing national industries, for the most part owned by Mexicans, and then protecting these operations by keeping out competing foreign products This approach was identical to that of Latin American countries generally, and similar to that of most countries seeking to establish infant industries

The policy worked well for some 40 years, delivering annual overall rates of growth of 6 percent. But despite the Mexican "miracle," as it was called, emigration to the United States continued because of Mexico's low wage base and uneven income distribution. During the late 1970s and early 1980s, growth was maintained by an oil bonanza and a buildup of foreign debt. When these sources collapsed, Mexico faced economic decline of depression proportions.

By 1982, Mexico's internal market was insufficient to sustain growth and the protected nature of Mexico's industry meant that most Mexican companies were unable to compete outside the country.

Agriculture paid a large part of the price for Mexico's industrial buildup since World War II. The result over the years has been shortfalls in agricultural production, with output lagging behind population growth. Once an important food exporter, Mexico is now a major importer, especially of food grains that are essential to the Mexican diet. The changes in agricultural policy during the 1980s have not nearly matched those in industrial policy, but the stirrings that could lead to agricultural reform are now evident.

Perestroika, Soviet style, lags significantly behind what has taken place in Mexico during the last eight years.

Mexico's economic policies have had an important impact on migration. The encouragement of industry has led to the growth of urban centers which, when coupled with the neglect of agriculture, has led to large population movements from rural areas. At the same time rural poverty, particularly in central Mexico, has contributed to a consistent pattern of migration to the United States from such states as Zacatecas and Michoacán.

Mexican development policies have undergone a true revolution. The restructuring of Mexico's economy has represented one of the most comprehensive changes in policy of any country. Perestroika, Soviet style, lags significantly behind what has taken place in Mexico during the last eight years. Previously protected industries are being subjected to the fresh air of outside competition on the domestic market and, indeed, are being asked to compete externally. Mexico has thus made its economic recovery dependent on the accessibility of foreign markets, particularly that of the United States. Non-tariff restrictions have been removed from most imports and tariffs have been kept to a maximum of 20 percent. As of early 1990, the average tariff on imported goods was less than 9 percent.

The deeply embedded Mexican philosophy which saw the state as the protector and promoter of the economy is changing. The state is still a major economic actor, but it has closed a large steel mill, sold airlines, and divested itself of many hotels. A constitutional change was approved by the Mexican Congress in May 1990 to permit the establishment of private banks. Privatization, or "disincorporation" as it has been called in Mexico, has become a reality. Mexico's highly nationalistic and restrictive foreign investment law has been reinterpreted by regulations promulgated in May 1989 to scale back restrictions on foreign ownership of industry. Foreign investment is now encouraged with incentives.

It is too early to state whether Mexico's new economic policies will reduce pressures for emigration. This will happen over time only if the policies deliver consistently high rates of economic growth and more equal distribution of income. Despite the uncertain outcome, the Commission has been impressed by the depth of Mexico's economic restructuring and the vigor with which new policies are being carried out. Mexico is doing its part, and an equivalent response is needed from the United States.

Central American Conflict and Economic Hardship

The five countries of Central America suffered severely during the past decade from economic recession, civil strife and the interplay of East-West tensions. As peace returns to Central America, continued U.S. assistance and resumption of the integration process begun three decades ago is essential to economic recovery and job creation, and therefore to reducing migratory pressures.

Central America enjoyed unprecedented economic growth and relative political stability during the 1960s through the mid-1970s. The Central American Common Market (CACM) was then the most successful of Latin America's regional integration efforts in stimulating trade and economic growth among its members.

By the end of the 1970s, however, the worsening international economic climate—led by the second oil shock of 1979 and the global recession that followed—and the Sandinista revolution in Nicaragua dealt concurrent crippling blows to regional integration. Increasingly tense relations between Nicaragua and its neighbors further eroded prospects for continued regional cooperation, a situation compounded by the escalating insurgency in El Salvador. Most of the economies of the region stagnated or declined Regional trade dropped markedly as the Common Market foundered, although most of CACM's cooperative and institutional arrangements remained in force.

Except for the long-standing movement of people from densely populated El Salvador to neighboring Honduras, there had been no large scale population movements from Central American countries prior to 1979. However, some Central American emigration to the United States dates back to before 1920. Colonies of Central American expatriates grew in Miami, New Orleans, New York, and around Los Angeles and San Francisco before World War II. The social networks that resulted have increasingly served as magnets for new migrants They were solidly in place by the time Central Americans were uprooted in large numbers following the overthrow of the Somoza regime in Nicaragua and concurrent events elsewhere in the region.

The Sandinista revolution produced an immediate outflow of upper and upper-middle income Nicaraguans who began to settle in neighboring Costa Rica, Honduras and Guatemala or moved on to the United States. They spearheaded the large movement of less privileged compatriots who followed, as consolidation of Sandinista power and worsening relations with the United States brought a return of conflict and a deteriorating economy.

Events in Nicaragua and El Salvador were accompanied by a highly repressive anti-insurgency campaign in Guatemala. Many hundreds of thousands fled the violence and economic depressions that followed. These migratory flows combined to create large enclaves in Honduras, creating a heavy economic, social and political burden for that country. The Nicaraguan spillover also had a negative impact on Costa Rica, and the outflow from Guatemala considerably enlarged the traditional Guatemalan presence in southern Mexico. In Guatemala, the installation of an elected civilian government in 1986 and subsequent economic improvements caused the violence to abate until mid-1989, somewhat reducing the outflow of people, but the exodus from El Salvador and Nicaragua continued unabated throughout the decade. Neither Costa Rica nor Panama have been major sources of unauthorized migration to the United States.

Limited Opportunities in Caribbean Countries

The countries of the Caribbean—the English, French, and Spanish-speaking island states and English-speaking Belize and Guyana—differ widely in the volume of emigration of their people to the United States. The Commission did not include Cuba in its mandate because it is charged with recommending measures for cooperative economic development. The Commission is well aware of the role Cuba has played in migration affairs, but it did not seek to anticipate the possible consequences of a change in Cuba's political situation.

The Island of Hispaniola is the principal Caribbean source of undocumented immigration. However, citizens of the Dominican Republic and, to a lesser degree, Haiti have been coming to the United States in large numbers, with and without documentation, for just over a generation.

A community of exiles from the Dominican Republic was well-established in the New York City area by mid-century. But undocumented Dominican immigration did not begin in force until after the assassination of long-time dictator Rafael Trujillo in 1961. Before that, egress from the Dominican Republic, documented and otherwise, was severely controlled. The five years of turmoil that followed Trujillo's assassination, including the time of the U.S. intervention in 1965-66, stimulated an outflow that continues to this day. Its volume ebbs and flows according to economic conditions.

The Dominican economy has long been based primarily on sugar. It developed a dependency on exports to the United States, which sought to assure a steady sugar supply by actively encouraging

Dominican production Drastic cuts in U.S. sugar quotas in the 1980s caused a sharp reduction in foreign exchange earnings and contributed to unemployment. While quota cuts forced Dominicans to begin diversifying their economy, sugar remains a key economic activity. Efforts at diversification have been led by tourism and the development of a free-trade zone industry, but these have only partially succeeded in absorbing some of the country's surplus labor force. The sugar issue is further discussed in Chapter 5.

Haiti is the poorest country in the Western Hemisphere and, except for El Salvador and Barbados, the most densely populated. It is also the most lacking in infrastructure and educational and health facilities. Haiti suffers from environmental degradation and the drain of much of its professional and skilled workforce through emigration, perhaps up to 15 percent of its population. The country's political problems continue and the economic survival of many Haitians rests on humanitarian foreign assistance.

Large numbers of Haitians live in the United States, concentrated in the New York City area and southern Florida. Large scale immigration did not begin until after 1957, when the late Francois ("Papa Doc") Duvalier was elected president. At first, most of this immigration was documented, as members of Haiti's elite and upper middle income groups left. During the late 1960s, lower middle income groups and skilled workers emigrated in large numbers. A growing volume of unskilled urban workers and, for the first time, peasants, began immigrating to the United States—many by small, unseaworthy boats—when Jean-Claude ("Baby Doc") Duvalier succeeded his father from 1971 to 1986. Over 25,000 "boat people" were apprehended on their way to Florida in 1980. In late 1981, the United States—by agreement with the Haitian government—began interdicting these boats and returning their passengers to Haiti.

Emigration from the former British colonies in the Caribbean is more of a problem for them than for the United States. Except for Jamaicans, undocumented migration to the United States is not significant in absolute numbers. However, because of their small populations, the English-speaking countries are concerned about a serious brain drain that is likely to continue until economic opportunities are increased at home.

The English-speaking countries recognize that they would have more viable economic futures if they integrate. While efforts to do so under the Caribbean Community and Common Market (CARICOM) have borne little fruit, they have succeeded in promoting better cultural, political and educational ties. Jamaica, because of its larger resource base and population, has generally greater economic potential, but its economic policies have until recently resulted in significant outmigration. Even today, despite the growth of tourism, opportunities for successful careers at home are limited. Guyana is also a relatively large, resource-rich country which offers only limited economic opportunity to its citizens.

Migration from this region to the United States and Canada intensified following implementation of more restrictive immigration policies by the United Kingdom. West Indians have also historically migrated within the region, but these labor flows have been curtailed since independence was gained by several Caribbean islands. Some 45,000 English-speaking Caribbean citizens applied for legalization under IRCA. Of these over 19,000 were Jamaicans. The next largest group, from Belize, numbered 6,000. In contrast, over 61,000 Haitians and almost 28,000 Dominicans applied.