

SIX THESES TO DEMYSTIFY THE NEXUS BETWEEN MIGRATION AND DEVELOPMENT



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ABSTRACT: The reigning assumption in migration and development studies is that international migration promotes development in places and countries of origin. But this idea lacks a theoretical and empirical basis: it ignores the root causes underlying the exodus of millions of poor workers forced to struggle for their survival in the developed nations; it discards the contributions made by migrants to the economy of the receiving countries, and obfuscates the many transferences and costs migration represents for sending countries –loses that are not compensated by remittance flow. This article proposes the construction of a comprehensive approach to the phenomenon through six theses that analyze key aspects of the global capitalist restructuring process in practice during the past three decades. The Mexico-United States case is used as a paradigmatic example of the socio-economic losses incurred by workforce-exporting nations and the enormous benefits reaped by labor-importing countries.

KEYWORDS: unequal development, forced migration, capitalist restructuring, surplus transference, remittances

RESUMEN: La concepción dominante sobre el nexo entre migración y desarrollo supone que la migración internacional promueve el desarrollo en los lugares y países de origen. Esta postura carece de sustento teórico y empírico, puesto que, entre otras limitaciones, ignora las causas del éxodo de millones de trabajadores del mundo que se han visto forzados a buscar el sustento familiar en los países desarrollados; hace tabla rasa de las contribuciones de los inmigrantes al crecimiento de las economías receptoras, y encubre las múltiples transferencias y costos, materiales y humanos, que la migración significa para los países emisores, con el agravante de que estas pérdidas no son compensadas por el flujo de remesas. Este artículo propone la construcción de una visión integral del fenómeno a partir de seis tesis que, a la vez que tienen el cometido de desmitificar la visión convencional, develan aspectos clave del proceso de reestructuración capitalista neoliberal impulsado en las últimas tres décadas y media a nivel mundial. En esta perspectiva, el caso México-Estados Unidos resulta paradigmático para demostrar el cúmulo de pérdidas socioeconómicas para los países exportadores de fuerza de trabajo y los enormes beneficios para los países importadores de trabajadores.

PALABRAS CLAVE: Desarrollo desigual, migración forzada, reestructuración capitalista, transferencia de excedentes, remesas.

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INTRODUCTION

During the early 1970s, the *labor question* (Harvey, 2003) became one of the main obstacles to capital accumulation. The challenge, especially for large capitalist corporations, was to cheapen and deteriorate the working conditions of labor, and the strategic response took the following, interrelated forms: 1) the displacement of capital to peripheral regions with abundant workforce; 2) the promotion of technological advances, especially those associated with global commodity chains (Gereffi, 2001),¹ and 3) the luring of peripheral immigrant workforce to the central nations in order to employ global surplus population as a source of cheap labor.

During the past three and a half decades, core, high-income developed nations have promoted a complex, worldwide capitalist restructuring strategy for the benefit of large transnational capital. This strategy includes: the internationalization of production and the transference of financial and commercial control to the large transnational corporations;² the implementation of structural adjustment neoliberal policies, the purpose of which has been to reinsert peripheral countries in a new global accumulation dynamic while maintaining their asymmetrical and subordinate positions; the short-term generation of innovative scientific/technological processes catering to the needs of capital internationalization and the massive expansion of financial capital. (The latter registers a vastly superior dynamic to that of the so-called real economy, but it also accelerates the processes of capital concentration and centralization and overly distorts the functioning of the capitalist system as a whole). These strategies have been supported by the militarization of international relations and the commercialization of a vast range of natural resources.

The mechanisms behind the new global political economy aid an extensive and contradictory project of capitalist expansion founded on the massive incorporation of cheap workforce³ under extreme forms of labor exploitation. As we shall see later, migration and, in a wider sense, workforce exportation have become key elements in this process. The results offer stark contrasts: an exacerbated concentration of capital, a steep increase in asymmetries between nations (particularly on a North-South basis), and an unprecedented growth in social inequality. Moreover, during the last two of years, the system has entered a profound and multidimensional crisis that not only promises to be deep and long-lasting, but has also seriously questioned the strategy behind the capitalist restructuring project implemented since the early 1970s.

¹ Although we use Gereffi's concept of global commodity chains, we do not share his optimistic view of globalization and the role played by specific links in the promotion of development inside chain participating nations.

² The expansion of this process has been such that some 55 million workers currently participate in global commodity chains (Robinson, 2008).

³ The incorporation of the former socialist nations and densely populated ones like India and China has increased the available workforce from 1.46 to 3 billion people (Robinson, 2008).



On an abstract plane and in the context of the economic restructuring and labor precarization processes that characterize contemporary migration flows, the debate regarding the relationship between migration and development has been dominated by the now almost sacrosanct belief that migration contributes to development in places and nations of origin. The following stand among the most generally held assumptions underlying this belief: 1) migration is a source of development for the sending country, where migrants become the agent and remittances the development motors or tools; 2) migration acquires its own self-generated dynamic and does not obey structural causes; 3) migration is a burden for the receiving country and remittances imply a loss of national resources; 4) migrants are responsible for deteriorating labor and living conditions in the receiving country; 5) migration through remittances becomes a tool against poverty and a mechanism for empowering the poor.

In addition to being unilateral and biased, these ideas also defy reality: it is precisely the lack of development and, in particular, the economic burdens generated by the neoliberal restructuring process that heighten underdevelopment and deepen the asymmetries between the Northern and Southern hemispheres, lead to labor expulsion, and nourish migration flows. It is clear that the reigning discourse distorts reality and creates the illusion that migrants and remittances (conceived as an eternal source of monetary resources) can and should contribute to the development of the countries of origin. In order to demystify what is an essentially ideological approach we must reveal the mechanisms behind it: the structural causes of migration, the social and economic contributions made by migrants to receiving countries, and the forms of economic and social transference that comprise international migration. As far as the causes are concerned, we must keep in mind that the project of capitalist expansion depends on the cheapening, precarization, and export of workforce from peripheral and former socialist nations to central countries. That is, it implies a simultaneous movement of disarticulation and economic exclusion of the periphery and its asymmetrical reinsertion into the orbit of core capitalist nations, to which it remains subordinated.

In order to empirically disentangle the nexus between development and migration we have focused on the relationship between Mexico and the United States, which we consider to be highly representative. In addition to being the world's current major capitalist power and the nation at the forefront of the capitalist restructuring process, the United States is the world's number one migrant receiver and remittance sender. Mexico, on the other hand, is a relatively industrialized peripheral nation that has methodically implemented the requisite structural adjustment programs and is now the world's number one migrant sender and remittance recipient. Both nations are linked by a regional integration system under the North American Free Trade Agreement (NAFTA), which safeguards the interests of the large, U.S.-based transnational corporations.



The following discussion is based on these key factors and developed via six theses that postulate the causes behind migration, the contribution of migrants to the economic growth of receiving nations, the resource transference between countries of origin and destination caused by migration, and the insufficiency of remittances when conceived as a tool for development in the country of origin.

UNEQUAL DEVELOPMENT AND THE EXPORTING OF WORKFORCE

The nature of contemporary capitalism is quite inaccurately portrayed by the aseptic notion of globalization, which merely traces the flow of capital, information, technology, and people across the wide global market but fails to highlight its own ideological component—mainly, the notion that contemporary society is a historical crystallization, a world without alternatives. Beyond this unsustainable view, which rests on blind faith in a self-regulating free market that can ostensibly achieve a fair and equal global society, we must realize that the past three and a half decades have been defined by a project of capitalist expansion that has had disastrous consequences in the areas of development and social justice. The concept of unequal development is particularly useful for describing and analyzing this situation, since it references a historical process of economic, social, and political polarization among regions, nations, and classes, all of which are a consequence of processes of capitalist accumulation, international labor division, and class conflict on a variety of planes and levels.

In order to understand the specific nature of the process of unequal development characterizing contemporary capitalism and dissect the mechanisms behind international migration, we must first understand that the periphery's current role is to provide the developed world with cheap workforce and natural resources. Neoliberal structural adjustment policies are designed to foster the following three processes in peripheral economies (Delgado Wise and Márquez, 2007): *a)* the dismantling and rearticulation of the production apparatus; *b)* the generation of vast amounts of surplus population, well beyond the conventional formulation of the reserve army of the unemployed; and *c)* the acceleration of migration flows. These processes, in turn, establish the contours of a new international division of labor with the following characteristics:

1. *The reinsertion of peripheral nations into the global capitalist system as appendages of the global chains of production, commerce and finance.* Under the aegis of the global capitalist restructuring and the pressure of the International Monetary Fund (IMF), the World Bank (WB) and the World Trade Organization (WTO), a series of structural adjustment policies based on economic aperture, deregulation, and privatization have been implemented in peripheral nations. These structural programs have led to the reinsertion of said nations (including some from the former social-



ist block) into processes of capital internationalization led by large transnational corporations.

2. *The exporting of cheap workforce.* Reinsertion leads to a new international division of labor where the main form of exchange between the center and the periphery is the sale of workforce (the fundamental merchandise at the basis of economic growth and development) on the international market. Workforce exports take two interrelated forms: a) the indirect or disembodied type exemplified by assembly plants that are located in peripheral countries but form part of global commodity chains, and b) the direct type, also known as labor migration. In the first case, large transnational corporations are able to access cheap peripheral workforce by displacing part of the global production process but without creating forward or backward linkages with the productive apparatus in the host nation. These periphery-based enclaves generate the appearance of a strengthened export platform for host nations of manufacturing goods and even commodities, but actually entail an economic regression because all they contribute to the accumulation process are low salaries and, in the best of cases, a limited multiplier impact through consumption. Under the indirect type of workforce exports, the peripheral nation transfers net profits abroad (many times via intra-firm operations) which tend to be tax exempt and free from any responsibility regarding potential environmental damage. Direct workforce export, on the other hand, is a response to cheap labor demand in central nations, which not only seeks to satisfy a need the receiving country cannot cover but is also (and most importantly) meant to cheapen the cost of workforce.

This new international division of labor, which could be portrayed by labor exports, is based on the systematic undermining of the living and working conditions of the majority of the population and entails a growing devaluation and cheapening of the workforce, many times well below actual value; that is, under conditions of superexploitation. This is the case of Mexico (Delgado Wise and Márquez, 2007) and most other migrant-sending nations that specialize in exporting cheap workforce, consequently experiencing severe development regression and occupying a very unfavorable and vulnerable position in contemporary capitalism.

As we have already pointed out, the new global architecture includes an overflow of speculative financial capital and environmental destruction,⁴ which worsen the system's inherent contradictions and highlight its exclusivist nature. Under these circumstances, the landscape of unequal development is tainted by

⁴ Under a totalizing view of the market, natural resources in the biosphere, lithosphere and stratosphere have been incorporated into market logistics. Since the goal is to obtain a maximum amount of profit in the least amount of time, these resources have been unscrupulously damaged. Many scientists and institutions have called attention to serious phenomena such as global warming, climate change, and loss of biodiversity, as well as the current imbalances in social metabolism—that is, in the interactions between humans and the environment and the reproduction of human life on the planet.



growing social inequalities, the unprecedented growth of asymmetries between nations, and massive migration from the periphery to the center. All of this is inscribed within growing processes of transnationalization, differentiation and the precarization of labor markets, which mold and determine population flows. For this reason, we must theoretically, conceptually, and empirically rethink the phenomenon of international migration and, more specifically, its link to development.

FORCED MIGRATION, A NEW FORM OF POPULATION FLOW

As a consequence of unequal development, international migration is neither undifferentiated nor free of structural causes: it becomes, in fact, forced migration.⁵ By this we mean a process of expulsion that targets redundant or precarized population, forcing them to move to the central countries that demand a cheap labor contingent for their productive processes. Structural unemployment, the dismantling of the internal market, the destruction of productive chains and the increase of poverty, marginalization, and insecurity threaten material and subjective opportunities for family subsistence and local stability. Migration is fostered by the incessant demand for workforce (whether highly qualified, qualified or unqualified) in central countries. And yet, in most cases, criminalization, labor precariousness, social exclusion, and discrimination pose constant dangers to immigrants. The risks of border crossing, which can be somehow eased by social networks, are nevertheless potentially appalling. Forced migration is, in fact, an expression of human vulnerability under a neoliberal strategy in which people become human merchandise and are subject to extreme exploitation.

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

In order to analyze the Mexican economy as a model of workforce exporting and forced migration we must first take a look at the regional integration system within which it is inscribed. This structure, tightened under NAFTA, is character-

⁵ International organizations define forced migration as population movements caused by 1) social, political, religious or communal conflict; 2) natural disasters, and 3) armed violence. Forced migrants can therefore be asylum seekers, displaced individuals, or refugees. But this perspective ignores the structural causes behind this process: most forced migrants come from countries where violence, natural devastation, and conflict are rooted in deepening underdevelopment. The defense of human rights, while important, does not address the underlying issues. This view also ignores labor migration caused by neoliberal policies, insertion into the world economy, and other expressions of unequal development. In fact, the concept of forced migration has been in use since the 19th century: Marxist critics employed it to describe labor migrations caused by the socioeconomic contradictions in capitalist development (specifically, the Irish diaspora).



ized by the dismantling of the import substitution industrialization process Mexico began implementing at the end of WWII. The economy has now been thoroughly oriented toward the production of export goods, most of them destined for the U.S. market. This is based on two major types of global commodity chain links: *maquila* (manufacturing offshore assembly plants) and *disguised maquila*,⁶ which make up 90% of Mexico's total manufactured export goods, even though between 70% and 90% of their components are imported. In short, what is really being sold abroad, under the guise of manufactured goods, is cheap workforce that does not even have to leave the country.

The reorientation of the Mexican economy toward the international market has led to a significant contraction and precarization of the formal labor market. According to the registry of the Mexican Institute of Social Security (Instituto Mexicano del Seguro Social, IMSS), no more than 480,000 formal jobs were produced between 1994 and 2008. This comprises only 30% of the increase in the country's Economically Active Population (EAP), which means that the remaining 70% had to take refuge in the informal sector or emigrate in search of sustenance.

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

Mexicans have been migrating to the United States for over a century, but the phenomenon has not remained unaltered. Throughout this long period, important quantitative and qualitative changes have taken place in the migration dynamic in Mexico associated to changes in the development model or capital accumulation process and the different modes of economic insertion or regional integration with the U.S. economy.

Recent emigration has grown at an explosive pace. Between 1990 and 2008, the number of Mexican-born U.S. residents increased from 5.2 to 11.6 million. The number of U.S. residents of Mexican origin is estimated at 29.7 million. According to the U.S. Current Population Survey (CPS), an annual estimate of 475,000 people moved into the country between 2000 and 2008 (about 50% of them were undocumented). This growth has also given way to a territorial expansion of the migration phenomenon in both Mexico and the United States. Mexican migrants used to hail preponderantly from the central-western region, but the phenomenon has spread across the country as new urban and rural areas

⁶ *Disguised maquila* comprises key areas in the exporting sector (e.g., the automotive industry) that do not officially qualify as offshore manufacturing but operate under similar principles: they use a lot of imported materials and serve as a link in international productive processes (Delgado Wise and Cypher, 2007).



and, especially, metropolitan centers affected by the dismantling of productive chains and labor precariousness, have joined the flow. According to data issued by Mexico's National Population Council (Consejo Nacional de Población, Conapo) and based on the American Community Survey (ACS), Mexican migration has spread to all corners of the United States, to the point that Mexicans comprise the largest immigrant group in 31 of the 50 states.

The transformation of the migration pattern, which used to be circular but nowadays often results in permanent settlement abroad, and its increasingly compulsive character have led to a symptomatic phenomenon: depopulation. Between 2000 and 2005, 50% of Mexican municipalities registered negative population growth rates (Conapo, 2008). Mexico has become an important transit point in the new global migration routes, especially for Central American migrants. There are also new configurations of internal, international, and transit migration chains derived from labor precarization and social exclusion.

It is important to note that migration has become increasingly selective from an educational point of view, as more and more professionals choose to leave the country. In 1994, 71.2% of Mexican migrants were lowly qualified workforce, 25.2%, were moderately qualified, and 3.6%, highly qualified. By 2008, 61.4% were at the lower echelon, 33.7%, had moderate skill qualifications, and 4.7% were highly qualified. In terms of average annual growth rates, lowly skilled migration grew 4.9%, moderately skilled migration increased 10%, and qualified migration moved up to 11.7% (CPS, 1994, 2008). The ACS (2008) data register 14,389 Mexican PhDs residing in the United States during 2007; the estimated number in Mexico at the time hovered around 28,390 (ENOE, 2007), 13,485 of which belonged to the National Council of Researchers (Sistema Nacional de Investigadores, SNI). While many of the Mexican PhDs in the United States work in innovative fields, most of their Mexico-based counterparts work in the education sector.

Another interesting phenomenon is the growing participation of the industrial sector. From 1994 to 2008, the number of Mexican migrants employed in the industrial sector grew from 1.3 million to 2.8 million. In the last year, 38% of Mexicans worked in this area, while an average of 19.3% of all residents in the United States do so. But forced migration does not merely express itself in numbers; it also leads to invaluable losses that take at least three forms:

1. *The transference of the so-called «demographic bonus.»* The nation effectively transfers its young population, which is ready to join the labor market but cannot find work or an appropriate salary, to another country. This translates into a loss of labor sovereignty (Márquez, 2008), while the receiving country obtains fresh resources to maintain a demographic reproduction cycle in accordance with its labor needs.
2. *The loss of workforce, the main source of national accumulation processes and wealth generation.* More than a growing demographic number, migration is a sign of deepen-



ing underdevelopment and the difficulties involved in generating processes of significant social transformation.

3. *Economic exclusion on the periphery and precarized labor inclusion with social segregation at the core.* The population expulsion mechanisms that target those who have become redundant in the neoliberal restructuring of peripheral nations have a counterpart in the labor market incorporation mechanisms of core countries. There, laborers are highly vulnerable and subject to precarious circumstances, as will be seen in thesis 2.

MIGRANT CONTRIBUTIONS TO THE RECEIVING COUNTRY'S ECONOMY

Dominant views of international migration developed over the past two decades argue that salary differences and the growth of a migration culture of sorts encourage population flows. They also posit that migrants *a)* put pressure on receiving countries' labor markets while taking jobs from native workers, *b)* are a burden on the receiving state since they require public and social services, and *c)* are a threat to social cohesion because they bring with them anachronic or simply different traditions. Moreover and as far as the subject is concerned, the majority of analysts, governments, and international organizations have largely focused on the supposed benefits of remittances in places and regions of origin. In order to change this orthodox view of migration and development we must consider the role played by migrants in the receiving economy's processes of capital accumulation. Contrary to what is often thought, migrants' most significant contributions go to receiving –and not sending– nations.

Thesis 2. Forced migration strategically provides cheap, flexible, and disorganized workforce for the receiving economy

The expansion of worldwide capital accumulation requires cheap workforce. The economies of peripheral nations have already been penetrated by central capital with the goal of taking advantage of that valuable resource and forced to reshape their investment, production, commercialization, and distribution cycles. In this sense, labor migration can be said to feed the labor requirements of developed countries.

Having dismantled its industrial import substitution model and implemented neoliberal reforms, Mexico became one of the United States' major indirect cheap labor suppliers (via manufacture, agribusiness, the sale of the banks and commerce to foreign companies) and its main direct workforce supplier. The most evident trace of this economic decomposition is the role played by forced migration. The CPS's occupational data show the strategic function of migrants



in the U.S. labor market. The country generated about 23.2 million jobs between 1994 and 2008, 46.2% of which were taken by immigrant population (see Table 1). Mexicans comprise the largest workforce-providing immigrant group and supplied 3.8 million jobs between 1994 and 2008, a third of the immigrant population's total labor supply and 16% of all U.S.-generated employment—that is, 1 in every 6.

TABLE 1

Employed population in the United States according to migration status, 1994-2008

EMPLOYED POPULATION	1994	2008	DIFFERENCE 1994-2008	ANNUAL AVERAGE GROWTH RATE 1994-2008
Employed population	129,714,943	152,986,375	23,271,432	1.3%
Employed native population	116,753,126	129,266,308	12,513,182	0.8%
Employed immigrant population	12,961,817	23,720,067	10,758,250	5.9%
Employed non-Mexican immigrant population	9,323,008	16,226,064	6,903,056	5.3%
Employed Mexican immigrant population	3,638,809	7,494,003	3,855,194	7.6%

Source: Personal calculations based on *Current Population Survey* data, March issue, 1994-2008.

The role played by Mexican migrants in the U.S. job market is even more evident when approached in relative terms: Mexican immigrant employment comprises 7.6% of the occupational annual average growth rate.

Compulsive Mexican migration to the United States is molded by regional integration policy but has very different effects in each country. The receiving country benefits from increased labor supply in certain sectors of the labor market, which reduces labor costs and increases capital benefits. This process is not simply regulated by the free play of workforce supply and demand; in many ways, it is also managed via deliberate entrepreneurial strategies that seek to reduce labor costs through the massive replacement of native workers in certain sectors of the U.S. economy. The behavior of the manufacturing industry is based on both labor restructuring and corporate strategies where migrants play a key role. They certainly aid the process of workforce substitution, as can be seen in Table 2: between 1994 and 2008, the native workforce in the sector decreased by about 4.2 million people; meanwhile, migrants increased by about 813,000 people, out of which some 300,000 (40%) were Mexican. Certain immigrant groups in this sector, particularly the Mexicans, receive extremely low salaries. Table 2 shows the very significant salary gaps between native and immigrant salaries in relation to those of Mexican manufacturing workers. In 2008, the average annual income of a manufacture-employed Mexican immigrant was the same as the average income of his native counterpart 14 years before (1994).



TABLE 2
Employed population in the manufacturing sector according to migration status,
1994-2008

EMPLOYED POPULATION AND SALARY	1994	2008
Total population employed in the manufacturing sector	20,340,523	16,868,190
Average annual salary (dollars)	\$25,523	\$48,910
Total native population employed in the manufacturing sector	18,119,790	13,835,048
Average annual salary (dollars)	\$26,008	\$50,361
Total immigrant population employed in the manufacturing sector	2,220,733	3,033,142
Average annual salary (dollars)	\$22,299	\$42,198
Total non-Mexican immigrant population employed in the manufacturing sector	1,412,495	1,900,300
Average annual salary (dollars)	\$26,514	\$51,572
Total immigrant Mexican population employed in the manufacturing sector	808,238	1,132,842
Average annual salary (dollars)	\$15,002	\$26,360
Native vs. Mexican salary difference	\$11,006	\$24,001
Non-Mexican immigrant vs. Mexican immigrant salary difference	\$11,512	\$25,212
% of employed native population in relation to total manufacture-employed population	89.1%	82.0%
% of employed Mexican population in relation to total manufacture-employed population	6.9%	11.3%
% of employed Mexican migrant population in relation to total manufacture-employed population	4.0%	6.7%

Source: Personal calculations based on *Current Population Survey* data, March issue, 1994-2008.

These data give clearly indicate that the U.S. economy is undergoing a restructuring and precarization process and that the Mexican workforce export model plays a fundamental role in it (Delgado Wise and Márquez, 2007).

In short, immigrants in general and Mexicans in particular contribute to the receiving economy in the five following ways:

1. *Cost reduction.* A cheap, flexible, and disorganized workforce contributes to cost reductions in the labor process, both in lowly and highly qualified sectors.
2. *Displacement.* Migrants are used to replace better paid and unionized labor contingents since they are willing to work in more exploitative and exclusionary conditions.
3. *Complement.* Given the decreased population growth rate, migrants provide receiving nations with the required workforce to maintain the accumulation and economic growth rate.
4. *Replacement.* The internationalization of production and new global commodity chains displace jobs to underdeveloped or peripheral nations with an abundance of cheap workforce.
5. *Devaluation.* By contributing to labor cheapening, displacement, complementing, and replacement, and working in domestic labor and activities that produce wage



goods, migrants also contribute to the general devaluation of the workforce in the global framework of capitalist restructuring.

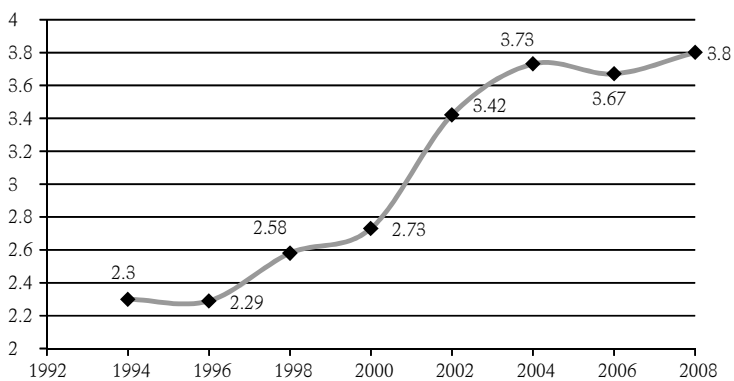
Thesis 3. Migrants help energize production and consumption in the receiving economy

So far, the main focus regarding the relationship between migration and development has been on the economic impact of remittances in the country of origin, either on a macroeconomic level (as measured by their effects on the balance of payments), a medium level (e.g., contributions to regions and communities), or a microeconomic level (e.g., contributions to family subsistence). Regardless of the validity of this approach, the truth is that the relationship is much more complex and goes beyond the presumed unidirectional effects in the country of origin.

To begin with, we must take into account the fact that the vast amount of Mexican migrants working and residing in the United States strengthens national production and consumption. Their contribution to the U.S. GDP has doubled in the last 14 years, from 2.3% to 3.8% –which, in 2008, amounted to 531.6 billion dollars (57% of the Mexican GDP). The U.S. economy grew 4,148 billion dollars in real terms between 1994 and 2008 (at 2008 prices); Mexican immigrants contributed 312 billion dollars, or 7.5% of said increase. And, in spite of their having the lowest income level, their consumption also plays a significant role in energizing the U.S. internal market. In fact, they contributed 400 billion dollars in 2008.

FIGURE 1

Percentage of Mexican immigrant contributions to the U.S. gdp, 1994-2008

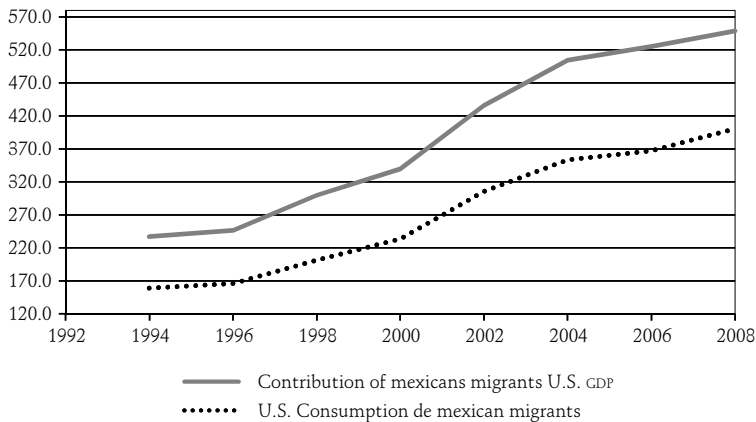


Source: Data taken from Canales (2009).



FIGURE 2

Mexican immigrant contributions to U.S. gdp and consumption, 1994-2008
(Billions of dollars, 2008 prices)



Source: Personal calculations based on Canales (2009) and *Current Population Survey* data, March issue, 1994-2008.

Moreover, between 1994 and 2008, U.S. consumption grew by 3,228 billion dollars in real terms; Mexican immigrants contributed 241 billion dollars, or 7.4% of the total. By 2008, Mexican immigrants comprised nearly 5% of the employed population in the United States and their annual wage spillover was approximately 217 billion dollars, 2.9% of the U.S. total. Around 12% of this income was sent to Mexico in the form of remittances.

As a preliminary conclusion we can corroborate the idea that, in spite of the adverse conditions they encounter, migrants make substantial contributions to the accumulation process in the receiving country:

1. *The economic inclusion of most migrants leads to labor superexploitation.* Migrants are subject to adverse conditions and extreme vulnerability: work is intense, the workdays long, and salaries are quite low. They are also exposed to work-related risks, sickness, and labor precariousness. They suffer a premature erosion of their labor capacity and a decline in their quality of life.
2. *Consumption at the threshold of subsistence.* Because forced migration leads to appalling labor conditions and very low salaries, migrants must find a way of covering their basic needs and oftentimes ask for credit. Precarious consumption is common, as their income barely covers essential needs. And part of this income is still sent to dependants in places of origin in the form of remittances.

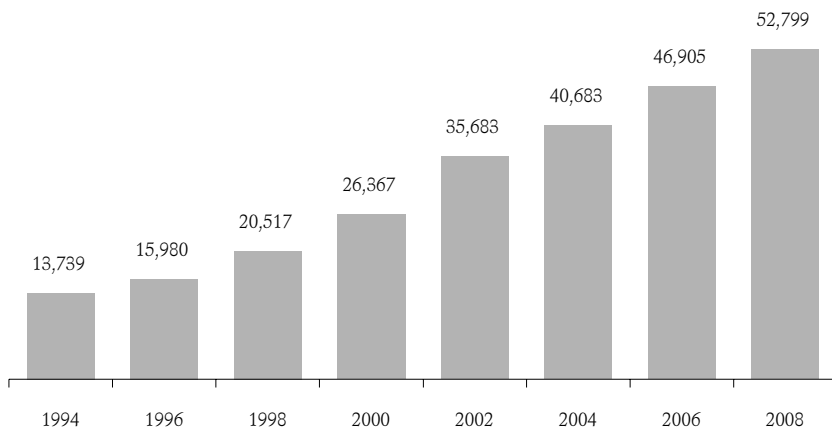


Thesis 4. Migrants contribute to the fiscal and social security systems in the receiving country while living in conditions of social exclusion and with a precarious legal status

The reigning discourse on migration and development tends to portray migrants as a fiscal and social burden for receiving nations. This, however, is unfounded if one considers the contributions made by these socially and legally marginalized groups to the receiving nation's public coffers and social security system. In the case of Mexican immigrants in the United States, empirical evidence shows that, in 2008, this group contributed 52,800 million dollars to U.S. fiscal funds via income and consumption taxes.⁷ This is slightly more than twice the amount of remittances sent to Mexico. Paradoxically, this significant contribution is made in a context of acute economic and social vulnerability, since most of the contributors are undocumented and do not have access to a wide range of public services available to the rest of the population. According to Passel (2006), 46.5% of Mexican immigrants were undocumented in 1990; this number rose to 52.2% in 2000 and 56.4% in 2005.

FIGURE 3

Income and consumption taxes paid by Mexican immigrants
in the United States, 1994-2008
(Millions of dollars)



Source: Personal calculations based on *Current Population Survey* data, March issue, 1994-2008.

Most employed Mexican immigrants do not have access to social security or public assistance programs. They also receive the lowest salaries and have the highest poverty rate. According to CPS (2008), out of the 2.9 million Mexican immigrants in the United States, 1 in every 4 is poor; their access to health services is

⁷ Data taken from the Current Population Survey and the tax scheme issued by the U.S. Tax Law from 1992 to 2008.



quite limited and 3 out of every 4 employed individuals do not have health insurance. Also, despite the increasingly selective character of the migration process, Mexican immigrants are less educated than those of other nationalities or the U.S.-born Mexican-Americans: 6 in every 10 have less than 12 years of schooling.

TABLE 3
Employed Mexican immigrants in the United States
and lack of health insurance, 1994-2008

	1994	2008
Employed migrants	3'638,809	7'494,003
Percentage of those lacking health insurance	72.3	74.7

Source: Personal calculations based on *Current Population Survey* data, March issue, 1994-2008.

Labor inclusion accompanied by social exclusion is the preordained path for most Mexican immigrants in the United States. Their plight is characterized by at least three factors:

1. *Restriction of social mobility.* Labor precarization, social exclusion, and the need to send a fraction of their income to Mexico mean that migrants' consumption capacity is minimal, as are their chances of social ascent.
2. *Stigmatization of migrants as human merchandise.* Immigrants are reduced to the status of cheap labor force: their exploitation must incur the least social spending and earn minimal rewards. They are, of course, disposable.
3. *Subsidization of the state.* In addition to living in overly exploitative conditions, immigrants finance the receiving state without getting public services, benefits, and a fair salary in return. Instead, they are stigmatized, criminalized, and segregated.

TRANSFERENCE AND THE COSTS OF MIGRATION FOR COUNTRIES OF ORIGIN

It is often said that migrants' remittances contribute to the formation of so-called human capital, a statement that seeks to mask the true role of the migrant workers as sources of labor exploitation. But the data show that migration implies a type of transference that seems to be invisible to most analysts: the costs of educating and forming emigrant workforce are covered by the sending country, resulting in a substantial cost reduction for the receiving economy.

In the context of unequal development, transference comprises the resources extracted by a dominant country from nations or regions under its political, economic, or cultural control. The resources can be economic, cultural, human or natural (e.g., population and economic surpluses). Population surplus is com-



prised of a cheap workforce the formation and reproduction costs of which were entirely covered by the sending nation, only to benefit the receiving one. Forced migration, in short, is yet another form of dispossession and exploitation that undermines accumulation processes in localities, regions and countries of origin.

Thesis 5. Migration leads to significant economic resource transferences in the form of the educational and social reproductions costs of the workforce

Migrants' labor insertion into the receiving country's labor market entails transference of resources derived from the educational and social reproduction costs of the workforce. These were covered by the sending country through educational, social subsistence and welfare programs. Seen from another angle, labor migration saves the receiving country a considerable amount of money. Economic asymmetry also means that these costs are considerably lower in peripheral nations.

By taking into account the educational level of Mexican migrants upon their arrival in the United States and the costs this represents for the Mexican public education system, we estimate that, between 1994 and 2008, Mexico transferred 83 billion dollars (at 2008 prices) to its northern neighbor.⁸ This is 45% of the total amount of remittances sent to Mexico during this same period. In the meantime, the United States saved 613 billion dollars (at constant 2008 prices) over the same time span.⁹ If remittances are indeed a drain of resources for the receiving country, in this case their total would comprise only 30% of the total amount of educational savings comprised by the Mexican immigrant workforce (and this excludes the economic contributions signaled in theses 2 and 3).

In addition to the educational costs, migration involves a transfer of resources in terms of social reproduction –that is, the upkeep costs of the individual before emigration. Said costs involve a variety of expenses, including public welfare, social programs, and the family expenditures of those who emigrate (including a substantial portion of remittances, which contribute to the formation of a new emigrant workforce). If we take the cost of the basic food basket estimated by the National Council for the Evaluation of Social Development Policy (Consejo Nacional de Evaluación de la Política de Desarrollo Social, Coneval) as an expression of the cost of living, we can estimate that Mexico transferred 257 billion dollars (at 2008 prices) to the United States between 1994 and 2008. This is 1.4 times the total amount of remittances received during this period.

⁸ These calculations were based on expenses per educational level as reported in INEE's *Informe sobre el panorama educativo de México 2008* and Current Population Survey data (1994-2008).

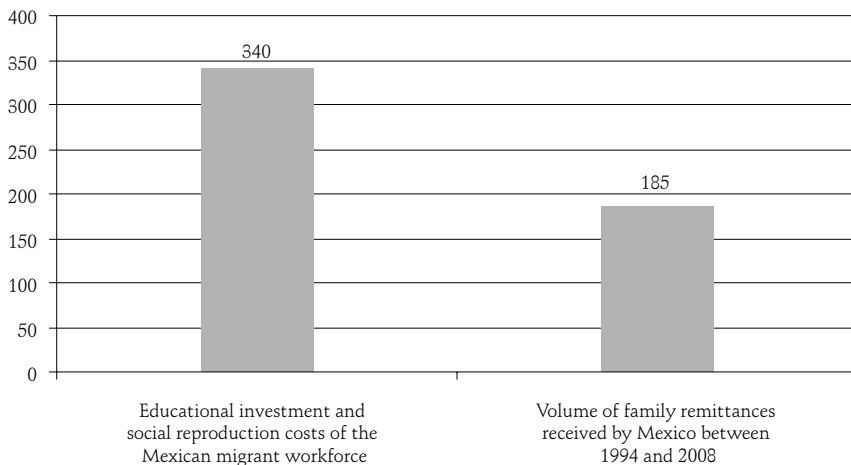
⁹ These calculations were based on expenses per educational level issued by the National Center for Education, US Department of Education (2007) in combination with Current Population Survey data (1994-2008).



When we add up the estimated educational and social costs we come up with a total transfer of 340 billion dollars, 1.8 times the full amount of remittances sent to Mexico. This estimate does not even include employment, production, consumption, and tax contributions (see figure 4). It is evident that Mexican society currently subsidizes the U.S. economy via labor migration.

FIGURE 4

Comparison between social reproduction expenses of Mexican migrants and received remittance volume (billions of dollars)



Source: Personal calculations based on data issued by Secretaría de Educación Pública de México (2008), *Current Population Survey* data, March issue (1994-2008), and Consejo Nacional de Evaluación de la Política de Desarrollo Social de México (2008)

Continuing with our analysis of unequal development, we can state that forced migration, rather than aid the process of development, is associated to increased underdevelopment in the periphery. It comprises:

1. *Transfer of human resources.* Workforce-exporting nations essentially transfer their most precious resource: people. People are not only the main source of wealth generation; they also play a fundamental role in the creation of social ties, culture, and new social alternatives. Associated phenomena such as depopulation evidence the impossibility of surviving in such conditions and the intensely exploitative nature of this process.
2. *Socioeconomic costs.* In addition to the above-mentioned formation costs, migration leads to a wide range of socioeconomic problems that include family rupture, epidemiological vulnerability, depopulation, the abandonment of productive activities, alcoholism and drug addiction, poverty, and dependence on remittances.
3. *Capital benefits.* The sectors that most unequivocally benefit from this process are those that employ migrants under the most disadvantageous conditions, but the receiving state and society also profit from the reduction in workforce formation costs. The migration process itself has given way to the proliferation of highly



lucrative business opportunities that are often seized by transnational corporations based in the receiving countries (Guarnizo, 2003).

THE TRUE MEANING OF REMITTANCES

Remittances are often portrayed as a strong form of currency that sustains external accounts; a money supply endowed with expansive, multiplying effects; quality resources for local development; philanthropic contributions to impoverished communities, or a river of gold flowing into the dried-up fields of the third world, only to end in an ocean of progress. These are nothing but a series of ideologically-based fetishes –an attempt to depict migrants as sources of wealth or capital, successful entrepreneurs, the new heroes of development in charge of performing the duties of capital and the state. This apologetic discourse masks the mechanics of unequal development, the root cause behind forced migration and migrants' incorporation into an exclusive and precarized labor market.

Thesis 6. Migrants' remittances do not compensate for the transferences and socioeconomic costs entailed by forced migration

Even though there is no empirical proof or theoretical foundation to the claim that migrants' remittances can be used as tools for development in countries of origin, this idea would appear to be factual and unquestionable given the amount of reports, articles, and speeches that intone, over and over, this new mantra of development. The problem behind this political and ideological concept is that the context and all involved processes and agents are essentially ignored. We are provided with a romanticized vision of migrants as heroes of development, even though most of them are superexploited, excluded workers striving to support themselves and their families. This approach ignores the root causes of migration (thesis 1), masks migrants' contributions to the receiving economy (thesis 2, 3, 4, and 5), and exaggerates and idealizes the power of remittances in pauperized, increasingly desolate and underdeveloped places of origin: ghost towns where productive activities have been abandoned and uprooting and despair are part of the landscape.

In addition to asking ourselves what remittances are, we must find out how they are produced. Migrants send part of their income to dependants still residing at home in order to cover basic family needs (Márquez, 2007); the remaining sum must ensure their own subsistence and that of any dependants living with them in the receiving nation. We must then assess the living and working conditions of migrants and their dependants, both at home and in the receiving country, in order to understand the nature and function of remittances. Such a compre-



hensive approach will show that, while remittances comprise an income transference from developed nations to labor exporting countries, this drain is insignificant when compared to the resource transferences that enable it (i.e., theses 1, 2, 3, 4 and 5). Remittances, in short, are framed by a context of unequal exchange and the new international division of labor generated by neoliberal globalization, which undermine growth, accumulation and development processes in countries and places of origin.

Migrants' remittances come from a salary that has been initially reduced. It is apparently higher than what the person would earn at home but lower to that of other, similarly employed workers in the receiving country. In fact, it is often below the basic subsistence, reproduction, and recreation levels in the host country. In short, it is a salary made in conditions of superexploitation and social exclusion. The amount sent to the home country is usually insufficient in spite of asymmetrical currency exchange rates and cannot be expected to foster any sort of development process.

Mexico is, again, a very revealing example and is ironically considered an international model of «good practices» in the fields of migration and development. Between 1994 and 2008, the country received 185 billion dollars (2008 prices) in the form of family remittances. This currency flow does contribute to the nation's macroeconomic stability (in fact, it is the second source of dollar flows after oil) and helps ensure social stability by supporting some 5 million Mexican households. However, when this amount is compared to a conservative estimate of migration-associated transferences (thesis 5), Mexico clearly loses an amount of net resources that practically doubles the total sum of remittances.

Moreover, remittances have a limited impact on local development and poverty reduction. A number of surveys have demonstrated that remittance amounts are low and mostly spent on basic family needs; limited productive spending also belongs within a subsistence economy. Even though remittances play a crucial role in the survival of millions of Mexican households, only a third of them attain minor improvements in living conditions, which situate them at the threshold of the lower middle class but still on the fringe of poverty. Were it not for remittances, poverty in Mexico would increase between 1.5% (Rodríguez, 2007) and 1.9% (Canales, 2008). But the few productive projects financed by remittances are not linked to local development strategies (Márquez, 2007).

In light of all this, we can assert the following:

1. *Migration has a variety of socioeconomic costs that take a toll on families, localities and regions of origin and are not compensated by remittances.* These costs are material and tangible; they include depopulation, the abandonment of productive activities, and dependency on remittances at both the micro and macroeconomic levels.
2. *The dynamics of remittances follow their salary-based nature.* Insisting that remittances are a source of development in places of origin and migrants agents of said development amounts to an idealization of forced migration, a fetishistic approach



to remittances, active disregard for migrants' actual living and working conditions, and an exploitative depiction of migrants as an endless supply of resources.

3. *Remittances represent a marginal resource that does not compensate for the contributions migrants make to the receiving society and associated transferences; they cannot be considered a development tool for country of origin.* Remittances do not balance the losses incurred by resource transferences. Rather, they are part of a process leading to social and economic degradation. In the absence of a national development project, sending countries become critically dependent on them. They also foster a continued transference of human and material resources and undermine development opportunities in places of origin.

CONCLUSIONS

In order to demystify the reigning ideological view on migration and development we must theoretically, conceptually, and empirically reassess the relationship between unequal development and forced migration. To this purpose, we present the following conclusions:

1. *Labor migration is part of the process of capitalist restructuring.* Individual, microsocial, and transnational approaches to current international migration flows do not provide a comprehensive understanding of the complex network that characterizes them, since they often accept an uncritical, unidirectional and decontextualized view of migration and development. Unequal development and neoliberal globalization have given way to a new international division of labor with asymmetric exchange relationships. These are based on the availability of an abundant, flexible, disorganized, and cheap workforce. Labor migration is channeled toward core countries as a strategic resource meant to deal with international competitiveness.
2. *Migration preponderantly contributes to the receiving country's economic growth.* Migrants play a crucial role in the receiving country's labor market because they satisfy the existing labor demand and reduce the cost of production processes: they displace better positioned workers and generally contribute to the devaluation of the workforce. Instead of publicly recognizing these contributions, receiving nations engage in a discriminatory discourse that criminalizes migrants and portrays them as social burdens and security risks. The stigmatization of the migrant workforce contributes to its devaluation. Core nations demand ample, multinational contingents of qualified, moderately qualified and lowly qualified workers, whether legal or not; their states play an important role in the regulation of migration flows and do so in accordance with the interests of the dominant classes and corporations they represent. But since these factors are obscured, migrants become the scapegoats of choice in the eyes of public opinion and are blamed for a variety of evils: the dismantling of the welfare state, the shrinking of the middle class, the expansion of unemployment and labor precarization, etc.



3. *Exporting workforce results in multiple surplus and resource transferences (both material and human) from the sending to the receiving nation. These are not compensated by remittance flow.* In the context of unequal development, peripheral countries are reinserted into global accumulation process in very disadvantageous conditions. Those that embrace neoliberal ideology deliver their key sectors into the hands of foreign capital, dismantle their limited system of social welfare, and increase the transference of surpluses and natural and human resources to the center of the system. It would appear that workforce-exporting countries benefit in this setting: they can channel their surplus population, ease structural unemployment, decrease the risk of social conflict, and find a new currency source in remittances. Remittances, in fact, would seem to ease the poverty of the dependant family members and paint a «human face» on the neoliberal system. In fact, sending nations are losing resources that are essential for their sustainability. Workforce is the main source of all wealth, and the educational and social reproduction costs of said workforce are not being covered by the nations that eventually employ it. Migrants are highly vulnerable, both during their travels and while in the receiving country, and migration is associated to a multiplicity of local, regional and national social degradation processes (i.e., depopulation, dependency on remittances, abandonment of productive activities, and lack of social sustainability). None of these are compensated by remittances.
4. *Asymmetric integration is a new form of unequal exchange and labor devaluation.* Labor cost reduction has always been part of the capitalist restructuring strategy begun in the 1970s. The human costs –poverty, unemployment, hunger, and violence– have been ignored in favor of increased profits that benefit big transnational capital and its allies, the reduced elites that govern peripheral nations. Workforce exporting has led to two new modes of unequal exchange that are much more disadvantageous than previous methods (e.g., the exchange of primary products for industrialized ones).¹⁰ The indirect exporting of workforce caused by peripheral participation in global commodity chains leads to a net transfer of profits. It is an extreme form of unequal exchange and the most disadvantageous of all, preventing any kind of economic development and growth in the periphery. On the other hand, direct workforce exports in the form of forced labor migration involve the transference of formation and reproduction costs and the loss of the sending country's most important resource for capital accumulation. The growing drain of highly qualified workforce exacerbates this problem and seriously reduces the sending nation's ability to construct self-beneficial and innovative development projects. Analyzing these new modes of unequal exchange poses a theoretical, methodological, and empirical challenge, as it requires changes in the perception and characterization of contemporary capitalism and unequal development. Theories of unequal exchange focused on the salary differences derived from obstacles to population mobility (which, in Marxist terms, would be presented as differences in the rates of surplus capital) provide an important pathway.

¹⁰ A system analyzed by the Economic Commission for Latin America and the Caribbean, or ECLAC, and the dependency theories based on Emmanuel (1972).



5. *The exporting of workforce is not and cannot become pathway to development.* It has been demonstrated that, contrary to neoliberal postulates on migration and development, forced migration and its structured expression, the exporting of cheap workforce, do not lead to local, regional or national development. Rather, they are another instance of peripheral subjugation and attest to increasing underdevelopment in these nations. The idea that migrants are the new agents of development is an ideological neoliberal principle that obscures the nature of the migration-development nexus. It makes migrants responsible for improving their living and labor conditions in spite of the root causes behind their exploitation. Moreover, it eschews any kind of proposal regarding the type of structural, institutional, and political changes required to achieve substantial social transformation.
6. *Forced migration can be stemmed by fostering genuine development in sending countries and creating new forms of labor insertion into the world economy.* To maintain that migration is a source of development for sending countries amounts to enabling the neoliberal model and its perverse forms of labor superexploitation, surplus extraction, and environmental ravaging. This system threatens the subsistence of millions while concentrating power and wealth in the hands of a few. It surrenders to the self-imposed idea that there are no alternatives to the current globalized model and fails to defy the policies and civilization models imposed by central nations. It also hides the voracious resource transference from the periphery to the center and the many associated mechanisms that undermine processes of accumulation, growth, and development in peripheral regions. Such a brutal and contradictory context demands a clear-headed reassessment of development in peripheral countries and new theoretical and political approaches that enable a deep transformation of the current structural, political, and institutional landscape. It is imperative that we eliminate the causes of forced migration and move towards a new global architecture that reduces social inequalities and asymmetries between nations while constructing a harmonious relationship with our environment.

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