

By Giovanni Peri

Abstract: *Immigration from Mexico has been steadily declining in the last decade for demographic and economic reasons and due to the lack of appropriate legal immigration policies. Employment-based visas for non-college educated workers, regularization of undocumented workers, and continued availability of visas for family reunification represent mechanisms to ensure a stable number of workers from Mexico. Immigration legislation with forward-looking planning would benefit U.S. workers, U.S. employers, and Mexican immigrants.*

The largest migration corridor between any two countries in the world is formed by the ten million Mexicans living in the United States. This migration relationship has great economic significance for both Mexico and the U.S. In the next decade, three policy decisions related to Mexican immigrants will crucially affect the economy of the United States and especially of its border states (California, Arizona, New Mexico, and Texas). The importance and special nature of this relationship implies that it would be economically beneficial to reform important aspects of U.S. immigration policies to ensure a stable number of workers from Mexico.

Employment-based Visas for Non-college Educated Workers

The inflow of migrants from Mexico who filled jobs in agriculture, construction, and personal, domestic, and food services steadily increased in the 1990s and early 2000s. While most of those Mexican workers had low formal schooling (at most a high school degree), they had very high employment rates and their manual and practical skills filled jobs needed for entire sectors to grow. The inflow of Mexicans contributed to keeping the wage of manual jobs in those sectors relatively low as natives left those jobs and moved to positions that are more “skilled.” This encouraged investment in and expansion of those sectors and contributed to employment creation in complementary jobs, often taken by native workers.

Immigration from Mexico has been steadily declining in the last decade for demographic and economic reasons and due to the lack of appropriate legal immigration policies. During the last five years, more Mexicans returned to Mexico than arrived in the United States. This decline in the supply of less-

educated workers doing manual-type jobs will certainly have important consequences in entire sectors, leading to a slowdown in hiring for crucial positions because of the increased cost of filling them. In the long run, automation and mechanization will replace the demand for some of those jobs. Machines have already replaced jobs in agriculture, manufacturing, and services that can be easily mechanized. But some sophisticated manual jobs may be hard to mechanize at a reasonable cost.

An alternative, more beneficial to economic growth would be to allow more documented migration of less-educated workers, in the form of temporary visas and employment-based permits for people without a college degree. The introduction of a system like the H-1B program, but for jobs that do not require a college degree, would allow a larger inflow of non-college educated Mexican workers. Issuing initially temporary permits, with the option of renewing them if sponsored by the employer, and keeping their number at the level driven by labor demand, would prevent the decline of those types of jobs and allow those sectors to continue growing.

Regularization of Undocumented Workers

Undocumented workers currently supply 4% of U.S. labor. They represent 40% of workers with no high school degree and constitute about 85% of agricultural workers. In California, Arizona, and Texas, sectors such as construction, hospitality, and personal services depend heavily on undocumented workers. If the government pursues a policy of deportation of these workers, large sectors of the economy will bear sizable costs as they struggle to find labor and decline, while many American workers working in those sectors will see their opportunities reduced. Contrary to the rhetoric, research shows that the departure of Mexicans from local economies did not create jobs for Americans (Clemens, Lewis and Postel, 2017; Lee, Peri and Yasenov 2017), but produced instead a contraction of local economies.

Indeed, a path to legal status would aid economic and employment growth by increasing the productivity and wages of these workers. Workers who can enjoy legal status would become more efficient, because they would have a larger range of jobs available to them. The workers would invest more in learning skills and language and, in the long run, would increase their productivity. Their wages would grow and so would their consumption, stimulating local economies with important spillover effects on natives. Particularly important would be the effect of legal status for children and

young adults (the so-called “Dreamers”). They would be encouraged to get an education if documented, because they would be able to reap the economic returns from it. These investments in human capital would result in a positive fiscal contribution for the U.S. government by Dreamers who attain a higher education level than the national average.

Family Reunification Program

Family reunification has been the main channel for legal Mexican immigration in recent decades. Immigrants who came to the U.S. to join family members are usually employed in the labor market and contribute to the economy. They also contribute to strengthening family networks, which often constitute channels that foster connections between local U.S. and Mexican economies. Research shows that more immigrants connected to networks of origin increase trade between locations (Rauch and Trindade, 2003). While an employment-based immigration program may be a more efficient way of selecting those immigrants who are in demand by U.S. employers, it would be incorrect to think that more employment-based visas will change substantially the type of immigration from Mexico. Most Mexicans come to the U.S. to work and support their family and they will continue to do so if legal ways of entry exist. It will be crucial to maintain the size of the family reunification program, or, if it were downsized, it would be important to scale up employment-based visas, accordingly, to avoid the reduction in supply of those manual skills described above.

Another related benefit of immigration of families from Mexico is their larger fertility relative to natives. Aging baby boomers continue to leave the labor force—a phenomenon that will produce a contraction of its growth—and a significant aging of the U.S. population is projected. Immigration from Mexico can be a factor slowing down these phenomena (even if, in the long run, fertility transition will set in for those families, too).

In conclusion, legislating immigration laws and negotiating migration agreements that ensure a stable number of workers from Mexico, within the frame of legality and with forward-looking planning, would be the most beneficial approach for U.S. economic growth. It would benefit U.S. workers, U.S. employers, and Mexican immigrants.

Giovanni Peri is Professor and Department Chair of Economics at UC Davis.

References

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