



## Do U.S. Economic Policies Fuel Latin American Immigration?

As Congress debates immigration reform, lawmakers are devoting little attention to reducing immigration by assisting source nations more effectively.

By Peter Jesserer Smith – July 23<sup>rd</sup>, 2013

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While Congress hotly debates the fate of millions of immigrants living and working illegally in the United States, few have paid attention to the factors that push migrants to take the dangerous journey from their home countries to find work in the U.S. — or how U.S. economic policies toward Latin America may shoulder part of the blame.

Nearly 11.1 million immigrants live and work without legal papers in the U.S. Archbishop Jose Gomez of Los Angeles, who leads the U.S. Conference of Catholic Bishops' advocacy of comprehensive immigration reform, has urged Congress to enact legislation this year.

The Democrat-controlled Senate has already passed a comprehensive immigration reform bill with a pathway to citizenship, while the Republican-controlled House has leaned toward a step-by-step approach that begins with U.S. border security. Yet the proposals give little attention to solving what the USCCB says is the long-term solution to the U.S.'s immigration woes: developing stagnant economies in Latin America that are forcing migrants to leave their homes and find work abroad.

Seeking “long-term solutions” to the root causes of immigration, “such as underdevelopment and poverty in sending countries” is one of six principles of comprehensive reform that have been promoted by the bishops' conference.

“If people are able to find sustainable employment and a living wage, they are much less likely to risk their lives in coming to another country and split up their families,” said Kevin Appleby, director of the USCCB's Office of Migration and Refugee Policy.

But Appleby said the U.S. must also take responsibility for the impact of its own trade agreements and policies that could be driving some of the migration from Latin America countries.

“A lot of times, we just look at our own economic self-interest, but we don't look at the global impact,” he said. “I think that's the first question Catholics need to ask: What is the global impact of this national or economic policy?”

## 'Free' Trade?

Although billed as “free trade” agreements, the North American Free Trade Agreement (NAFTA) and Central American Free Trade Agreement (CAFTA), among other treaties, have given the U.S. a lopsided economic advantage in agriculture.

A 2010 study by Timothy Wise, policy research director at Tufts University’s Global Development and Environment Institute, underscored that Mexican farmers cannot compete effectively with U.S. agriculture, because the U.S. government heavily subsidizes farming exports. Wise estimated that between 1997-2005, this practice cost Mexican agriculture \$12.8 billion. More than half of these losses (\$6.5 billion) came from Mexican corn production, where local producer prices fell 66% in the face of U.S. quadrupling its corn exports to Mexico at prices 19% below what it cost U.S. farmers to produce them.

“After NAFTA, 2 million small farmers left the land,” said Mary DeLorey, an expert on Latin America migration at Catholic Relief Services (CRS). “People are going all over to be able to find a job and support their family.”

Alex Nowrasteh, an immigration expert at the Cato Institute, said eliminating agricultural subsidies would give Latin American farmers a level playing field and strengthen their economies. But he said the U.S. would also benefit by following the example of New Zealand, which eliminated agricultural subsidies as part of its free-trade policies.

“The [New Zealand] farmers took a look at what people in other countries wanted to consume, they widened what they grew, they changed based on the markets, and the agriculture sector is doing very well,” he said.

## Youth Unemployment Drives Immigration

DeLorey said both social and economic problems were driving migration from Central America from chronic unemployment to violence and public corruption from the illegal drug trade to the United States.

DeLorey said that while the economy in Mexico has improved to the point where migration has hit a net zero (according to a 2012 Pew research study), migration from Central America has picked up. She said a majority of immigrants are between 15-30 years old. They are three times more likely to be unemployed in their home countries, and the number of minors crossing the border doubled from last year.

“A good deal of this is fleeing violence and gang recruitment,” she said. “There is a lot of violence [in these countries] and its foot soldiers are unemployed youth.”

She said CRS has been engaged in a variety of partnerships both with local governments, local churches and private companies (including 300 companies in El Salvador) to address youth unemployment.

Other CRS initiatives range from job training, micro-financing small business creation and entrepreneurship, and teaching farmers how to increase their profits through better production

and marketing techniques. Another CRS initiative in the region has focused on developing infrastructure to withstand natural disasters, and creating micro-insurance programs, so the poor can rebuild their lives and livelihoods.

“They have no insurance,” DeLorey said. “Can you imagine here if Hurricane Sandy happened and no one had any kind of insurance to rebuild their homes, businesses, etc.?”

### Small Businesses Stifled

Experts say a major obstacle to prosperity in Latin America is the lack of small and medium businesses that tend to drive economic growth.

“A majority of employment in the United States and Europe comes from small and medium size businesses,” said Michael Matheson Miller, director of Poverty Cure, a network of organizations focused on developing entrepreneurial solutions to poverty.

Miller pointed out that the poor in many Latin American countries lack conditions that most Americans take for granted: clean title to private property, rule of law, freedom of association (such as the right to start unions), the ability to tap into lines of credit, and freedom of exchange. These conditions, he said, are major contributors to why Latin America has a “big gaping hole” in small to medium size businesses. He pointed to Peruvian economist Hernando De Soto Polar’s experiment, where four students (supervised by a lawyer) worked eight hours a day to legally obtain an operating license for a small sewing business.

“It took 289 days to register that business,” Miller said. The process discriminates heavily against the poor, he said, because the only way to expedite the process would be if an application has an insider connection to the regulating authorities.

DeLorey suggested the U.S. government could help effect change by retooling its foreign aid to incentivize Central American governments to adopt pro-growth policies.

But expanding the pool of legal immigrants to the U.S. might also create positive change on the law’s relationship with business in many Latin American countries sending immigrants to the United States. Cato’s Nowrasteh pointed out that in the 19th century, almost half of the Italian immigrants who came to the United States actually returned to Italy, and used their capital and newly acquired skills to buy land or start up businesses in their native communities.

“The main thing is to allow more immigrants to come legally to the U.S. so they can learn this approach,” he said.

### Rethinking Attitudes

Miller admitted the situation is complex, and cannot be solved with any single solution. He emphasized that Americans needed to rethink their attitudes toward the poor, and regard them not as objects of charity, but as subjects whom they can empower to better their own lives.

“The question we need to ask is how do people in the developing world create prosperity for themselves and their families?” he said.

He pointed out that giving free things without thinking about the effect on the local economy can have disastrous results. He said one Atlanta church’s well-intentioned plan to donate free eggs to people in Rwanda after the 1994 genocide didn’t take into account that they were wiping out local hen farmers.

“You can’t compete with free eggs,” Miller said.

Miller said churches should also reconsider how mission trips could best serve the poor. While many send teenagers to build churches in impoverished countries, he suggested churches instead sponsor contractors to travel with their families to Latin America, where they could then train local people in the art of construction and teach them how to start and maintain their own construction businesses.

“The cure for poverty is not another new economic plan, and it’s not another big celebrity campaign,” he said. “It’s allowing people to create prosperity for themselves and their families.”