POLICY BRIEF

Is Mexican Migration to the United States an Issue of Economic Inequality?

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STATEMENT OF ISSUE

This document presents an analytical overview of the following three questions: How does inequality affect migration? How much do we know about this link, particularly for the case of migration from Mexico to the United States? Can public policy play a role towards decreasing incentives to move north through inequality alleviation in Mexico? The aim is to identify how inequality has been conceptualized to explain migration, as well as to identify facts about the Mexico-U.S. case.

KEY FINDINGS

- International trade and skill-biased technological change have played a larger role.
- Low-skilled immigration to the U.S. and migrants' remittances have played a large role in lowering global inequality by moving millions of low-income Mexican families further away from poverty and closer to the global middle class.
- Voters and lawmakers in destination countries appear to put little weight on the global gains from migration— the increase in world productivity and output that would follow if workers could freely migrate across international borders.
- While Mexican migration may have slightly reduced wages for some U.S. workers and slightly increased inequality in the U.S., it raised wages in Mexico. The outflow of Mexican workers to the U.S. between 1970 and 2000 increased the wage of the average Mexican worker by 8 percent.
- Statistically significant negative wage and employment effects on natives are generally only found among high school dropouts who are a shrinking share of the U.S. born labor force.

POLICY RECOMMENDATIONS

- Given that migration plays only a small role in inequality trends and is beneficial for migrants, sending communities, and destination countries, public policy should focus on reducing migration barriers and making international mobility more efficient and less costly. For example, boosting legal employment-based migration from Mexico to the U.S. would benefit both sides of the border.
- Safeguarding or spurring income mobility is essential and can be accomplished by early childhood education for at-risk kids and high-quality public schools.
- Workforce training and apprenticeship programs can help workers adjust to labor market changes.
- Safety net programs can sustain families who are hit by shocks, such as unemployment or a health crisis.
- Financial literacy and innovative banking regulations can boost access to credit. Payments that help people move to areas where jobs are plentiful, from areas where they are not, can help spur socioeconomic mobility with a country.

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