



MEXICAN MIGRANTS CONTRIBUTION TO THE UNITED STATES ECONOMY

Mexican labor migration to the United States (U.S.) can be traced to the end of XIX century, however over the last decades it has grown considerably, placing Mexico as both the world's main migrant exporter and one of the top three remittances recipients. For the vast majority of analysts, governments and international organizations, the main focus of attention has been directed towards the possible benefits derived from remittances in the places and regions of origin. Nevertheless, the contribution made by migrants has its most significant impact in the receiving country, in this case the U.S.:

1. Mexican migrants play an important role in satisfying the increasing demand in the United States labor market. Between 1994 and 2007, 24.4 million job posts were

created in the U.S. of which one in every six were taken by Mexicans.

2. The contribution of the Mexican migrants to the U.S. Gross Domestic Product (GDP) has doubled over the last 14 years, reaching in 2006 a total of 485 billion USD,¹ an amount which represents 3.7% of the U.S. GDP, and, in contrast, 57.7% of the Mexican GDP.

3. Mexican migrants received in 2006, 165 billion USD² which equals to 2.2% of the U.S. total labor income, although they represent 4.7% of the working force in the U.S. Remittances send to Mexico represented 14.4% of this income.

4. Thanks to their consumption capacity Mexican migrants stimulated the internal market in the U.S. by 268 billion USD in 2006.³ This amount represented 47% of the consumption expenditure in Mexico.

¹ Estimation based on the labor average productivity at industrial level and the volume of the Mexican migrant workers laboring at this activity, based on the Bureau of Economic Analysis of U.S. and the Current Population Survey, 2006.

² Estimation based on data from the Current Population Survey 2006.

³ For this estimation the remittances send to Mexico were subtracted from the salary and the income multiplier factor for the U.S. (1.9). Lloyd J. Dumas, Economic Multipliers and the Economic Impact of DOE Spending in New Mexico, University of Texas at Dallas, March 2003.



5. Mexican migrants contributed to the U.S. treasury in 2006 with 22 billion USD⁴ due to direct taxes related to their jobs. This quantity equals the amount of remittances sent in the same period to Mexico.

6. Mexico transferred to the U.S. economy 99 billion USD in 2006 in relation to public spending in the education of its migrant population;⁵ whereas the U.S. saved 723 billion USD, since it did not have to train this workforce using funds from its educational budget.⁶

7. Mexico transferred to the U.S. economy 257 billion USD in 2006 considering the reproduction costs of its migrant workers, aside the educational expenses.⁷ In contrast, given its release from this process the U.S. saved 1.261 trillion USD.⁸

8. In total Mexico transferred to the U.S. economy 356 billion USD (41.6% of the Mexican GDP) in labor reproduction and educational investment, while the U.S. saved 1.984 trillion USD (15.2% of its GDP) in the same concepts by importing Mexican labor.

More than the contribution done by Mexican migrants to their country of origin through remittances, it is undeniable their notorious contribution to the U.S. economy in production, consumption, taxes, and overall in satisfying the workforce demand without investing in its reproduction and training costs. In this sense it is vital to move into collaboration and reciprocity schemes in migration and development that allow both countries to advance under the principle of shared responsibility.

⁴ Estimation based on data from the Current Population Survey 2006 and the tax scheme applied under the U.S. Tax Law 2006.

⁵ Estimation based on the expenditure by educational level from the Report 2007 on the Mexican Educational Panorama, elaborated by the Mexican Public Education Ministry and data from the Current Population Survey, 2006.

⁶ Estimation based on the expenditure by educational level presented by the National Center for Education, U.S. Department of Education, 2006 and data from the Current Population Survey, 2006.

⁷ Estimation based on the Current Population Survey and the reproduction cost of the labor force in Mexico, considering the monetary value of the «patrimonial» goods and services cost estimates established by Indesol for 2006.

⁸ Estimation based on data from the Current Population Survey and the cost of production of the labor force in the U.S. considering the monetary value fixed by the Poverty Threshold, U.S. Department of Health and Human Services, 2006.