

How Economic Indicators Influence Mexican Immigration in the United States

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The immigration debate in the United States dates back to the beginning of the Bracero worker program when our nation faced labor shortages due to World War II. Since then, the number of Mexican immigrants in the country has drastically increased, though the motives for immigration remain the same: opportunity. In recent years, the number of Mexican immigrants has been falling, including the number of undocumented Mexicans. This paper identifies the main economic indicators that influence Mexican migration into the U.S., considering both undocumented and legal immigration. Data from 1990 to 2015 is used in this study, and we find that even if the unemployment rate in the U.S. is higher than in Mexico, migration continues. Relative differences in income also affect migration in a consistent fashion – the greater the income gap between the U.S. and Mexico, the greater the incentives to migrate. In terms of minimum wages, the results indicate that higher wages in Mexico reduce the incentive to migrate (especially for legal migrants) while increases in U.S. wages attract higher migration into the country. A more vibrant economy also fuels higher levels of migration into the U.S., particularly for legal migrants, but international remittances are found to encourage total and undocumented migration into the country. These results should allow our community, and nation, to find the best-fitting solution to the inflow of immigrants into the United States, and serve as a source of information for further discussion in this area.

It's hardly necessary to say that immigration has become a heated topic in the United States since the 2016 presidential election. Reliable information on immigration is therefore crucial in order for our community to have productive and respectful dialogue. Most of the time immigration is brought up with a negative connotation that fails to recognize the underlying motives behind an immigrant's choice, or the true economic effects it has on our country. Immigrants are usually a self-selected group of people who are highly motivated and able to resettle, thus when they hold the same human capital and employment characteristics, natives of the destination country fear immigrants may earn more than them (Gindling, 2008). Only with cooperation and hard evidence can a solution be rightfully found.

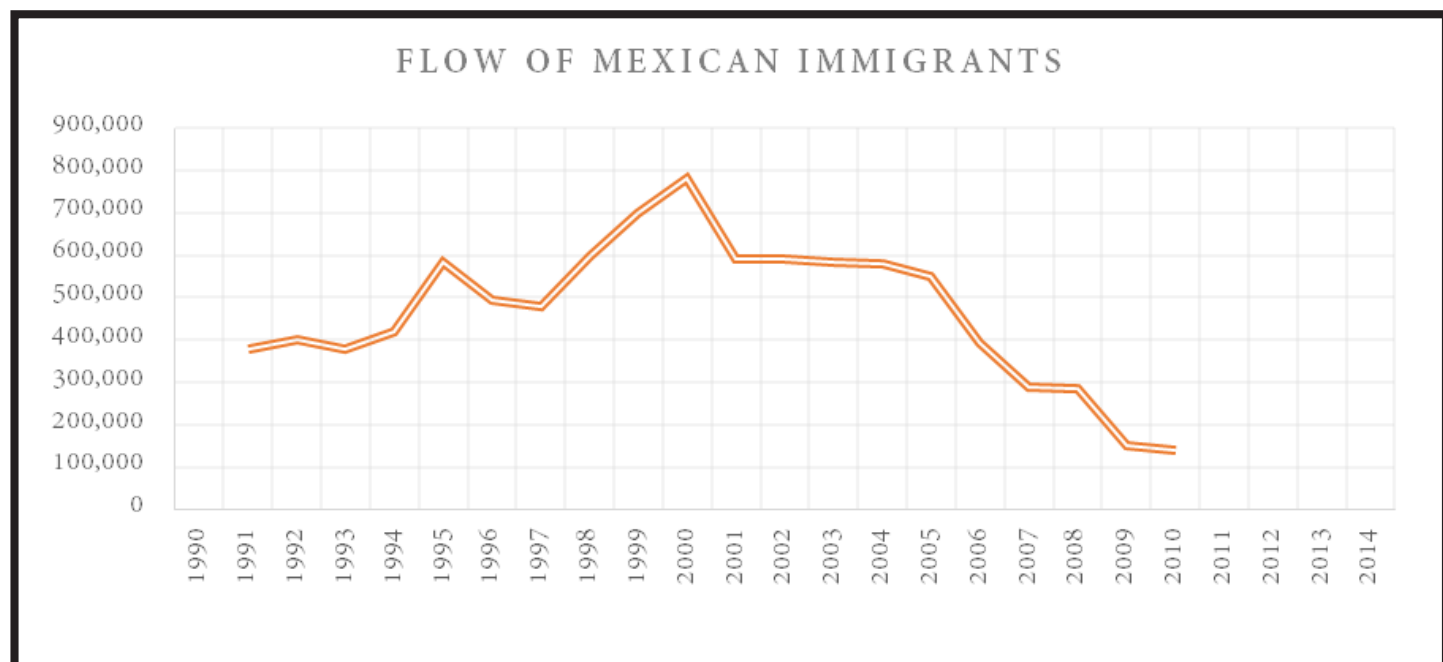
Some argue that the U.S. is a country of immigrants that relies on their labor and contributions to the country; others argue immigrants reduce the employment opportunities for U.S. nationals and cause vast government expenditures. The latter argument is derived from the classical argument stating migration from developing countries into the United States creates a surplus of relatively low-skilled immigrants who are responsible for driving down wages, increasing inequality and poverty, and reducing the protection offered to workers. (Gindling, 2008).

Two-thirds of the population of Mexican origins residing in the United States is immigrants or children of immigrants (Durand, Massey, and Pren, 2016). Mexican immigrants can be separated into two groups: undocumented and legal. Mexican immigrants' journey

to the north is an attempt to improve their financial well-being and increase their standard of living (Portes and Rumbaut, 2006). Understanding the prosperity of the Mexican population in the United States, in comparison to U.S. nationals, is vital to any argument formed either for or against the topic. An immigrant's standard of living in their new country can be estimated by the motives leading to a certain immigration pattern. This allows us to better know their starting economic position (Painter and Qian, 2016).

The economic indicator influencing a type of immigration helps form a better conclusion about the level of education and skills an individual brings into the United States, as well as the type of industry they are most likely to be employed in; the industry of employment determines the income they will be earning. The immigrant status of Mexicans in the United States can also tell us about the opportunities available to Mexican immigrants, or those which they are restricted from, in this country. Wage disparities are also a result of legal status (Durand, Massey, and Pren, 2016).

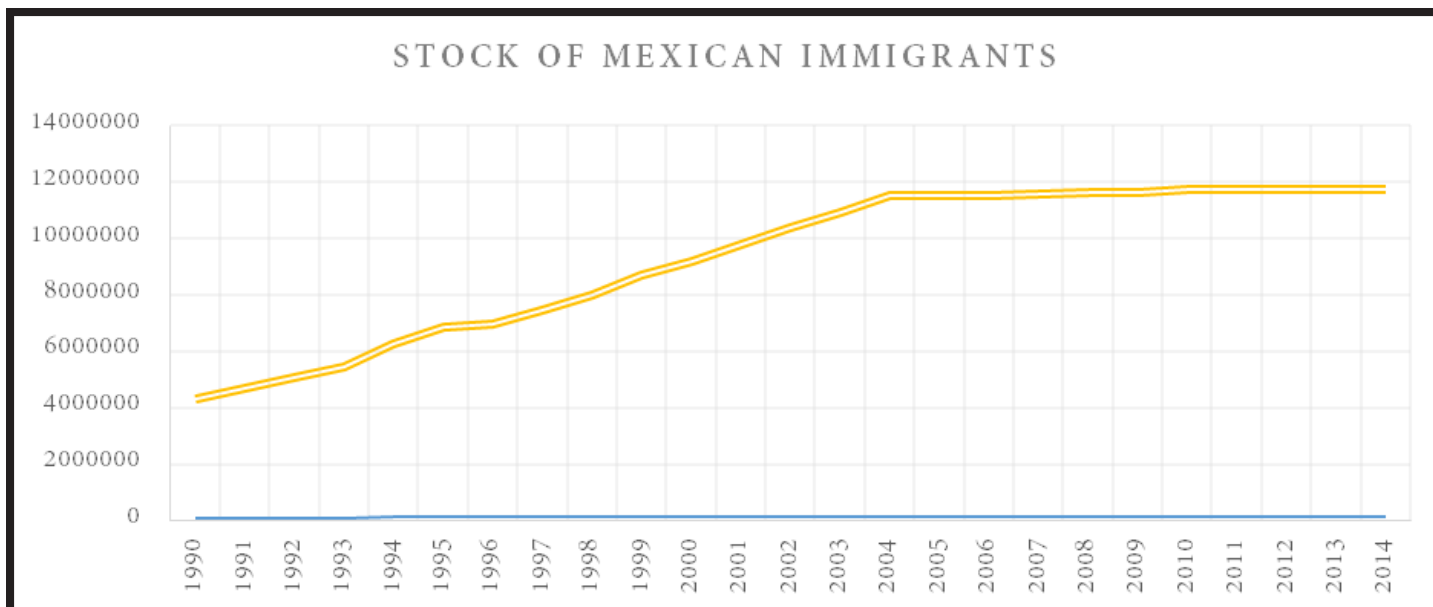
This paper seeks to determine which economic factors affect migration flows of Mexican citizens into the United States. It concentrates on unveiling the main economic indicators influencing Mexican migration into the United States, to find if these individuals made the correct choice in leaving their country of origin. The findings of this paper conclude that the economic indicators influencing Mexican migration into the United States, both undocumented and legal, are the ones that determine the standard of living in general and economic opportunities.



The Bracero program was created in 1942 to ease the labor shortages of World War II in the United States. Mexican immigrants served as a seasonal supplies of labor and were paid wages below the minimum wage rate. Congress cancelled the temporary worker agreement it held with Mexico by 1965 (Durand, Massey, and Pren, 2016). Since then, regulations on

has encouraged Mexicans to migrate into its northern neighbor. This legal or undocumented migration has made Mexican immigrants a vital component of the labor force in the U.S.

The 2000s sustained massive migration movements from Mexico into the U.S, but with American economic recession of 2007-2009 the number of total immigrants



immigration from Mexico were put in place just as labor force participation of Mexican immigrants became more noticeable in the American economy.

Mexican migration flows refer to the annual flow of Mexican immigrants coming into the United States. Close geographic proximity enabled the rapid inflow of Mexican immigrants into the United States during the 1980s. This spike in migration flows might be attributed to the oil shocks Mexico's economy was experiencing, its inability to meet its foreign debt, the devaluation of the peso, and the rising inflation rate of 30% in 1980. Needless to say, the purchasing power of Mexican citizens eroded quickly, and little by little, people along the Mexico - U.S. border began to cross over more and more often.

This study will also examine the differential impact that the main determinants of migration have on attracting legal and undocumented migration. In the 1990s, these migration flows would increase year after year. The United States holds a reputation of 'opportunity' among immigrants; it has attracted those who are seeking to improve their economic standing, employment opportunities, and belong to a more politically and economically stable country. For more than three decades, the close geographic proximity

plateaued. Despite the number of total immigrants still rising, it is increasing at very low levels. The percent of undocumented Mexican immigrants in the U.S. (out of the 11.1 million undocumented immigrants in the country) has fallen from 52% to 49% in present day (Pew Research, 2016). From 2010 to 2012, GDP per capita in the U.S. experienced an average growth of 4.6%. Though growth has slowed down, GDP per capita in Mexico grew by 9.76% between 2004 and 2014 (author's own calculations). The standard of living in a country can be the most important factor in determining whether someone will leave their country of origin and settle in another one. The ability to purchase goods and services, attain an education, political stability, access to healthcare, and safety are some of the indicators contributing to a high standard of living.

This paper is organized in four sections. Section II discusses the areas where Mexican immigrants settle, language ability, economic sectors they are employed in, and analyzes the different factors leading Mexican immigrants to migrate in lower flows or return home. Section III presents the data and results found from a simple specification using various migration measures. Section IV restates the findings of this paper and looks at the future of the Mexican immigration in the U.S.

II. Settlement, Language, and Employment of Mexican Immigrants in the U.S.

The majority of Mexican immigrants coming into the United States settle in the state of Texas or California (MPI, 2016). The Migration Policy Institute (MPI) found that the metropolitan areas of Houston, Dallas, Chicago, and Los Angeles hold 31 percent of the Mexican migration stock. As a percentage of the metro area population, the McAllen-Edinburg-Mission, Texas has the highest percentage at 27.1 percent (MPI, 2016).

Immigrant networks are key to sustaining immigration patterns. The majority of immigrants who make their way to the United States are sponsored by a family member (Painter and Qian, 2016). Once a relative makes the first move to leave for the United States, other family members are soon to follow as information about job opportunities, safety tips for crossing into the U.S., and housing options become available. These networks then reduce the costs and risks of migrating because they serve as a point of entry in the new country (Davis, Stampini, Stecklov, and Winters, 2005). The sharing of information proves to have a big influence on finalizing the choice to migrate, in particular with immigration to the U.S. A sense of security is also fostered in those considering leaving Mexico if someone they know has previously made the journey to the United States. If strong immigrant networks are present, there is a higher probability for permanent settlement.

The networks of Mexican immigrants living in predominantly Spanish-speaking areas might be an attempt to avoid language barriers. The ability to become proficient in English depends on pre-migration characteristics, like education level held upon arrival and the job they will likely secure in the United States (Painter and Qian, 2016). MPI reported in 2016 that four percent of Mexican immigrants speak only English at home, compared to 16 percent of all immigrants residing in the U.S. Lack of English proficiency often creates conglomerates of Mexican immigrants in the United States.

The strong correlation between international migration and remittances also has a great impact on poverty reduction in the developing world. Remittances reinforce immigrant networks as money is sent from the United States to Mexico once Mexican immigrants are established in the country and experiencing some prosperity. Prosperity is experienced in terms of employment (Painter and Qiem, 2016). As money earned in the U.S. by Mexican nationals begins to flow back into Mexico in the form of remittances, it assists

in reducing poverty in Mexico. A study found that increasing the share of international immigrants in a country's population by 10 percent causes the percentage of people living on less than \$1.00 a day to fall by 2.1 percent (Siddique, Shehzadi, Manzoor, and Majeed, 2016). Additionally, remittances serve as evidence for family members who stayed back that economic conditions are relatively more stable in the U.S. than in Mexico.

Immigrants are a key component of the labor force supply in the United States. In 2014, 87 percent of the Mexican migration stock was part of the working age group. Mexican immigrants make up a large portion of the supply of workers in the civilian labor force; the Pew Research Center states 8 million unauthorized immigrants were in 2014 U.S. civilian workforce. The industries in which Mexican-born immigrants are often employed do not require higher education or to be highly skilled, particularly for undocumented immigrants. The legal standing of immigrants can either grant or remove certain resources to enable the success of immigrants. An undocumented status may restrict immigrants from certain jobs and public benefits, while a legal status may provide immigrants with more job opportunities and make them eligible for public benefits (Painter and Qian, 2016).

When compared to the total immigrant population in the United States and U.S. nationals, Mexican immigrants participate in the U.S. labor force at a 4 percent higher rate, but the number of U.S. born-workers is still greater in all industries (Pew Research Center, 2016). At 31 percent, the service industry employs the largest percentage of Mexican immigrants; employment in the natural resources, construction, and maintenance industry followed at 26 percent (MPI, 2014). Still, the native born population of the U.S. outnumbers the number of Mexican immigrants working in service and construction industries by 10 percent.

The standard of living of Mexican immigrants is mainly determined by the education and skills they bring into the United States. The industries where these immigrants are employed tend to be labor intensive, yet do not have a wage as high as the other sectors where the rest of the immigrant or native born population are working. These differences in employment are seen in the income earned by the Mexican immigrants, immigrants from other nationalities, and native-born U.S. citizens. Mexican immigrants had a median household of \$37,290 in 2014. This amount was over

\$10,000 lower than the whole immigrant population and almost \$20,000 under the native born U.S. citizens (MPI, 2016).

Differences in household income also exist between the legal and undocumented Mexican immigrants. Sixty percent of the total number of Mexican immigrants living in the United States did not hold a legal status in 2010 (Durand, Massey, Pren, and 2016). Undocumented Mexican immigrants in the U.S. are likely to hold limited to no English proficiency or education, have a low income, live in poverty, and not have health insurance. The 1993 drop in Mexico's minimum wage, compared to the steady wage rate of

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the U.S., played a huge role in migration to the U.S. The year 2001 brought another drop in the Mexican minimum wage to 0.20 cents (in U.S. dollars), and also marked the year that Mexican undocumented immigration surpassed legal immigration into the United States.

However, the life of Mexican immigrants in the United States is not always filled with improvements or increases to their standard of living. There are multiple internal affairs in the United States impacting the success of Mexican immigrants and influencing them to return to Mexico. The decreasing annual rates of the Mexican immigrant inflow to the United States, while the total migration stock increases, is attributed to American economic conditions and the restrictive immigration laws. Before making note of the recent year's laws, it is important to understand how Mexican immigrants became a substantial portion of the U.S. labor force through laws allowing their employment.

Prior to the enactment of the Immigration Reform and Control Act of 1987 (IRCA), the Mexican nationals immigrating to the U.S. did so with intentions to remain there only temporarily. It was important for this law to allow temporary immigrants to become permanent U.S. citizens because more than two million Mexican immigrants were able to obtain legal status between 1987 and 1991 (COPA, 2013). This would allow for the newly legal immigrants to bring their family members who stayed in Mexico to the U.S., thus adding to the

migration stock.

Prior to the enactment of IRCA, Mexican migration flows were circular because many immigrants came to the U.S. for a short period of time and returned to Mexico after a couple of years. This law was meant to be restrictive through its sanctions against employers who hired undocumented immigrants, and its call for enforcing stronger border security. Despite IRCA, employers continued hiring undocumented workers in their respective sectors, causing the cheap labor to bring about a reduction in the industry's wages. The decrease in wages made employment in industries like farming or construction less attractive to U.S. nationals, giving rise to the dependence of Mexican immigrants in the labor force. These laws criminalizing the hiring of undocumented workers, in addition to the rise in the number of workers who are undocumented, have resulted in lower wages offered to both undocumented immigrants and all workers in the same industry (Durand, Massey, and Pren, 2016). Additionally, the stronger border security meant that Mexican undocumented immigrants no longer had the flexibility to return to Mexico.

President Clinton passed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which instituted an electronic verification of legal status known as E-Verify and was meant to dissuade employers from hiring undocumented immigrants. E-Verify is meant to decrease the employment opportunities for undocumented Mexican immigrants and increase the risks of deportation. Apprehensions of Mexicans at U.S. borders hit their peak of 1,637 apprehensions in the year 2000 (Pew Research Center, 2016). After the September 11 terrorist attacks in the United States, anti-immigration policies grew in scale. One of these policies is the Patriot Act, which was drafted to protect the country against terrorists but ended up applying to undocumented immigrants as well and enabled the mass deportation of undocumented Mexicans in the U.S.

Economic recessions in the U.S. also significantly impact Mexican immigration patterns of undocumented Mexicans into the United States. Due to Mexican undocumented immigrants being employed in economic sectors highly vulnerable to changes in the economy, they are consistently one of the first groups to suffer from the unemployment accompanying recessions. According to the PEW Research Center, Mexican immigrants began returning to their country of origin at a faster rate than those coming into the country after the Great Recession (Pew Research Center, 2015). The

Bureau of Labor Statistics (BLS) states that between January 2008 and December 2009, nearly 2 million jobs were lost. Job losses were prominent in the service, manufacturing, and construction industries – the industries undocumented immigrants with low-skills or low-education participate in the most.

Those who had recently immigrated into the U.S. were the first to return to Mexico, but both undocumented and legal immigrants who had been in the country for more than ten years were far less likely to leave (Ornelas, Garcia, 2013). An exception can be made for those the Mexican immigrants who returned to Mexico with their U.S. born children, because of the failing economic conditions in the United States. Many found themselves returning to the central and southern Mexican states with high levels of poverty (Ornelas and Garcia, 2013). Without any employment opportunities available, earning a relatively low income in the U.S., and the stronger enforcement of anti-immigration laws, the costs of migrating to the United States increased.

Legal immigrants from Mexico in the United States, on the other hand, did not reduce their migration flows during this time period. In 2013, the number of legal immigrants surpassed the number of undocumented immigrants by 513,000.

The current rise in inflows of legal immigrants is testimony to the fact that restrictive immigration policies slightly affect individuals with a high level of skills and education. Legal immigrants mostly migrate if they have a secure job in the U.S. or if they become aware of their ability to attain a higher income. In 2014, only 10 percent of total stock of Mexican immigrants was working in the management, business, science, and arts industries (MPI, 2016). Immigrants working in these types of occupations have less chances of returning to Mexico because their employment is relatively more stable than that of undocumented immigrants (Ornelas, Garcia, 2013).

In 1992, the U.S. federal minimum wage was four times higher than that of Mexico's. The steady devaluation of the peso and the appreciation of the dollar also play a role in the purchasing power of Mexican citizens living in their country of origin, but regardless minimum wage rates in Mexico were unable to compete with those in the United States. The U.S. has an appeal to those considering leaving Mexico in search of not only better pay, but also an increased ability to consume.

III. Data And Results On The Main Determinants Of Mexican Immigration

Before beginning to analyze the components affecting Mexican immigration into the United States, data on the following indicators of both countries was collected to determine the relevance of each indicator. Data from the World Bank Development Indicators, Central Bank of Mexico, Federal Reserve Bank of St. Louis, Migration Policy Institute, and the PEW Research Center was used to calculate the effects of Mexico's and the U.S.'s GDP per capita, unemployment, wages, remittances, and real economic growth upon migration. The dataset collected from these sources spans from 1990 to 2015.

The factors included in a simple regression were population, real GDP per capita, real economic growth,

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inflation, unemployment, national minimum wages, remittances, and government spending on education. All these factors were used to explain the migration stock, annual flow of immigrants, undocumented immigrants, legal immigrants, and the percentage of the migrant population relative to the total population of Mexico able to migrate. Identifying the factors influencing Mexican immigrants will be used to understand the reasons behind migration movements into the United States.

The confidence level is the boundary stating the significance of a particular variable. The confidence level at the 10 percent is slightly significant; at 5 percent it is statistically significant; and at 1 percent it is highly significant. The level at which an economic indicator is significant at helps us understand its correlation to another variable. Migration patterns into the United States are examined in this paper using the following specification:

$$Migr_t = \beta_1 + \beta_2 RUn_t + \beta_3 rGDPpc_t + \beta_4 WageMX_t + \beta_5 USminw_t + \beta_6 RrGDPgr_t + \beta_7 Relinfl_t + \beta_8 Rempc_t + \beta_9 Year_t + u_t$$

where *Migr* is the Mexican migrant stock living in the United States, *RUn* is the relative unemployment rate (unemployment in the U.S. minus Mexico

unemployment), $RrGDPpc$ is relative real GDP per capita, $WageMX$ is the minimum wage in Mexico (in U.S. Dollars), $USminw$ is the minimum wage in the United States (in U.S. Dollars), $RGDPgr$ is real GDP growth, $Relinfl$ is the relative inflation rate between the two countries (inflation in the U.S. minus Mexican inflation), and $Rempc$ is remittances per capita being sent from the U.S. to Mexico. Time variation is controlled by the variable “Year” and the error term is given by “u.” The dependent variable $Migr$ actually represents different measures to proxy for migration like the Mexican migrant stock, the annual flows of Mexican immigrants, undocumented immigrants, legal immigrants, and the percentage of the Mexican migrants out of the total Mexican population.

In order to better understand the determinants of migration, two tables are presented below. Table 1 analyzes the migrant stock, migration flows, and the percentage of the total Mexican population migrating. The dependent variables of Table 1 provide a general overview of the migration pattern of Mexican immigrants. The indicators that bring change to the migrant stock, flows, and percent migration of the total Mexican population able to migrate represent how the Mexican economy is doing relative to the U.S. economy. This specification provides insight on how the two countries are doing in comparison to one another and how that affects migration patterns. Table 2 analyzes the migrant stock, undocumented immigration, and legal immigration. Table 2 is meant to communicate

with more precision the indicators affecting Mexican nationals’ choice to migrate to the United States.

In Table 1, the migrant stock is the indicator examined in column one. The results indicate that the total number of Mexican immigrants living in the United States is influenced by relative unemployment, relative real GDP per capita, wages in Mexico, real economic growth, and remittances per capita. The results indicate that a unit increase in relative real GDP per capita leads to a 0.35 unit increase in the migration stock, which is statistically significant at the 5 percent confidence level. The estimate suggests that the larger the gap in real GDP per capita between the two countries, the greater the flow of people from Mexico towards the U.S.

Wages are also important in influencing immigration into the U.S. If a higher wage is being offered in Mexico, it reduces the number of Mexican immigrants coming into the country. In fact, a unit increase in the Mexican wage leads to a 0.87 unit decrease in the migration stock, which is significant at the 10 percent confidence level. When the Mexican unemployment rate is higher than the unemployment rate in the United States, the results indicate the migrant stock in the U.S. increases. Meanwhile, the results also indicate a unit increase in relative unemployment leads to a 0.32 unit increase in the migration stock, which is statistically significant at the 1 percent confidence level. Statistically significant determinants on the migrant stock are attributed to the rise in the total number of Mexican immigrants living in the United States. This result can be counterintuitive

Table 1: Determinants of Mexican Migration to the United States

	Migrant Stock	Migration Flows	Percent Migration out of Total MX Population
Relative Unemployment	0.321*** (0.619)	0.02 (0.023)	0.066 (0.046)
Relative GDP Per Capita	0.348* (0.031)	0.182*** (0.001)	0.254** (0.106)
Mexican Min. Wage in Dollars	-0.865* (0.445)	-0.256** (0.096)	-0.375 (0.338)
U.S. Min. Wage in Dollars	-0.115 (0.277)	0.161** (0.067)	-0.370 (0.211)
Relative Growth	0.054*** (0.019)	0.008 (0.004)	0.006 (0.015)
Relative Inflation	-0.0005 (0.024)	-0.010* (0.005)	0.0155 (0.018)
Remittances Per Capita	0.005** (0.002)	-0.001 (0.001)	-0.004* (0.002)
Observations	20	16	20
R-Squared	0.9938	0.9794	0.9907
Adj R-Squared	0.9893	0.956	0.9839

*Note: Standard errors are in parenthesis. Statistical significance is given by * for 10% significance level, ** for 5% significance level, and *** for 1% significance level. The Year and constant were not reported for clarity.*

Table 2: Determinants of Mexican Legal or Undocumented Migration to the United States

	Migrant Stock	Undocumented Immigration	Legal Immigration
Relative Unemployment	0.321*** (0.619)	0.188* (0.090)	0.035 (0.079)
Relative real GDP per capita	0.031** (0.348)	0.161 (0.205)	0.183 (0.179)
Mexican Min. Wage in Dollars	-0.865* (0.445)	0.430 (0.652)	-1.320** (0.569)
U.S. Min. Wage in Dollars	-0.115 (0.277)	-0.110 (0.406)	0.308 (0.354)
Relative Growth	0.054*** (0.019)	0.008 (0.029)	0.080** (0.025)
Relative Inflation	-0.0004 (0.024)	0.0176 (0.035)	-0.0217 (0.030)
Remittances Per Capita	0.005 (0.002)	0.010** (0.003)	-0.001 (0.003)
Observations	20	20	20
R-Squared	0.9938	0.9706	0.9271
Adj R-Squared	0.9893	0.9492	0.8741

*Note: Standard errors are in parenthesis. Statistical significance is given by * for 10% significance level, ** for 5% significance level, and *** for 1% significance level. Year and constants are not presented for brevity.*

because one would expect migration to slow down when the unemployment rate in the U.S. is higher than in Mexico. However, the sectors experiencing the higher unemployment are not necessarily indicative of the sectors in which immigrants are employed, so the overall unemployment measure is a bit misleading.

How much a person can earn in one country relative to another is also important, and the greater the gap in income, the greater the incentive to migrate. A unit increase in the Mexican minimum wage leads to a 0.16 unit decrease in the migration flow, which is statistically significant at the 5 percent confidence level. If employment opportunities at home are improving, Mexican nationals do not immigrate to the U.S. The results also found that a unit increase in the U.S. minimum wage leads to a 0.16 increase in the migration flow, which is statistically significant at the 5 percent confidence level. Immigration drops by a larger amount when the Mexican minimum wage increases in comparison to the increase in immigrants when the U.S. minimum wages increase.

Perceptions of the economy also play a big role on immigration. Mexican immigrants tend to leave for the U.S. if they perceive that its economy is doing well compared to their own. A unit increase in relative real economic growth (of the U.S. minus Mexico's) leads to a 0.05 unit increase in the migration stock, which is statistically significant at the 1 percent confidence level. Mexican citizens compare the performance of their economies relative to that of the host economy since they face an opportunity to raise their well-being when it is higher in the U.S. The results also indicate a unit increase in remittances leads to a 0.005 unit increase in the migration stock, which is statistically significant at the 5 percent confidence level.

The findings of this quantitative analysis indicate that a unit increase in the relative real GDP per capita (of the United States compared to Mexico) leads to a 0.25 unit increase in the percent of the Mexican population that has migrated to the U.S., which is statistically significant at the 5 percent confidence level. This is consistent with previous results, indicating that larger number of the Mexican population will leave their country of origin for the U.S. when the difference in standard of living becomes larger. The portion of the Mexican population willing to migrate is interestingly found to decrease as remittances per capita decline (being statistically significant), perhaps because these monetary inflows reduce the incentive to migrate.

However, are these determinants of Mexican

migration affecting the migration patterns of immigrants under different legal status similarly? Do the main economic determinants migrating have a differential impact according to legal status of the migrants? To examine this potentially different effect we run our specification using undocumented and legal migration as our dependent variable (in columns 2 and 3), and compare the results to our baseline estimation for the total migrant stock (already examined in column one of Table 1).

Table 2 above presents the results for the specification of migration proxy with the migrant stock in column one, migration of undocumented immigrants in column 2, and legal immigrants in column 3. The coefficients of column one were already discussed, but column 2 communicates that a unit increase in relative unemployment leads to a 0.19 unit increase in the number of undocumented immigrants entering

"Perceptions of the economy also play a big role on immigration. Mexican immigrants tend to leave for the U.S. if they perceive that its economy is doing well compared to their own."

the United States; this is statistically significant at the 10 percent confidence level. Many undocumented workers who arrive in the U.S. migrate because they are unable to find a job in Mexico. As their unemployment transitions from temporary into permanent, migrating to the U.S. poses itself as a solution.

The results also indicate a unit increase in remittances per capita leads to a 0.1 unit increase in the number of undocumented immigrants coming into the U.S., which is statistically significant at the 5 percent confidence level. This increase can be seen in the overall case but with an effect twice as large. Understanding that undocumented immigrants come from low-income backgrounds and migrate to escape a poverty cycle correlates with the notion presented by the data, since relative unemployment and remittances per capita are what influence their migration. Remittances have become a financial source for families who are living in poverty in Mexico, and the data serves as evidence that for undocumented immigrants migrating to the United States is worth it. The need to better the living situations for family members who remain in Mexico

calls for additional family members to migrate to the U.S. until they can improve their lives back home or eventually bring the rest of their family members to the United States. We can then infer that undocumented immigrants in the U.S. are in search of a source of stable income to bring their standard of living above poverty levels.

When we turn to the factors that affect legal migration we also find interesting results. The results of column three indicate that a unit increase in the Mexican minimum wage leads to a 1.32 unit decrease in the legal immigration into the United States, which is statistically significant at the 5 percent confidence level. If an individual will be paid more in their country of origin, there is no need to leave Mexico. A higher wage in Mexico creates a situation in which highly skilled Mexican workers would leave to the U.S. and pass on the opportunity to increase their current wage and remain with their families. Economic standing for an individual is the product of the wages she/he earns. Regardless of the industry someone may be working in, the national wage gives people a good understanding of the goods, services, and standard of living they will be able to afford. In the case of undocumented Mexican immigrants, a rise in the Mexican minimum wage does not affect their decision because the majority of them are not employed to begin with.

The results also show that a unit increase in the relative economic growth (of the United States compared to Mexico) leads to a 0.08 unit increase in the number of

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legal immigrants coming into the U.S. This is statistically significant at the 5 percent confidence level and it is a larger than the effect found for the overall migration. This result suggests that people who have a high skill-set are likely to be earning a decent wage in Mexico, but if moving to a better performing economy can improve their wage, they will probably do so. These individuals holding a high-level of skills and education have more opportunities to work where they will be paid more.

Their migration pattern is based on the opportunity cost of where they can earn a higher wage. Skilled workers want to be employed in a country where they can get the most out of their capabilities.

IV. Conclusion

Immigration into the United States is a topic of debate not only because of its effects on politics and policy, but also in economics. The arguments made against the inflow of people seeking an opportunity to increase their standard of living have remained the same throughout U.S. history: immigrants take jobs away from American citizens. A sentiment of nationalism arises when U.S. citizens fear their skills will not be enough when foreigners with a greater skill set arrive in the country. However, this is not always the case because most immigrants are undocumented and willing to take any job that requires a minimum skill-set.

The shared border between Mexico and the United States has allowed Mexican nationals to immigrate to the U.S. if the economic conditions in their country are not favorable. Through the quantitative analysis performed in this paper we were able to show the main determinants of migration that influence immigration of Mexican nationals into the U.S. This paper found that undocumented immigrants migrate to the U.S. in greater numbers even if the Mexican unemployment rate is higher than in the U.S. This is somewhat counterintuitive but can still be rationalized. Though there is a high probability these individuals will face low wages and struggle to find a job because of their legal status, they will still be in a better socioeconomic standing than in Mexico because at least they are employed. Legal immigrants from Mexico, on the other hand, remain in Mexico if the wage in their country increases because their migration pattern is dependent upon where the higher wage is. These individuals want to be able to be in the country that is experiencing higher economic growth rates because they understand this is where their skills and education will give them greater returns.

Restrictive immigration laws can also be considered a reason why undocumented Mexican immigration is falling and legal immigration is rising. As the United States continues to experience its need to supply jobs demanding a high level of skills and education, Mexican legal immigrants migrate into the country. During the Bracero program the U.S. needed low-skilled workers to employ their agriculture industry. Today, the U.S. offers jobs found in a booming knowledge economy. The shift

in the U.S. dominant industries might also help explain the Mexican immigration flows in the United States.

The economic indicators behind each of these two groups can help these individuals pre-determine if they will be able to increase their standard of living and provides a measurement for their successes in the country. The actual success can be seen if they have resettled permanently, returned back home, or measured by the income they generate in the industry where they are employed. Root causes for Mexican undocumented immigration in the United States are based on poverty, thus it is not as important to them if the U.S. is experiencing real growth. As long as undocumented immigrants are aware the living situation is better in the U.S. than in Mexico (in terms of GDP per capita for example), they will make the difficult journey to the U.S. Regardless of the immigration debate, one thing remains certain: the United States depends on immigrants (i.e. Mexican immigrants) to supply its labor force just as much as immigrants (i.e. Mexican immigrants) depend on the United states.

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