

**Addressing a Root Cause of
Mexican Migration Pressures to the U.S.**
The Link between Education and Immigration

by Luanne Zurlo
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Summary

Current demographic and economic trends indicate that the powerful impetus for Mexicans to migrate to the United States will grow even stronger during the next two decades. The Mexican economy is not creating enough new jobs to absorb the rapidly increasing number of young Mexicans entering the work force. One of the key factors thwarting economic growth in Mexico is the extremely poor education level of its citizens.

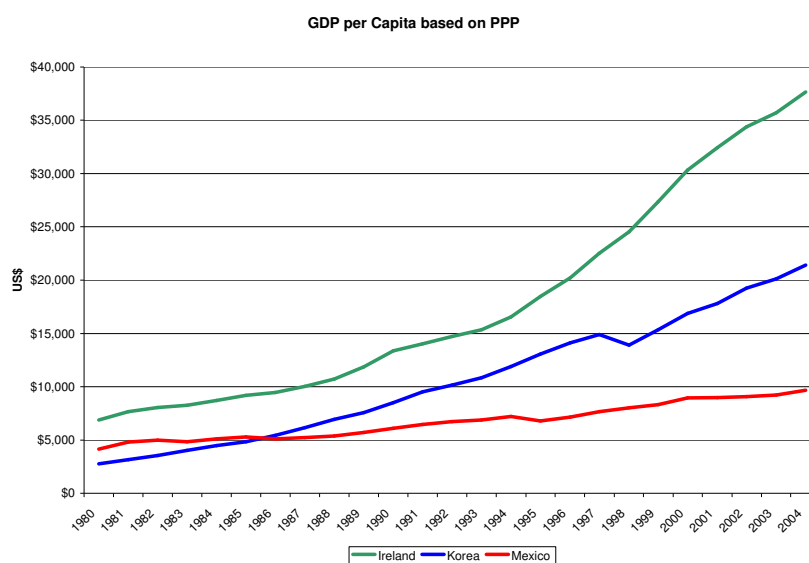
The 2,000-mile U.S.-Mexican border is the only contiguous land border between a developed and developing country in the world. Accordingly, conditions in Mexico directly impact U.S. citizens. It is in U.S. interests to: (1) encourage meaningful public education reform in Mexico, and (2) allocate a larger share of existing U.S. aid expenditures to proven private and public education initiatives. This would encourage more investment and job-producing economic growth, thereby eliminating one of the root causes underpinning U.S.-bound migration pressures. It would also encourage the development of civil society, a critical ingredient of democracy and political stability.

Mexican GDP Growth Has Been Disappointing; Extreme Income Disparities Persist

Mexican economic growth during the past two decades has been disappointing in two key respects: (1) It has been anemic and inconsistent, and (2) its gains have not accrued to lower socio-economic classes as quickly as was hoped.

On a per capita basis, Mexican GDP based on purchasing-power-parity (PPP) has grown at a compound annual rate of 3.6% between 1980 and 2004 (*Chart 1*). This compares to the respective rates of 8.9% and 7.3% in South Korea and Ireland, two countries at relatively similar levels of economic development with Mexico 25 years ago. Indeed, South Korea's per capita income average increased nearly 9X during this period, significantly surpassing that of Mexico, which increased by only 2.5X between 1980 and 2004.

Chart 1



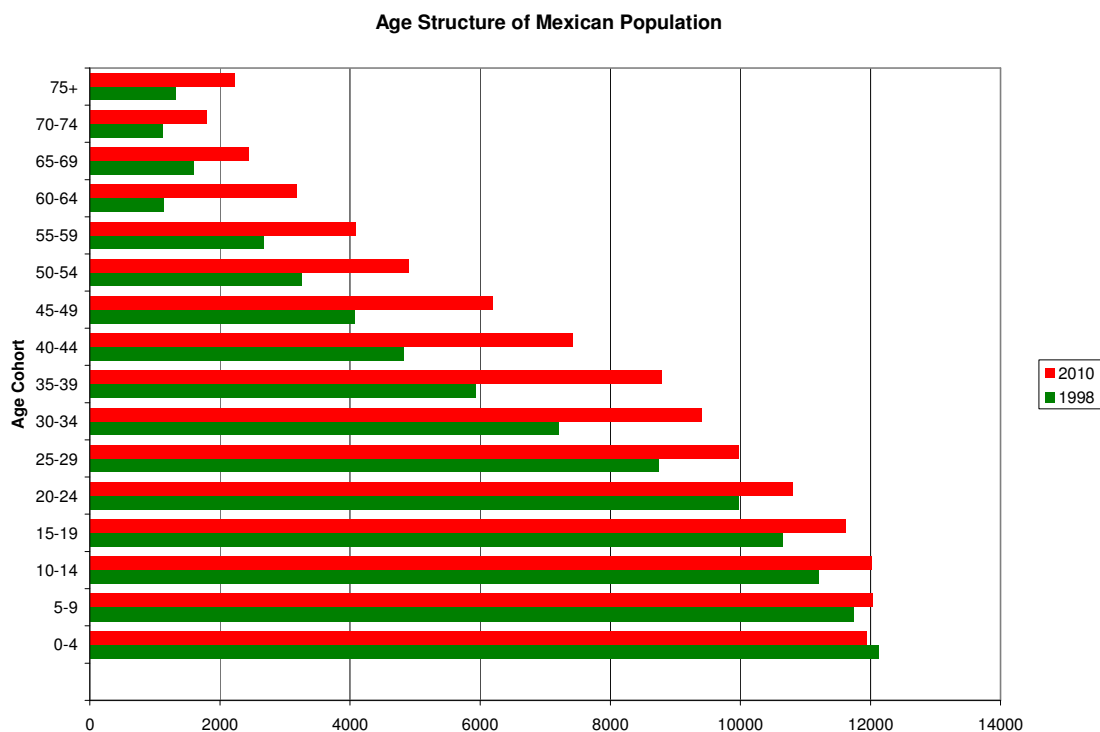
Source: International Monetary Fund, World Economic Outlook Database, September 2005

Mexico is often overlooked as a recipient of public and private sector philanthropic attention because with a GDP per capita (PPP-adjusted) of US\$9,666, it is no longer categorized as a very poor country. Averages in developing countries mask reality however. Latin America has the greatest income disparities in the world, with two in five people living below the poverty line. According to the Inter-American Development Bank (IDB), the wealthiest 5% of Latin America's population receive 25% of its national income and the poorest 30% receive only 7.5% of national income. In Africa, 24% of national income goes to the wealthiest and 10% to the poorest.

Mexican Demographics Suggest 30%-50% Increase in Labor Force Entrants

Because of Mexico's young population, the number of Mexicans entering the workforce is growing rapidly (*Chart 2*). Between 1990 and 2000, an average of one million new workers entered the Mexican workforce annually, with the economically active population growing from 31.4 million to 41.6 million. Based on conservative assumptions, the Center for Immigration Studies estimates that the number of young Mexicans entering the workforce will rise to 1.3 million by 2010. If more than 80% of Mexican males and 25% of Mexican females enter the workforce in their late teens or early twenties, this figure could easily exceed 1.5 million, a 50% increase from levels experienced during the past decade.

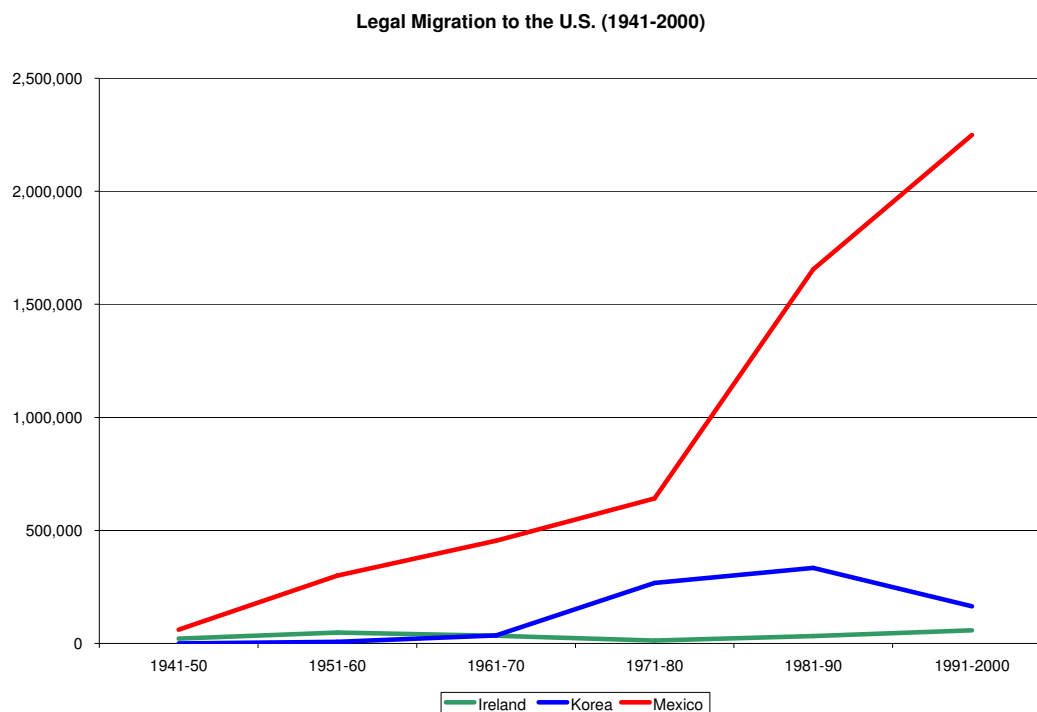
Chart 2



Source: U.S. Bureau of the Census

Mexico's economy has been unable to absorb new job entrants for more than three decades, as reflected in legal migration rates to the U.S. (*Chart 3*). A widely accepted estimate is that more than half of the estimated 12 million illegal entrants currently residing in the U.S. are Mexican by birth. In 2004 alone, more than 1.3 million people were caught trying to enter the U.S. illegally from Mexico.

Chart 3



Source: United States Citizenship and Immigration Services, 2004 Yearbook

Proven Link between Education and Economic Growth

During the past decade, there has been a significant increase in published economic research about human capital formation and its impact on economic growth. The growing body of research concludes that education gains play a critical role in productivity and GDP growth. While it has long been intuited, there now exists unequivocal statistical proof that a significant causal relationship exists between the quality of a country's labor force and the growth rate of its economy. More specifically, recent research suggests that improvements in the *quality* of education, as measured in comparative literacy levels, more than the *quantity*, as measured in years of school completed, wield the greatest positive impact on productivity and growth rates.

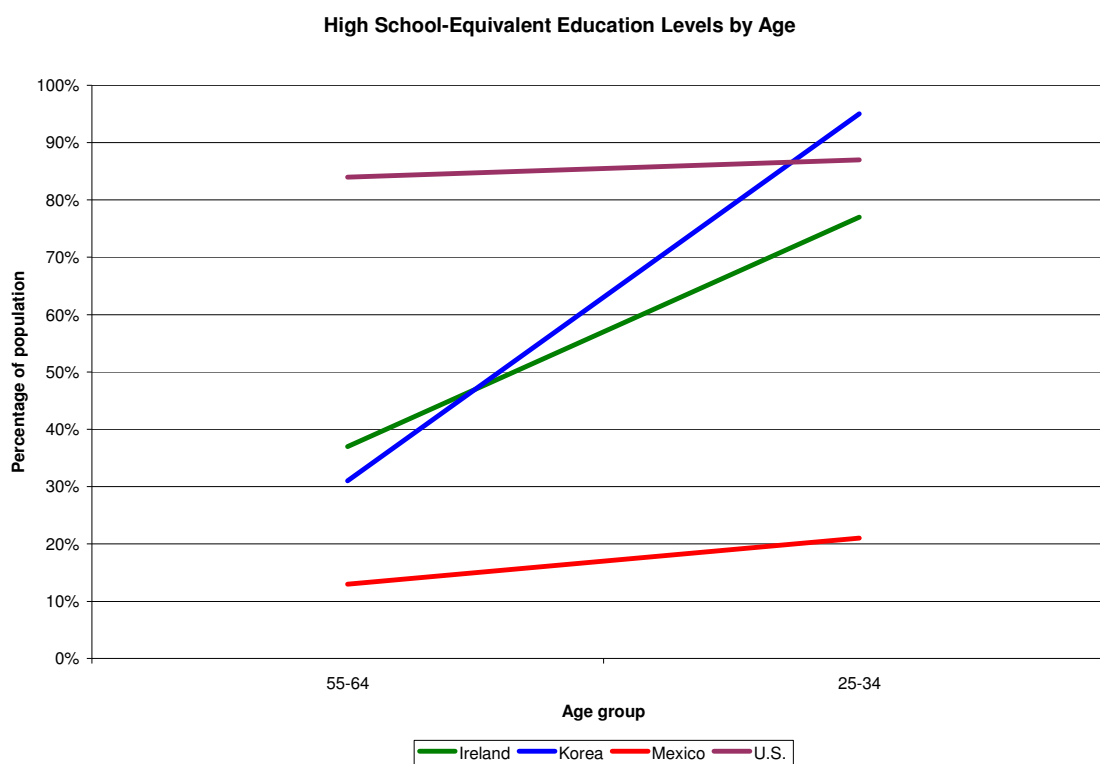
An important factor encouraging research on the impact of human capital formation is the improved level of reliable statistical data across borders and over extended periods of time which is now available. Due to data constraints that still exist in less developed countries, however, most of the research on the statistical causal relationship between human capital growth and the economy has been conducted on developed countries.

Two data points highlight the impact of Mexico's low education levels on its economy. According to an OECD study, productivity gains accounted for a meager 10% of the GDP growth in Mexico in the 1990s. In the U.S. and South Korea, productivity gains accounted for over 75% of GDP growth and for Ireland, over 50%. Moreover, according to *The Global Competitiveness Report 2005-2006*, published by Harvard University and The World Economic Forum, business competitiveness in Mexico fell from 39th to 60th place out of 116 countries between 1998 and 2005.

South Korea and Ireland as Models

As outlined above and in *Chart 1*, South Korea and Ireland have experienced some of the fastest economic growth rates in the world during the last twenty five years, both in absolute terms and relative to their respective regions. In addition, during the past 30 years, they have experienced dramatic increases in the education levels of their populations. Only 31% of Koreans and 37% of Irish citizens over the age of 55 have completed the equivalent high school. Today, however, some 95% of Koreans and 77% of Irish under the age of 34 have completed the equivalent of high school (*Chart 4*).

Chart 4



Source: *Education at a Glance, OECD Indicators 2004*.

Over the past 2-3 decades, the South Korean and Irish federal governments, with the support of their general populations, have made education a policy priority. In the case of Ireland, education expenditures increased from very low levels, and an explicit focus was placed on improving secondary and university level education, which had been particularly weak. In South Korea, overall education expenditures were not increased significantly, but

rather education dollars were reallocated to improve access to and the quality of primary education.

In both countries, the private sector has, and continues to play a meaningful role in education. In Ireland, private, largely religious schools, educate a large portion of the population and receive public monies. In the case of Korea, private household expenditures on tutoring and other educational activities represent nearly half of the educational outlays in the country.

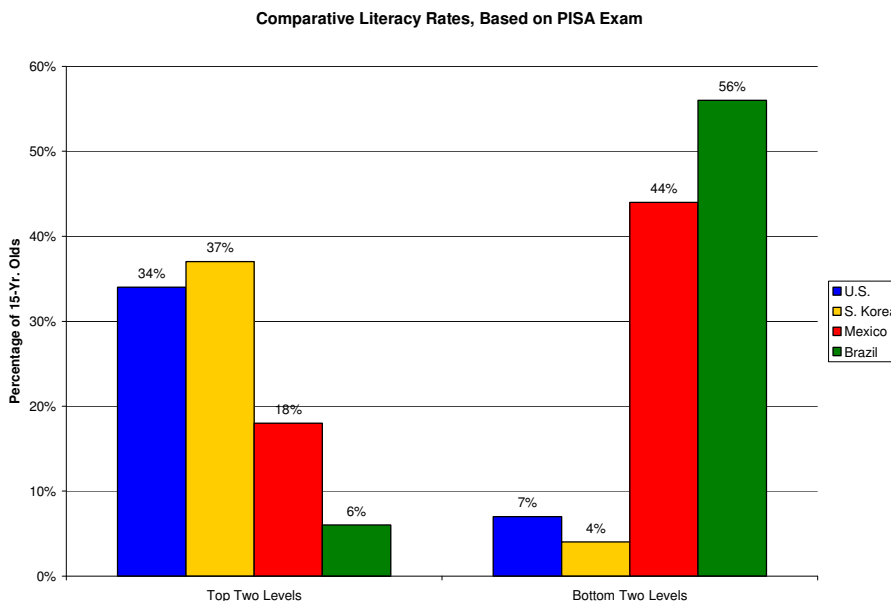
Immigration from South Korea to the U.S. decreased considerably in the 1990s. Moreover, the average educational level of Koreans that have immigrated to the U.S. is higher than that of U.S. native citizens. Since the 1980s, approximately half of all Korean immigrants entering the U.S. have had a university level degree, as compared to 31% of U.S. 25-34-year-olds. In the case of Ireland, immigration to the U.S. is now rare (1,000-1,500/year) and a large number of native-born Irish have returned to Ireland over the past decade for, what in many cases are, better economic prospects than in the United States.

Low Level of Education in Mexico

In contrast, the education level of Mexican citizens has increased only modestly during the past 30 years (*Chart 4*). According to the OECD, only 13% of the entire Mexican population has completed secondary school, the equivalent of a high school degree in the United States. This compares to an 88% high school graduation rate for U.S. citizens. Reflective of the only modest education gains achieved over the past two-three decades, only 22% of Mexican 25-34-year-olds have a high school equivalent diploma, versus 13% for Mexicans over the age of 55.

The low quality of education in Mexico is even more alarming. According to a well-respected OECD study, 44% of Mexican 15-year-olds score at the bottom two levels of a literacy examination, rendering them functionally illiterate in an information-age economy (*Chart 5*). In addition, *The Global Competitiveness Report 2005-2006* ranked Mexico 81st out of 117 countries for quality of public schools. In addition, the quality of Mexico's math and science education was ranked in 92nd place, below countries such as Bangladesh, Cameroon and Kenya.

Chart 5



Source: Education at a Glance, OECD Indicators 2004.

One of the key educational challenges in Mexico, and throughout Latin America, is to reduce the alarmingly high drop-out rates. Access to primary education in Latin America and the developing world expanded considerably during the last two decades. In Latin America this was largely a result of government policies that focused on building more schools.

Even with the increased availability of education, however, the vast majority of poor children do not stay in school. According to the OECD, 92% of Latin American primary school age children are enrolled in school, but this figure drops to 32% for secondary school age children (middle and high school), as compared to the OECD average of 91%. Even fewer ultimately graduate.

Why Mexican Poor Children Are Not Staying in School

The education gap in Mexico mirrors the income gap between the rich and poor. Only 10% of youth at the bottom 40% income level complete secondary (high) school. This compares to a 70% graduation rate for youth at the top 10% income level.

Three major obstacles are preventing impoverished Mexican children from completing their education. First, poor children start from behind. They have less access to preschool, often suffer from poor nutrition and receive limited cognitive stimulation at home, retarding mental and physical development and learning ability.

Second, poor children attend schools of significantly lower quality, with the critical problem being low teacher quality. In fact, the majority of applicants to teaching programs have the lowest academic scores among those seeking higher education.

Third, poor parents have fewer resources to support the education of their children. Indeed, often the home and community environments actively thwart the education of children due to child abuse, gangs, child labor drugs and a number of other social ills. In Latin America's urban areas, one in three women in the poorest quartile becomes a teenage mother. Effectively, children are raising children.

Addressing Mexico's Education Crisis

The solution to Mexico's education crisis is not easy, is not amenable to a short-term fix, and is not easily scalable. Increasing access to basic education was the relatively easy part of the solution. The more difficult challenge is to raise the quality and level of education achieved by the vast majority of Mexico's citizens.

Given the significant disparities in the socioeconomic circumstances of Mexicans, providing the poor with the same education as the non-poor will not close the gap. In order to achieve results, schools have to provide the opportunities to acquire cultural and social capital that more privileged children acquire at home and in their communities. In other words, *successful schools serving the poor have to compensate for what the children are not getting at home.*

Effectively attacking the education problem takes unwavering political will and a long-term timeframe. Unfortunately, history shows us that there is a very short supply of both in Mexico and in Latin America more generally.

U.S. Policy Suggestions

The Mexican people and their government carry the primary responsibility of educating their citizens. Because of geography, however, Latin America's education problem has become the United States' problem. Accordingly, it is in U.S. interests to play a more constructive, though understandably circumscribed, role in encouraging and supporting Mexican efforts to improve the country's education levels.

The two key actions that U.S. policymakers can take are:

1. *Make education a priority issue* in bilateral and multilateral discussions with Latin American policy makers.
2. *Re-allocate current federal budget dollars earmarked for developing world projects* to proven primary and secondary education initiatives in Mexico. Of the \$20.9 billion in 2006 foreign aid spending that was signed into law this past November, virtually no money was allocated explicitly for education anywhere in the world, and the only spending that specifically targeted Latin America was \$1.2 billion allocated for fighting the drug war. USAID allocated less than 10% of its FY95 budget to Latin America and the Caribbean and *less than 1%* to education projects throughout the region. Given Mexico's strategic importance to U.S. interests, it should be a priority country in governmental aid efforts. Teacher training and support of proven, privately run schools serving poor communities are two specific areas U.S. aid should target.

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