



The End of Mass Migration from Mexico

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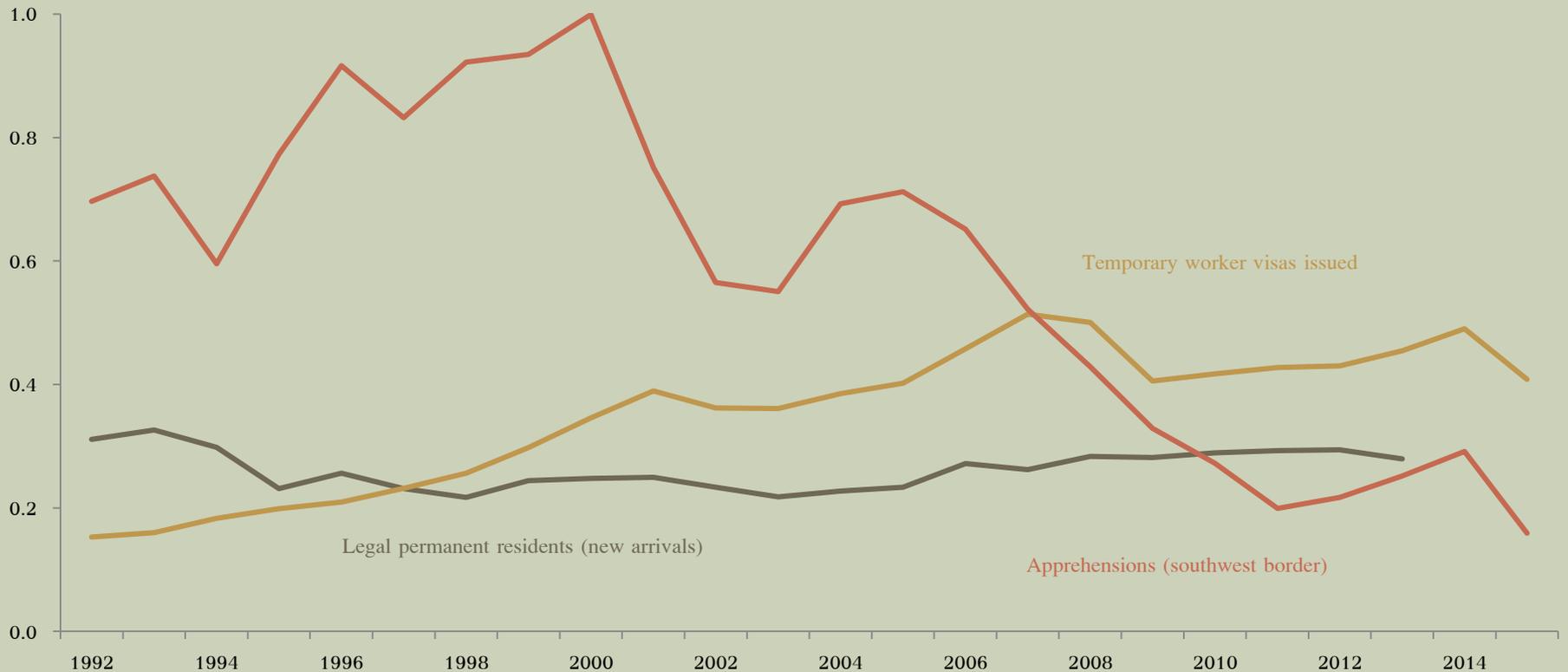
Disclaimer: The views expressed herein are those of the presenter; they do not reflect the views of the Federal Reserve Bank of Dallas or the Federal Reserve System.

THE POLITICAL ECONOMY OF
TEXAS-MEXICO



U.S. IMMIGRATION IS SLOWING

Migrant inflows as a percent of working age population



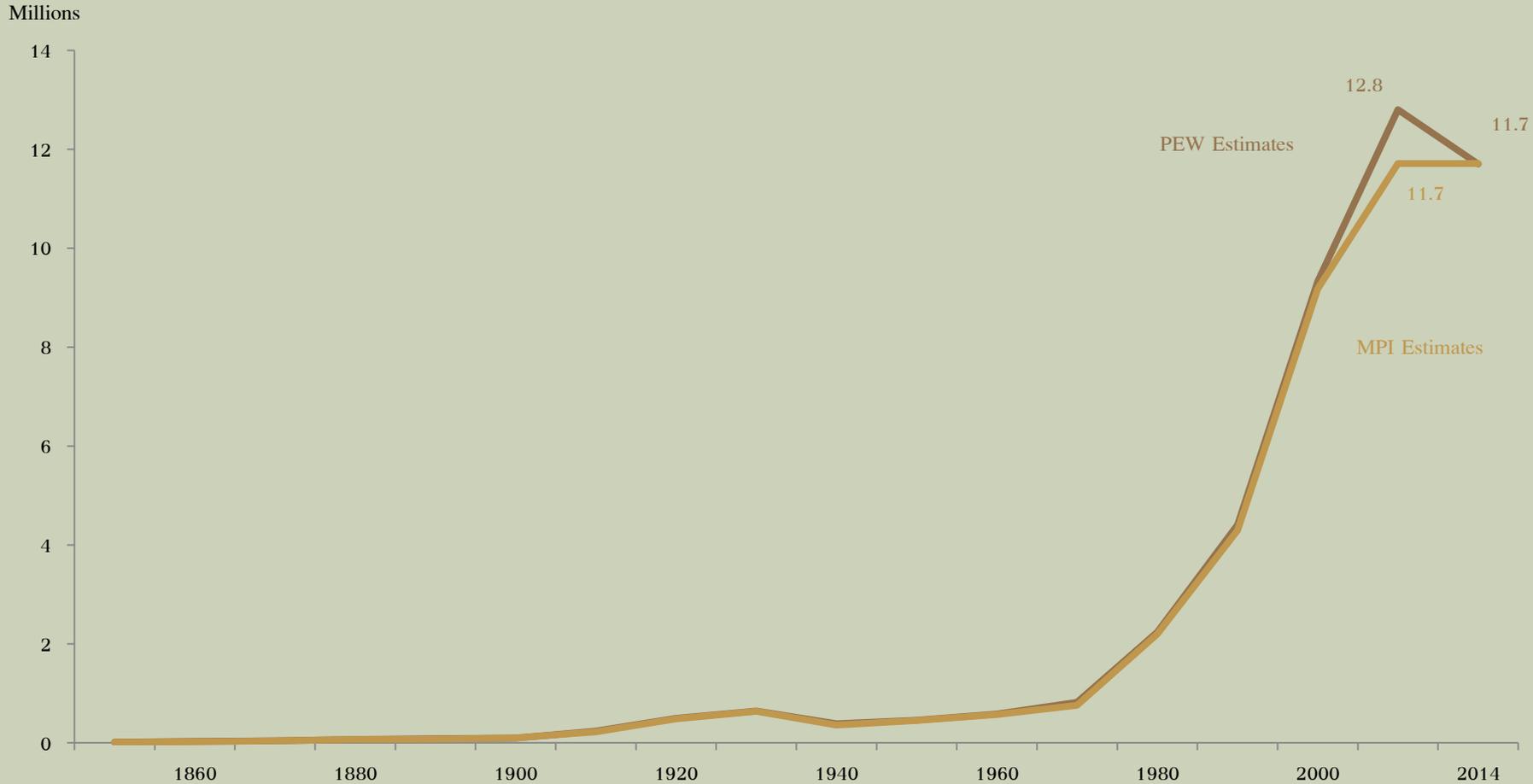
NOTE: Working age population is 16 to 64.

SOURCES: U.S. Department of State, *Report of the Visa Office*; U.S. Department of Homeland Security, *Yearbook of Immigration Statistics*; U.S. Customs and Border Protection; U.S. Census Bureau.

ROAD MAP

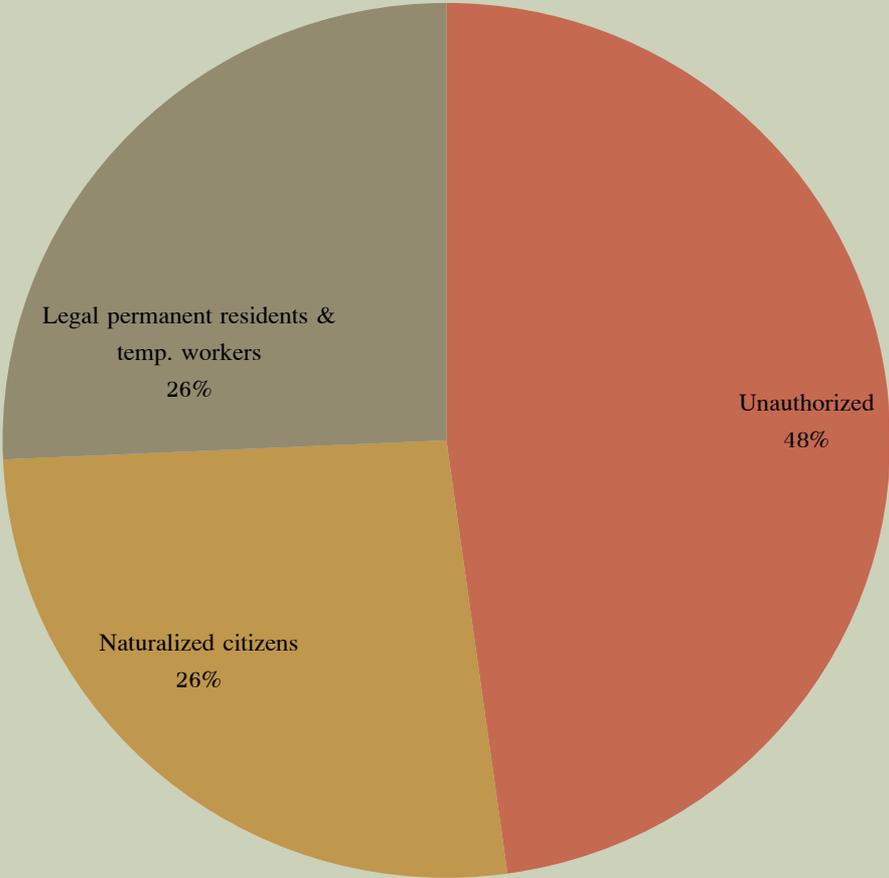
- Trends in Mexico-US migration
- Why is Mexico-US migration declining?
 - Contributing factors
- Implications
 - Changing composition of migrants
 - Effects on US industry, remittances
- Emerging trends
 - If not Mexicans, then who?
 - If not for work, then what for?

MEXICAN IMMIGRANT POPULATION IN DECLINE



Source: PEW Research Center, "More Mexicans Leaving Than Coming to the U.S.," November, 2015.

ABOUT HALF OF MEXICAN IMMIGRANTS ARE UNDOCUMENTED



Source: 2014 ACS, 1-year estimates; estimate for unauthorized from PEW Research Center.

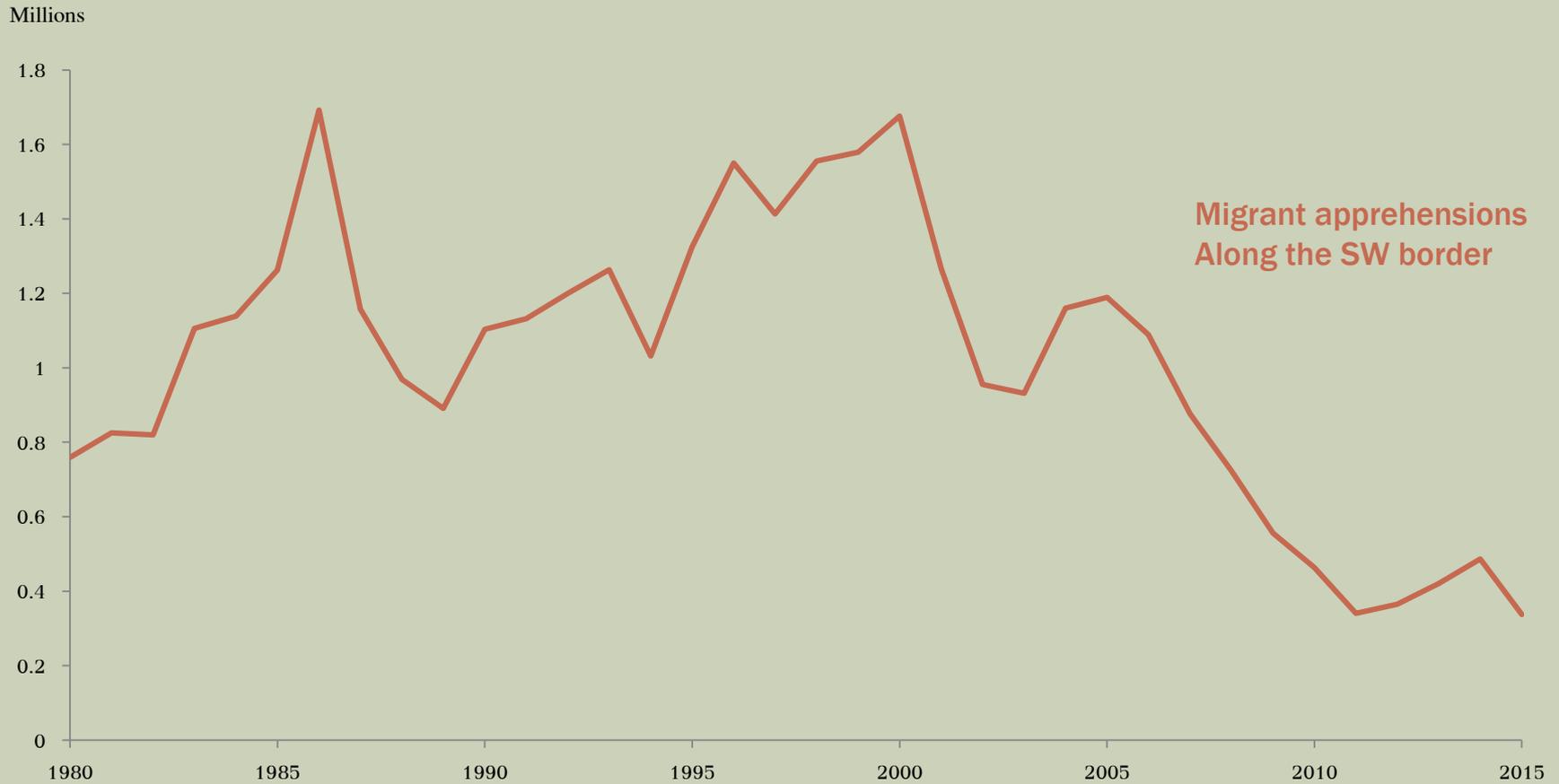
MEXICAN UNAUTHORIZED IMMIGRANT POPULATION IN DECLINE

Millions



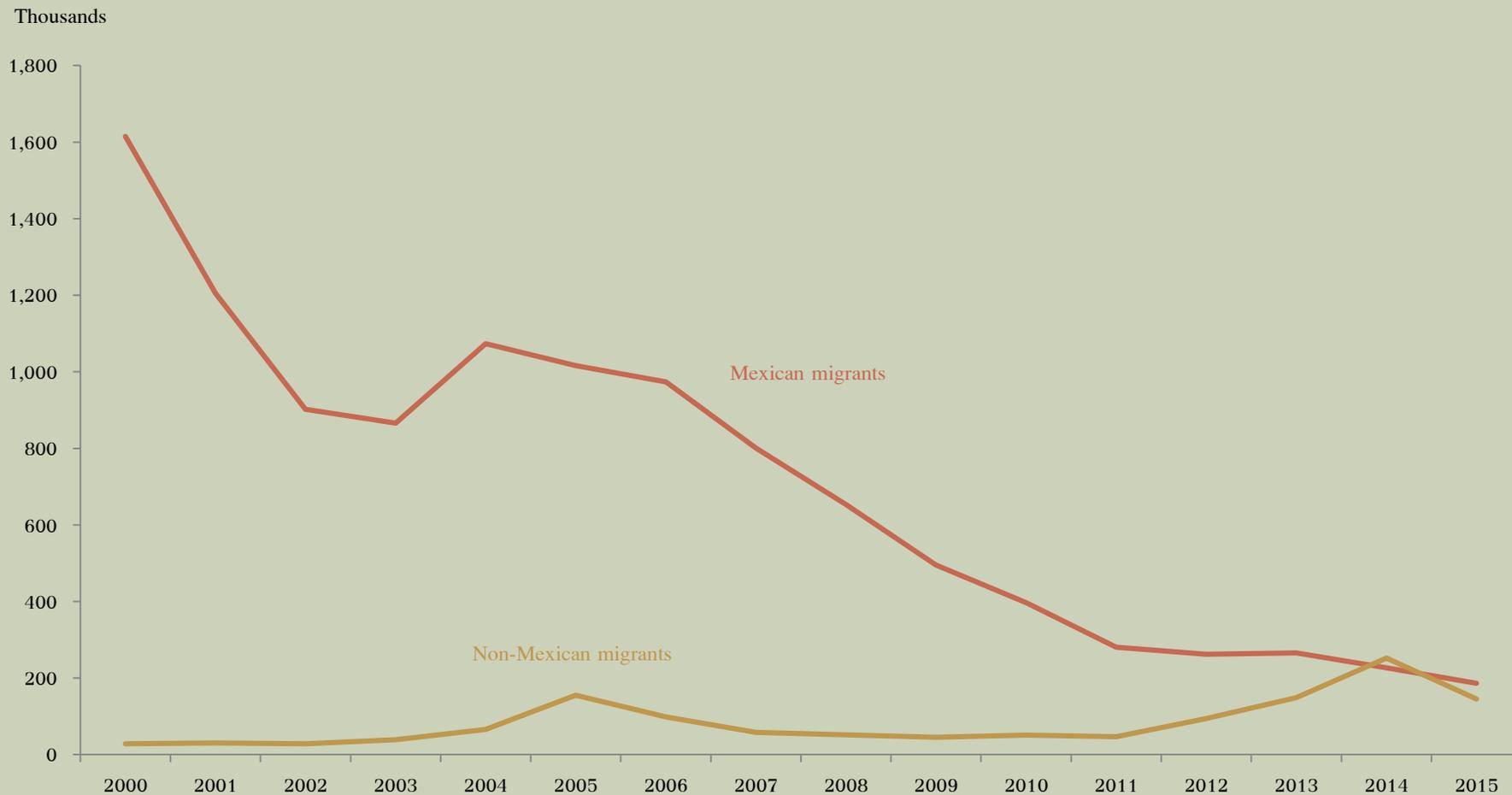
Source: Pew Research Center.

FLOW MEASURES: FEWER MIGRANT APPREHENSIONS ALONG BORDER



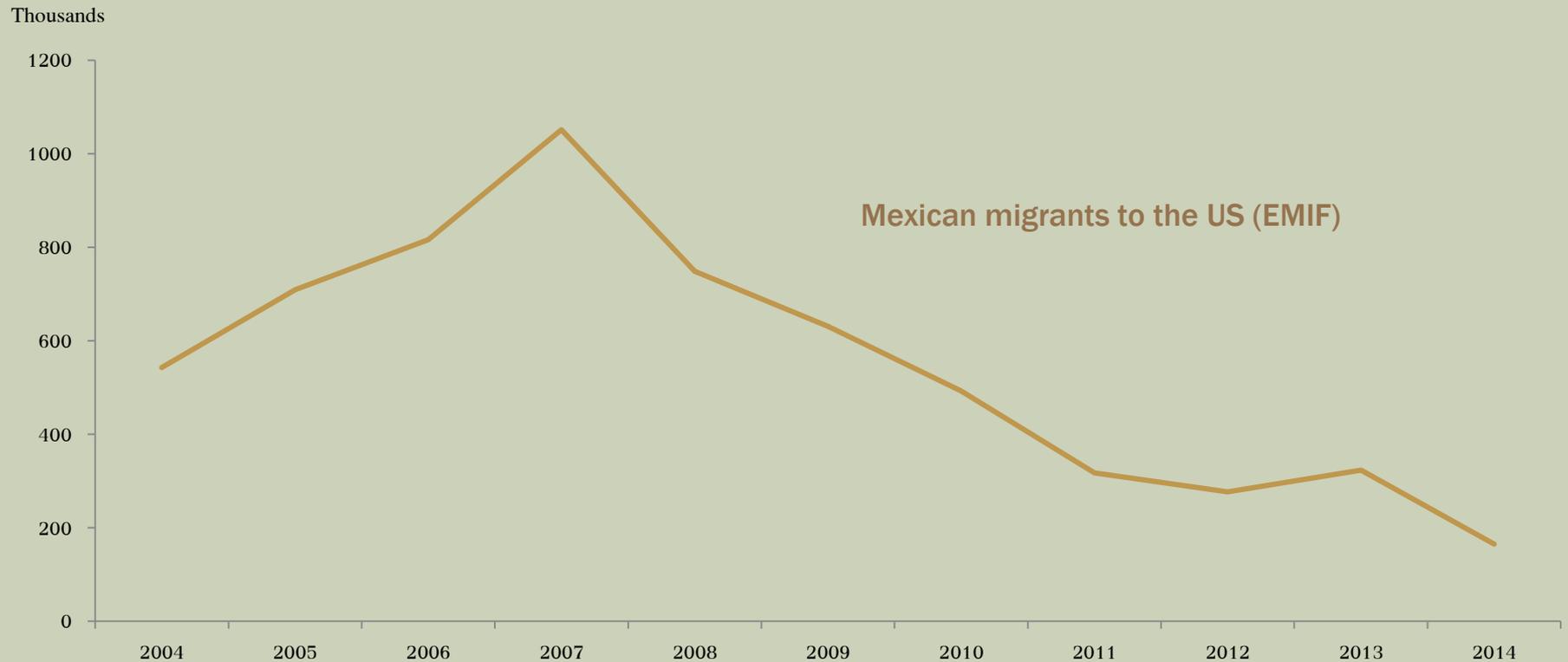
Source: U.S. Customs and Border Protection, U.S. Border Patrol Fiscal Year Apprehension Statistics.

MEXICAN MIGRANTS ACCOUNT FOR THE DECLINE IN APPREHENSIONS



Source: U.S. Customs and Border Protection, U.S. Border Patrol Fiscal Year Apprehension Statistics.

FLOW MEASURES: FEWER MEXICAN MIGRANTS TO THE US



NOTE: The category "migrants headed toward the United States" is restricted to those migrants who are traveling to the United States, are ages 15 and older, were born and resided in Mexico, and do not have a return itinerary. The available data do not include Mexicans entering the United States by air.

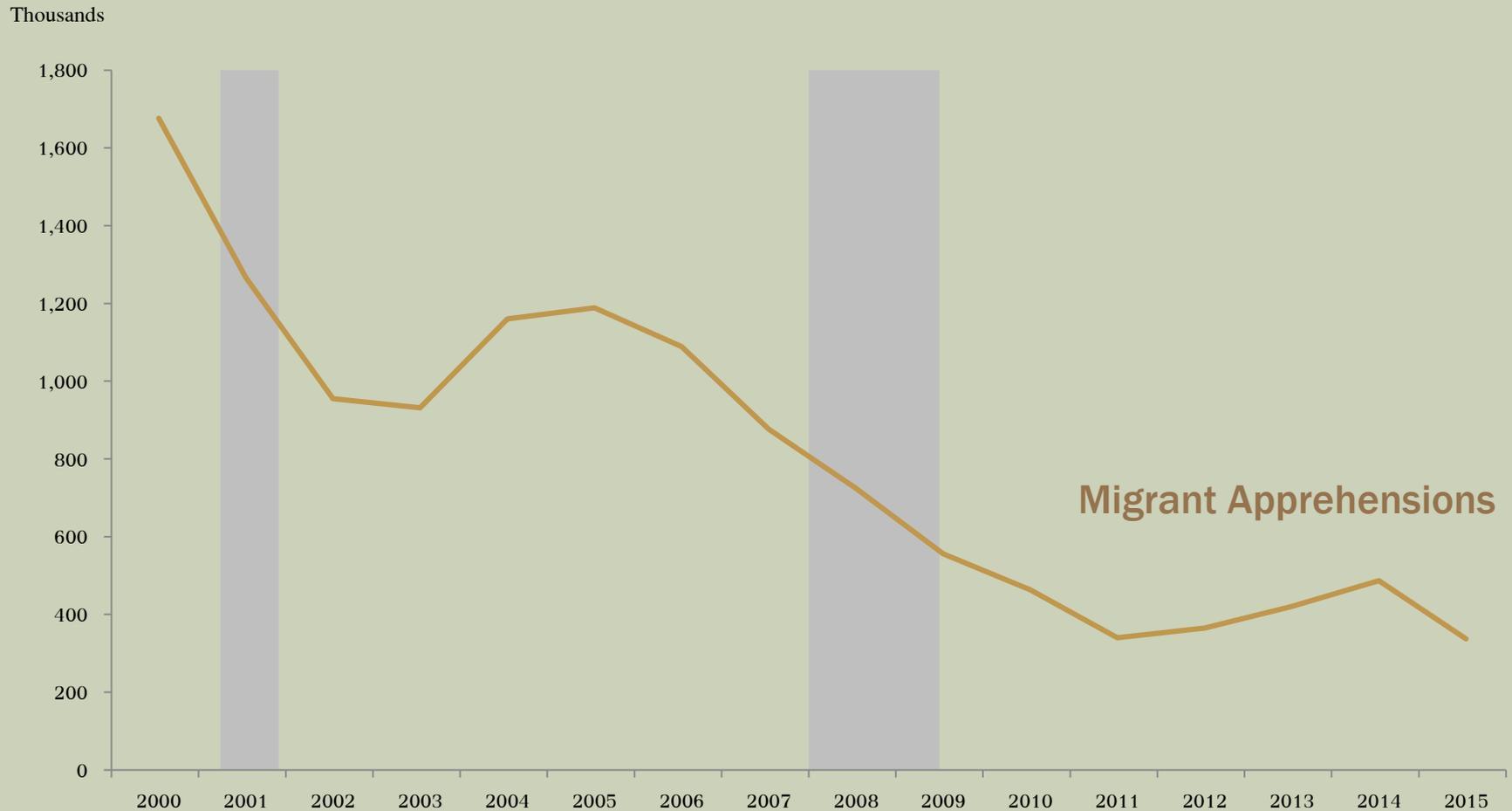
SOURCE: Migration Policy Institute tabulations of the Survey of Migration on the Northern Border of Mexico.

WHY IS MEXICAN MIGRATION FALLING?

FACTORS BEHIND THE DECLINE

- Two U.S. recessions in one decade
 - Housing bust and construction downturn
- Increased enforcement
 - Border, interior: higher migration costs, lower benefits
- Better conditions in Mexico
 - Changing demographics
 - Employment growth
 - Access to credit
 - Social safety net

MIGRATION DECLINES COINCIDE WITH U.S. RECESSIONS, JOBLESS RECOVERIES



Source: U.S. Customs and Border Protection, U.S. Border Patrol Fiscal Year Apprehension Statistics.

MIGRATION DOWNTURN MIRRORS DECLINE IN SINGLE FAMILY CONSTRUCTION JOBS

Thousands, SA

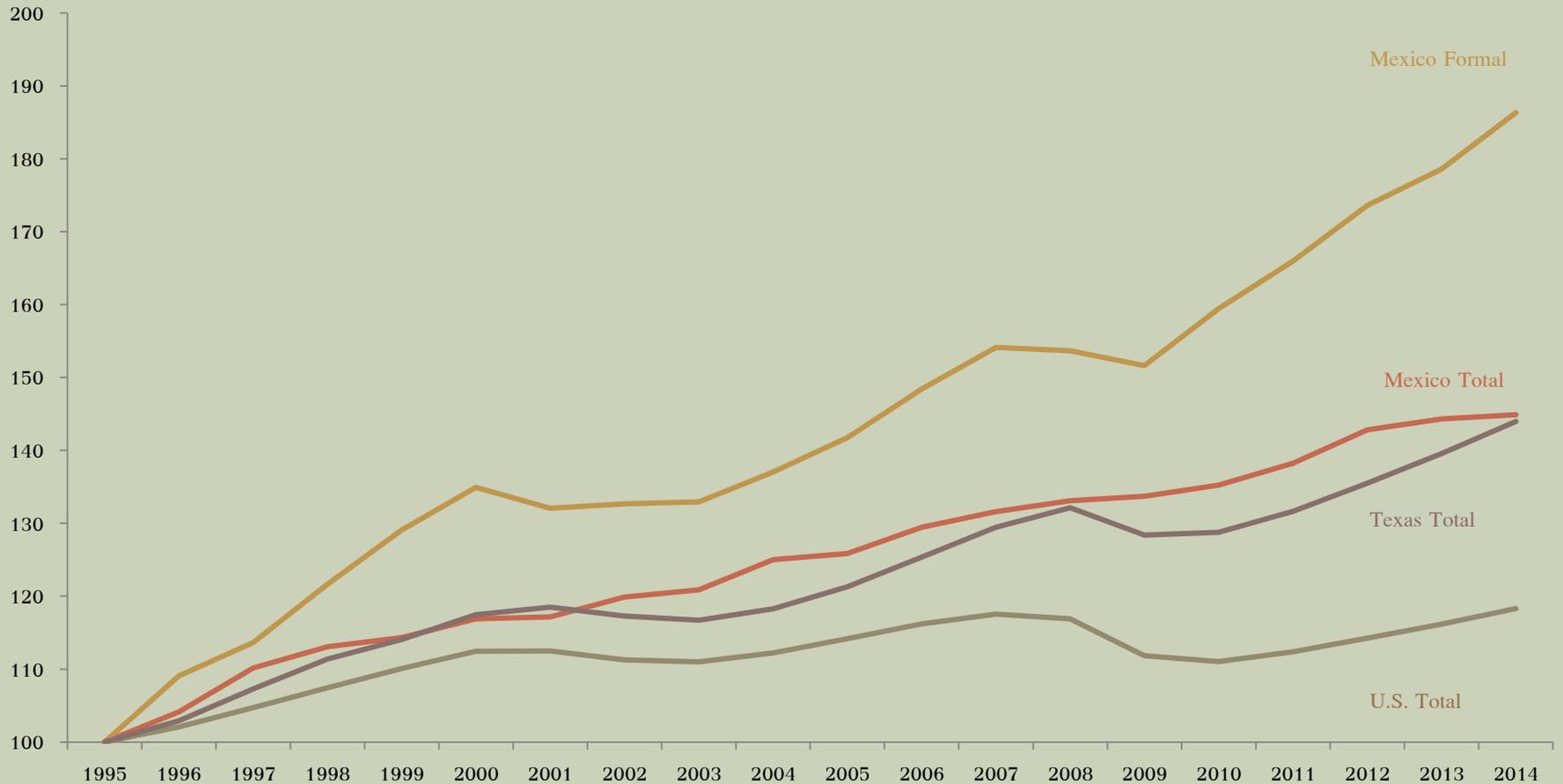
Thousands



Sources: Bureau of Labor Statistics; U.S. Customs and Border Protection, U.S. Border Patrol Fiscal Year Apprehension Statistics.

MIGRATION FALLS AS JOBS GROW FASTER IN MEXICO

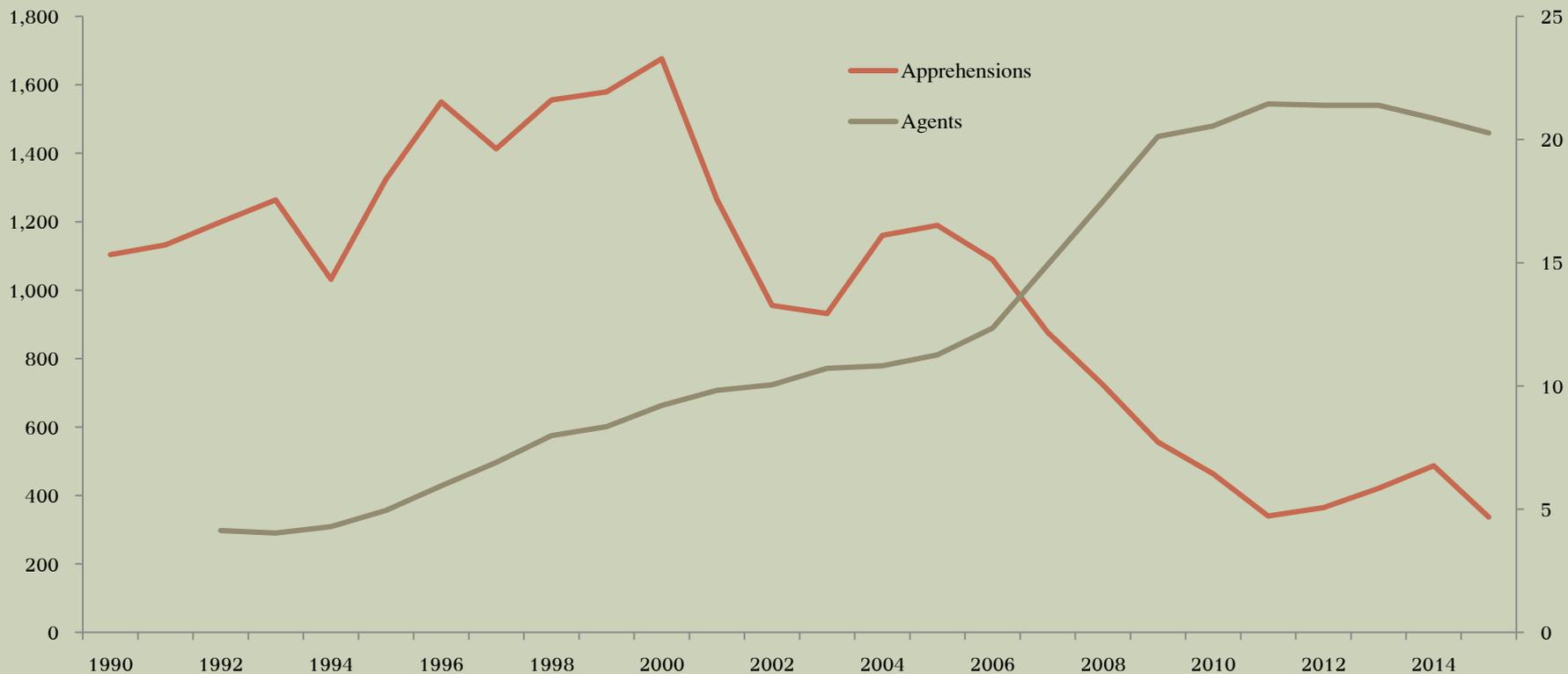
Index, 1995 = 100



MIGRATION FALLS AS BORDER ENFORCEMENT RISES

Thousands of Apprehensions

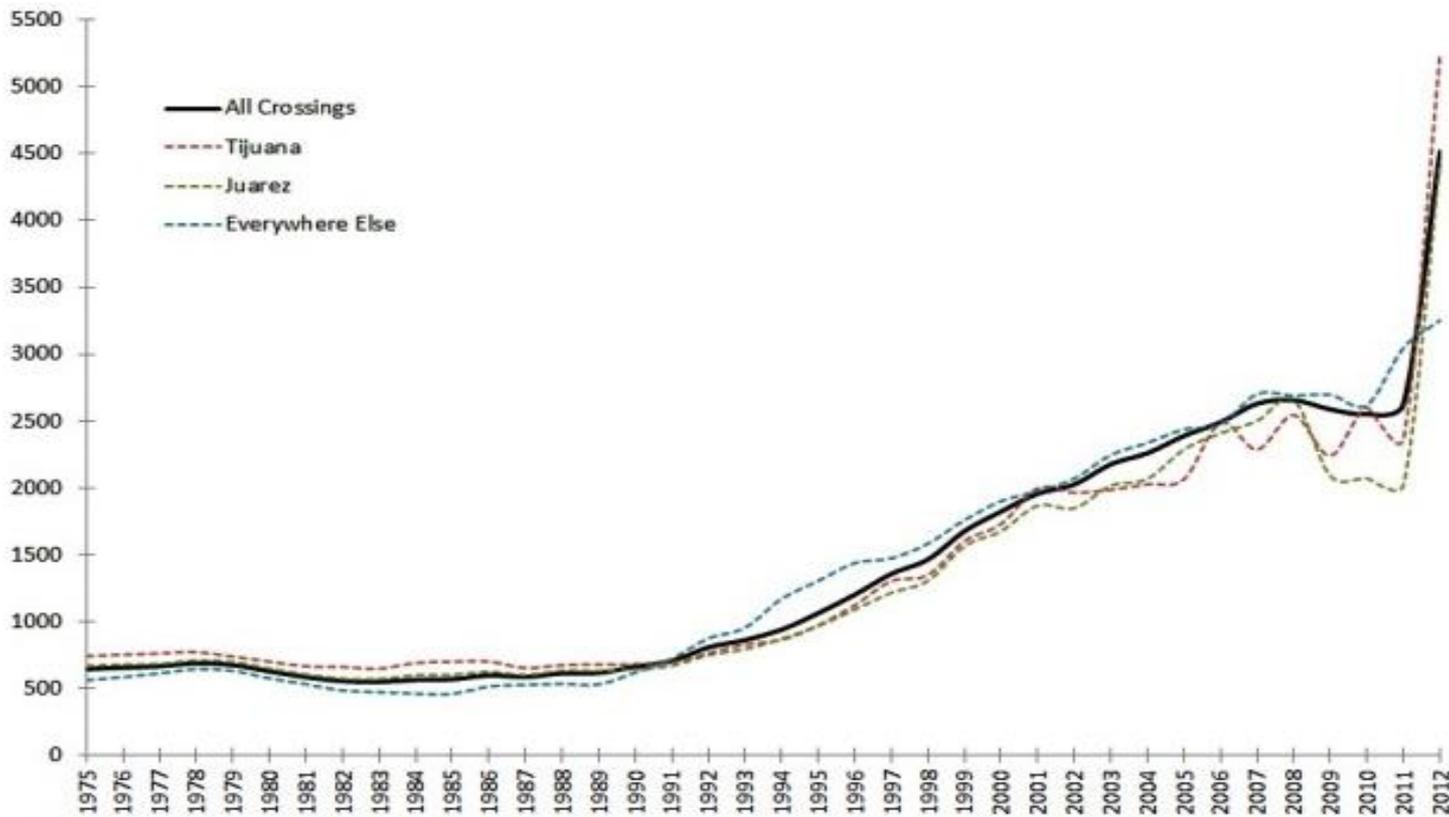
Thousands of Agents



Sources: U.S. Customs and Border Protection, U.S. Border Patrol Fiscal Year Apprehension Statistics; U.S. Border Patrol Fiscal Year Staffing Statistics.

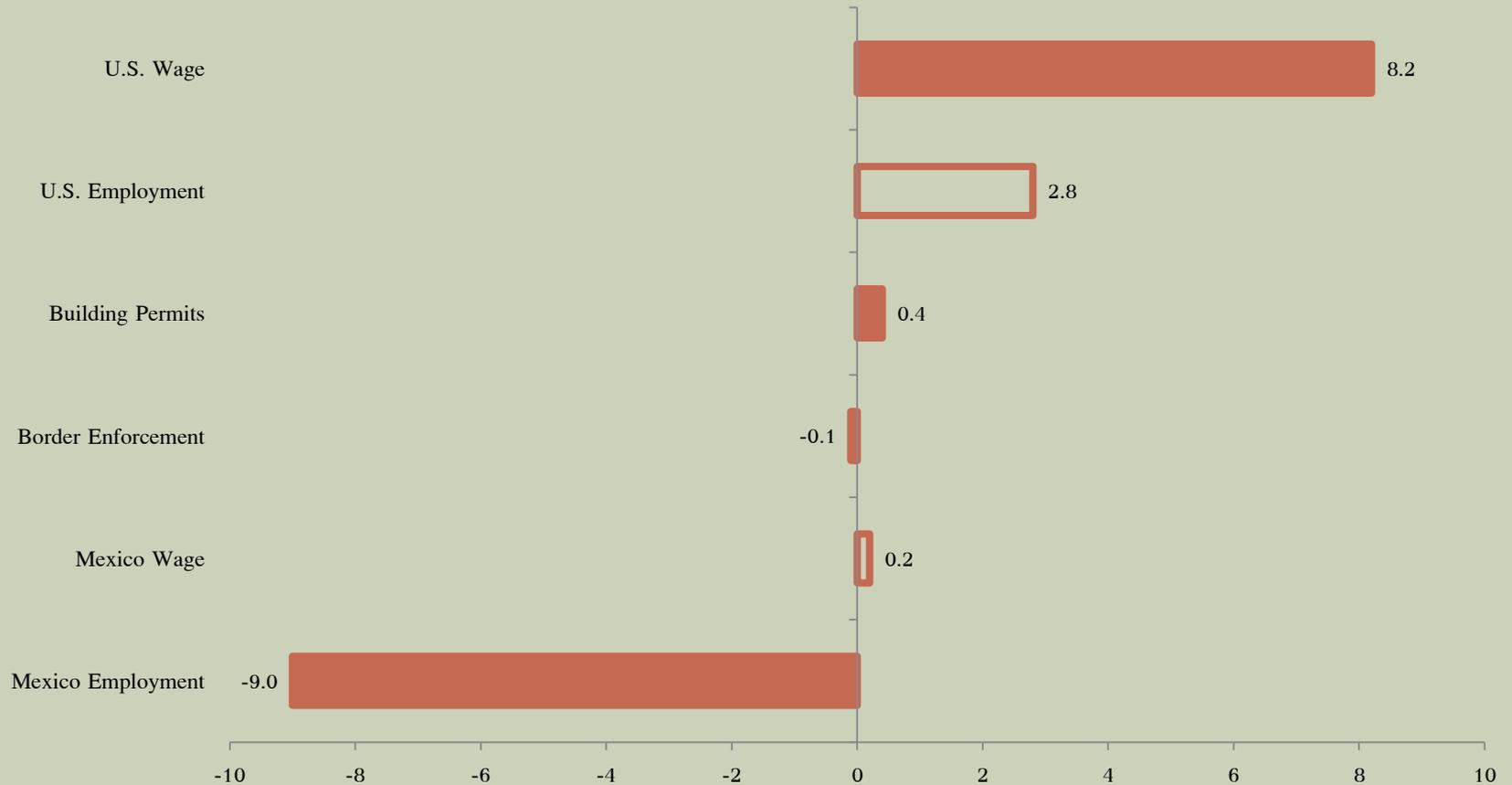
SMUGGLER FEES RISE TO NEAR \$4,500

Real 2014 dollars



Source: Mexican Migration Project.

EFFECT OF PUSH AND PULL FACTORS ON MEXICO-US MIGRATION



Note: Hollow bars represent estimates that are not statistically significantly different from zero.

Sources: Survey of Income and Participation Program; American Community Survey, Current Population Survey, Census.

ROLE OF BORDER ENFORCEMENT

- In the past, border enforcement was shown to be largely ineffective at deterrence, but very effective in diverting flows
- More recent research suggests enforcement now has more bite
 - Obstacles: Increased manpower, fences, checkpoints
 - Technology: fingerprinting, sensors, cameras, drones
 - Consequence policies
 - Expedited removal; Re-admission bars; Criminal prosecution ('zero tolerance' policies)

RESEARCH FINDINGS ON DETERRENCE

- **Enforcement raises smuggler usage rates and fees**
 - From <\$1,000 in 1990 to >\$2,500 in 2010 to >\$4,500 in 2014
 - One study finds enforcement led to 17 percent rise in fees between 1986-2004; crossing time also increased by 2 to 5 days
 - Migrant sensitivity to costs is high: a 20 percent rise in fees leads to a 13 percent decline in probability of migrating
- **Studies measure effect of border enforcement on apprehensions**
 - 10% increase in BP lw hours leads to 4 to 8% decline in crossings; effect has increased over time
 - Zero tolerance policies negative effect probability of crossing

INTERIOR ENFORCEMENT ANOTHER BARRIER TO MIGRATION

- **E-Verify mandates**
 - Over 20 states have some form of E-Verify mandates, 7 have universal mandates
 - Electronic verification of authorization to work
 - Affects primarily new hires
 - Half of new hires in US now go through E-Verify
- **Impact on labor market outcomes**
 - Should lower demand for unauthorized workers, hurting employment and wages
 - Worse outcomes should deter migration

THE EFFECT OF E-VERIFY MANDATES ON LABOR MARKET OUTCOMES AMONG LIKELY UNAUTHORIZED MEXICAN IMMIGRANTS

	Men	Women
Employed	0.006	0.024
Employed, wage & salary	0.014	0.015
Self-employed	-0.008	0.009
Unemployed	-0.008	0.001
In labor force	-0.001	0.025*
Real hourly earnings	-0.075***	-0.005
Switched employers	-0.004	0.003

Note: Each cell represents a separate regression. Standard errors are clustered on the state.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

THE EFFECT OF E-VERIFY LAWS ON LIKELY UNAUTHORIZED IMMIGRANT POPULATION SIZE

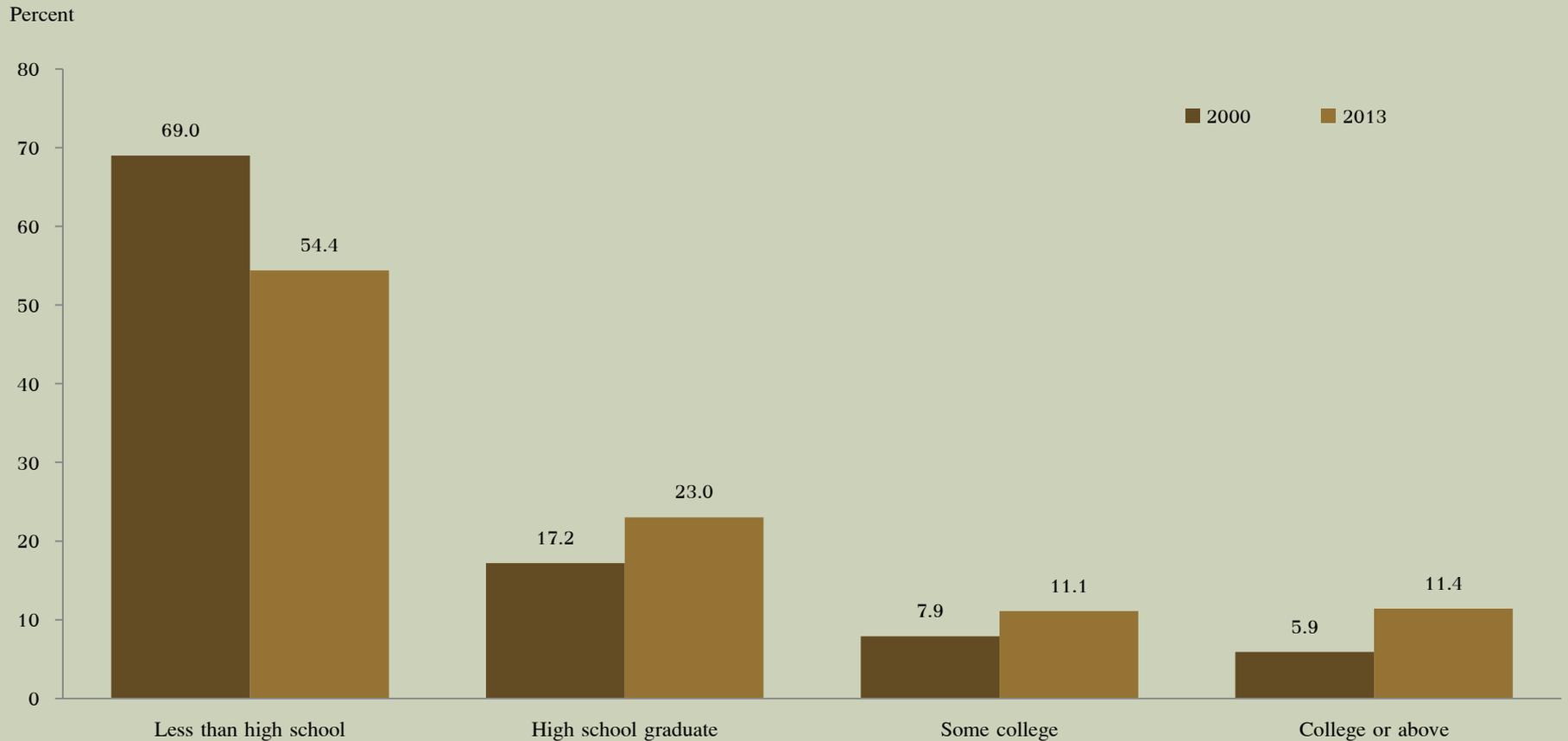
	All	Recent Arrivals	New arrivals
A. Effect of E-Verify in effect last year on:			
Population size	-0.122	-0.364**	-0.158
B. Effect of E-Verify in effect this year on:			
Population size	-0.055**	-0.250**	-0.495*

Note: Shown are estimated coefficients on a variable measuring the fraction of the year that a universal E-Verify law was in effect in a state. The dependent variable is logged. Each entry is from a separate OLS regression.

* $p < 0.05$; ** $p < 0.01$

**CHANGING
COMPOSITION OF
MEXICAN MIGRANTS**

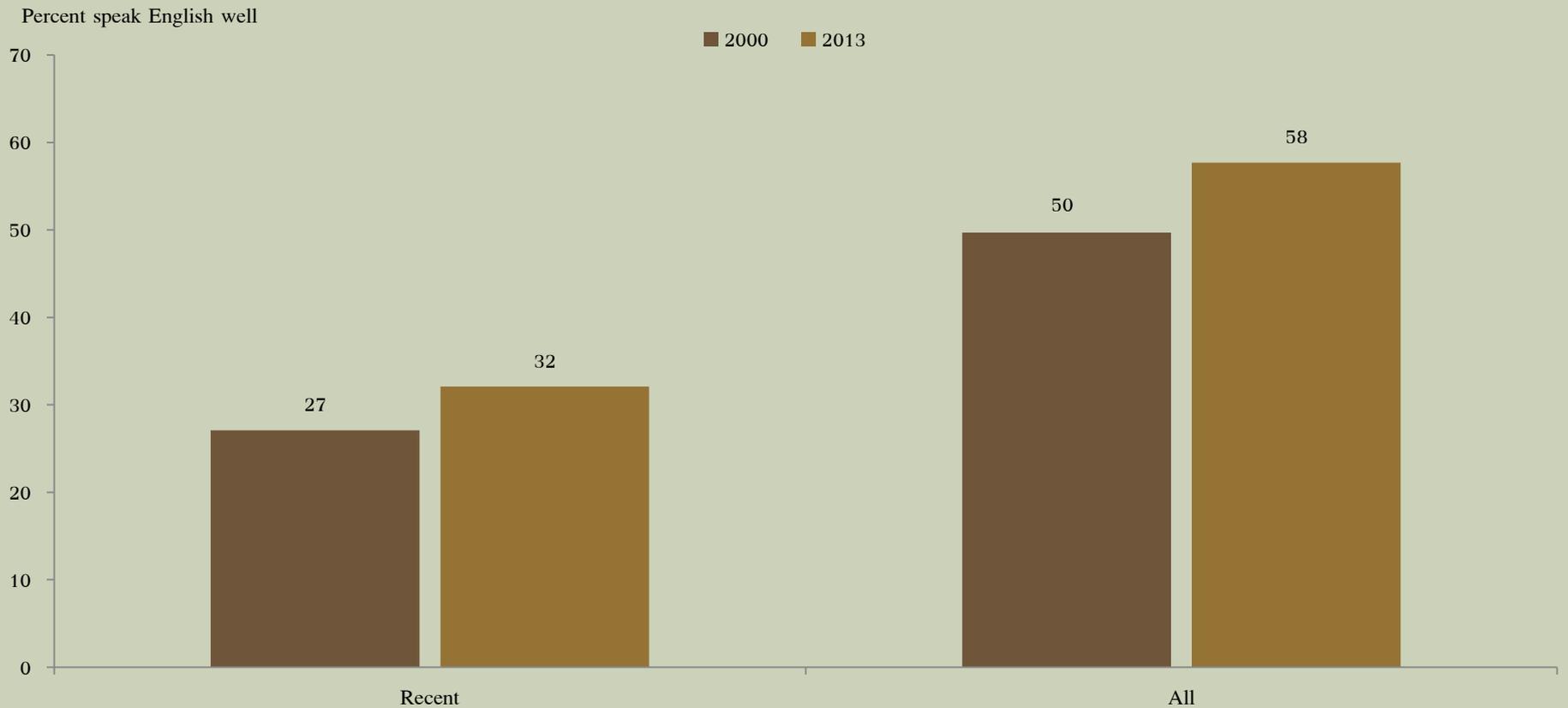
EDUCATIONAL LEVELS HAVE RISEN AMONG RECENT MEXICAN IMMIGRANTS



Note: Recent immigrants arrived in the U.S. in the prior five years.

Sources: 2000 Census; 2013 American Community Survey.

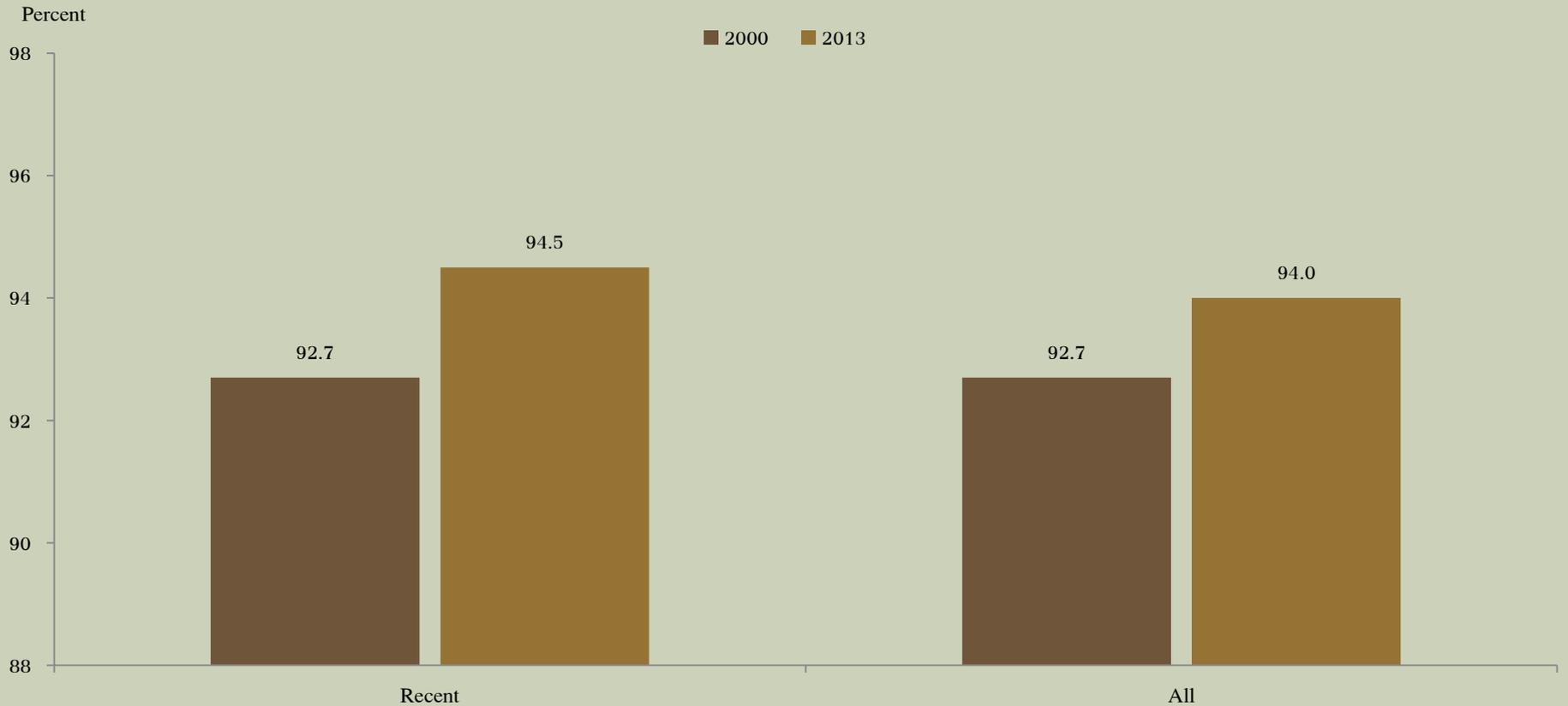
ENGLISH FLUENCY HAS RISEN AMONG MEXICAN IMMIGRANTS, RECENT AND ALL



Notes: Recent immigrants arrived in the U.S. in the prior five years. Data based on men ages 16-54.

Sources: 2000 Census; 2013 American Community Survey.

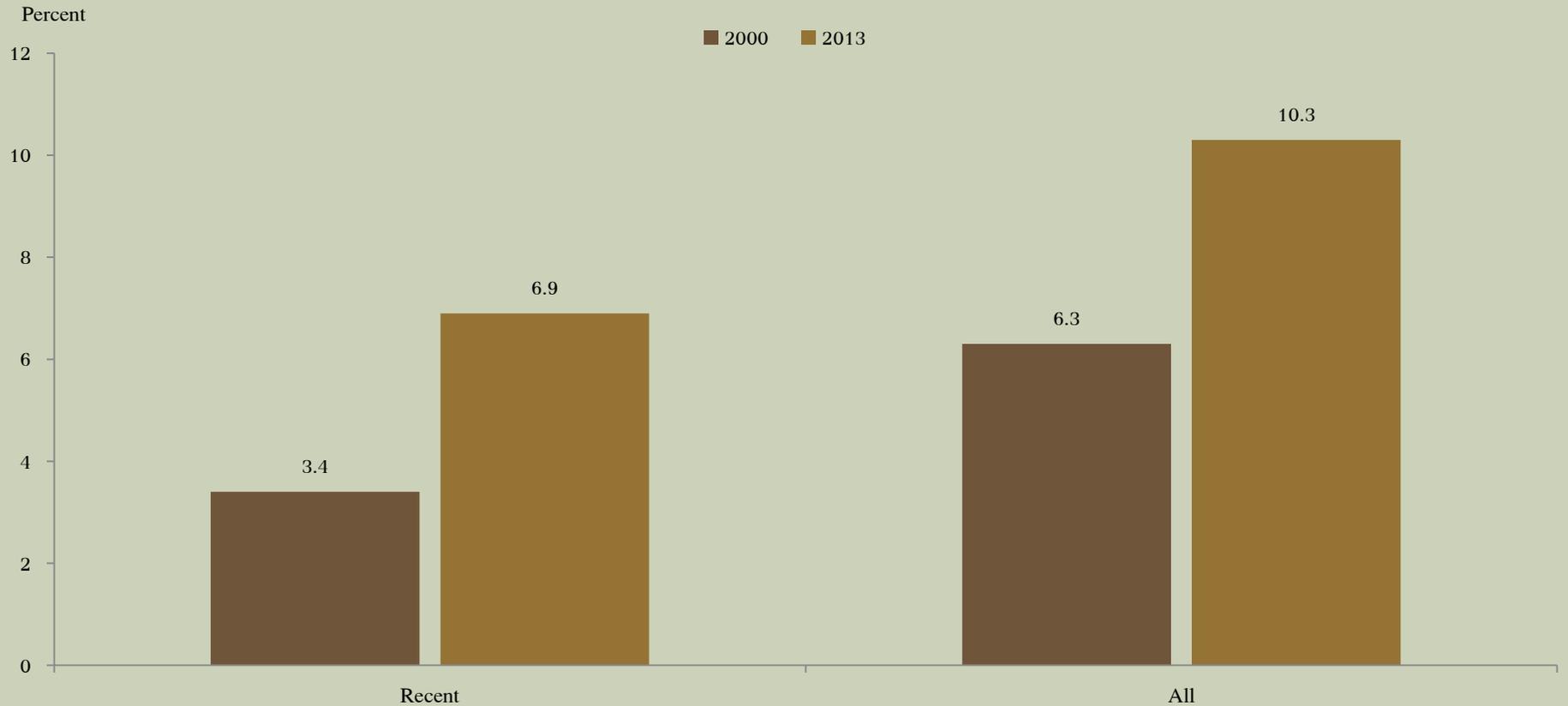
EMPLOYMENT RATES HAVE RISEN AMONG MEXICAN IMMIGRANTS, RECENT AND ALL



Notes: Recent immigrants arrived in the U.S. in the prior five years. Data based on men ages 16-54.

Sources: 2000 Census; 2013 American Community Survey.

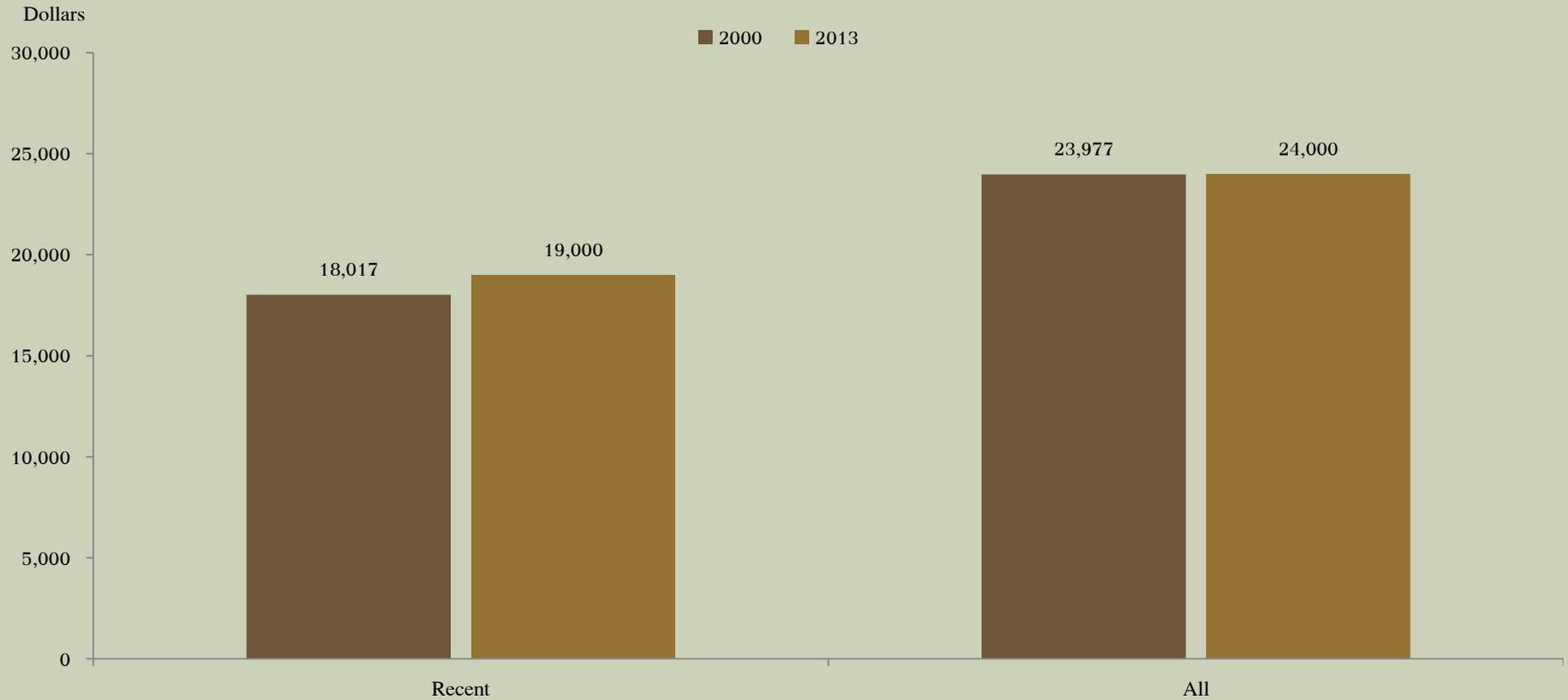
SELF-EMPLOYMENT RATES HAVE RISEN AMONG MEXICAN IMMIGRANTS, RECENT AND ALL



Notes: Recent immigrants arrived in the U.S. in the prior five years. Data based on men ages 16-54.

Sources: 2000 Census; 2013 American Community Survey.

REAL WAGES UP SLIGHTLY AMONG RECENT MEXICAN IMMIGRANTS



Notes: Recent immigrants arrived in the U.S. in the prior five years. Data based on men ages 16-54.

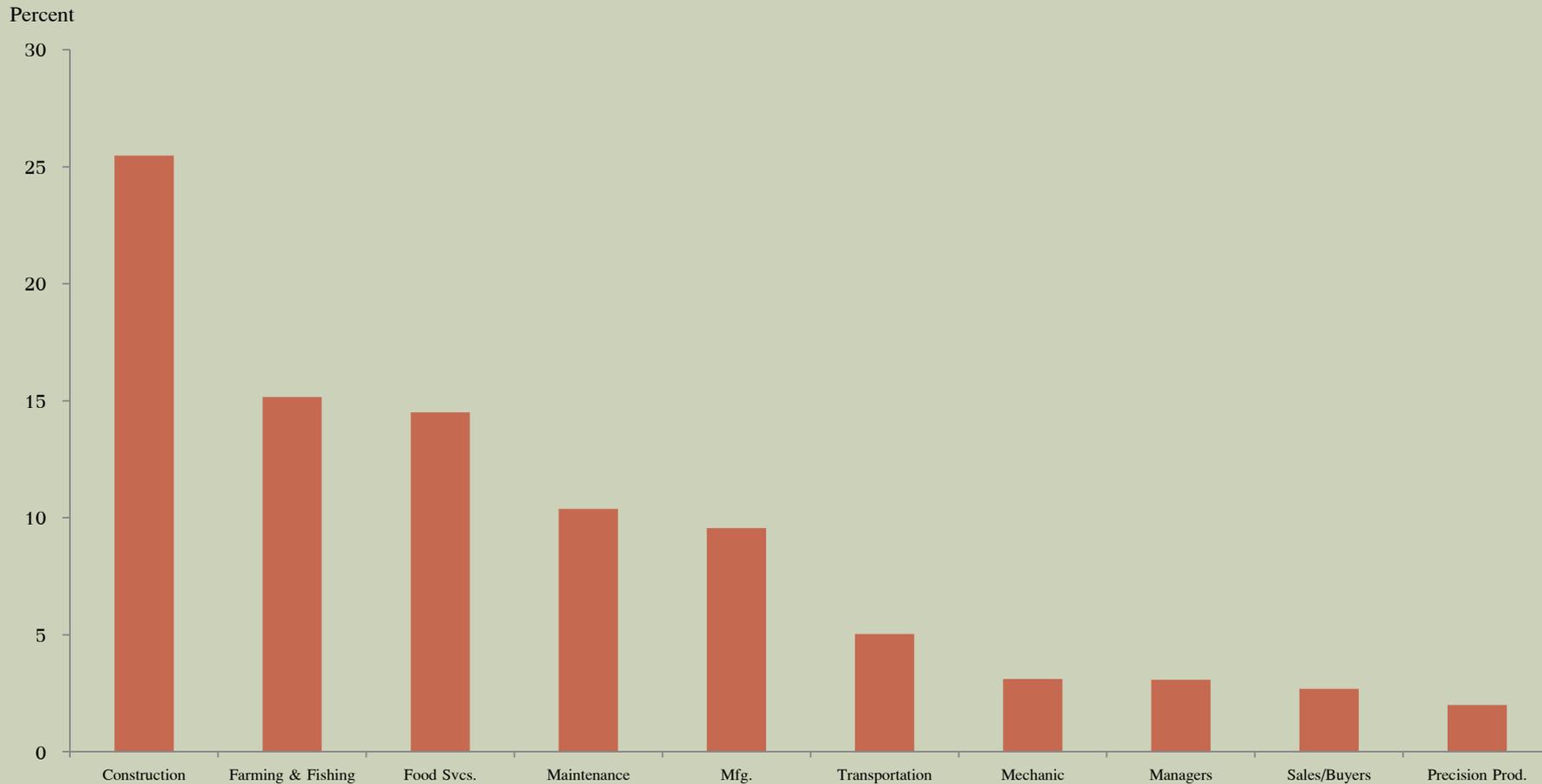
Sources: 2000 Census; 2013 American Community Survey.

IMPLICATIONS AND EMERGING TRENDS

WHAT TO EXPECT NEXT...

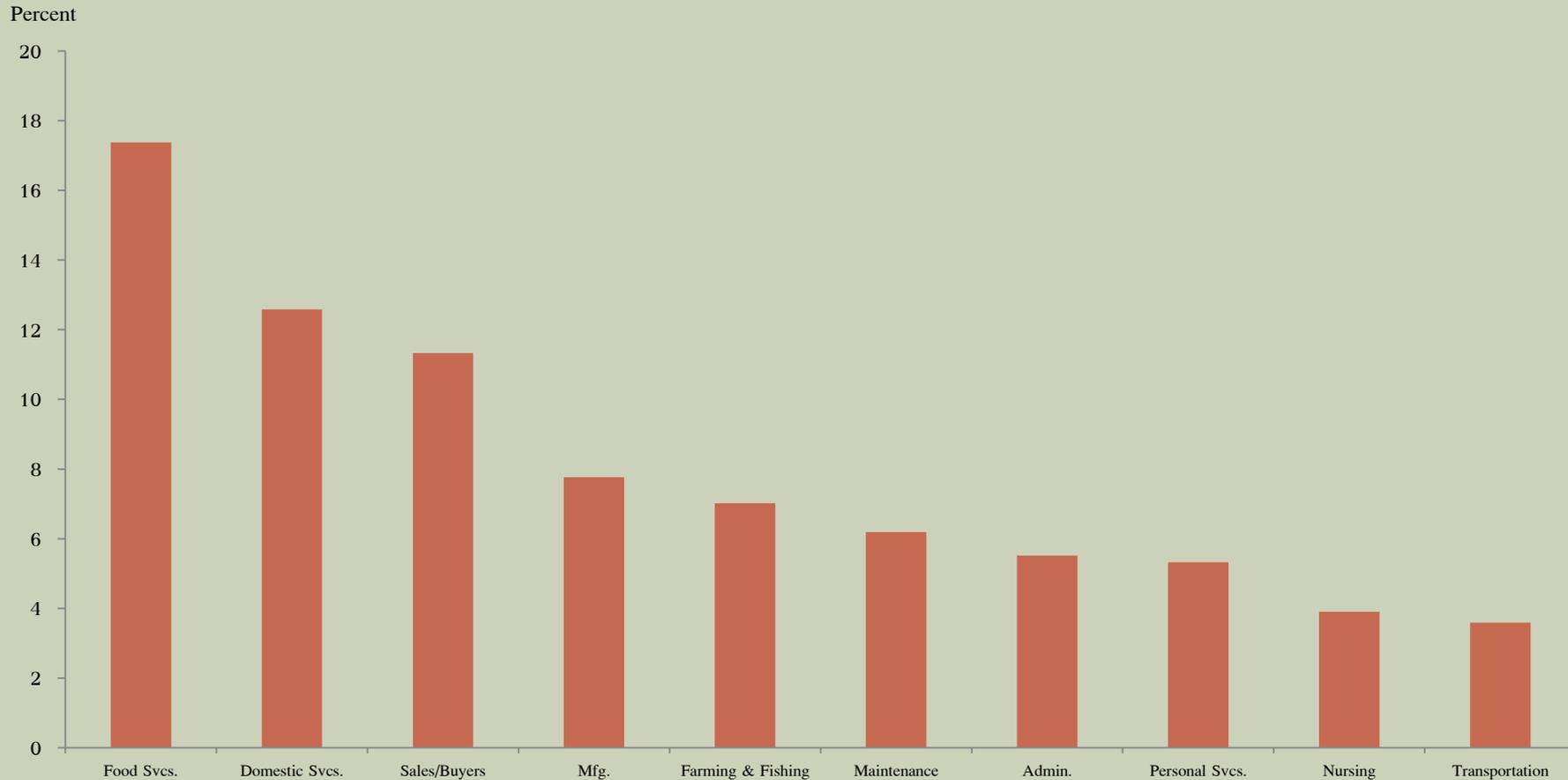
- Cyclical and structural factors have suppressed Mexican immigration
 - US Housing market may recover, Mexican job growth may slow with the oil downturn
 - But other changes are here to stay, including demographic changes in Mexico, access to credit, social safety net, and growing formal sector.
 - Enforcement regime also unlikely to be rolled back.
- US Industries that employ Mexican immigrant workers will continue to feel the tightness, difficulty hiring.
 - Wage pressure
 - Increasing innovation; incentive to substitute technology for workers
- Remittances unlikely to grow

TOP 10 OCCUPATIONS OF RECENT MEXICAN MEN



Source: American Community Survey 2013.

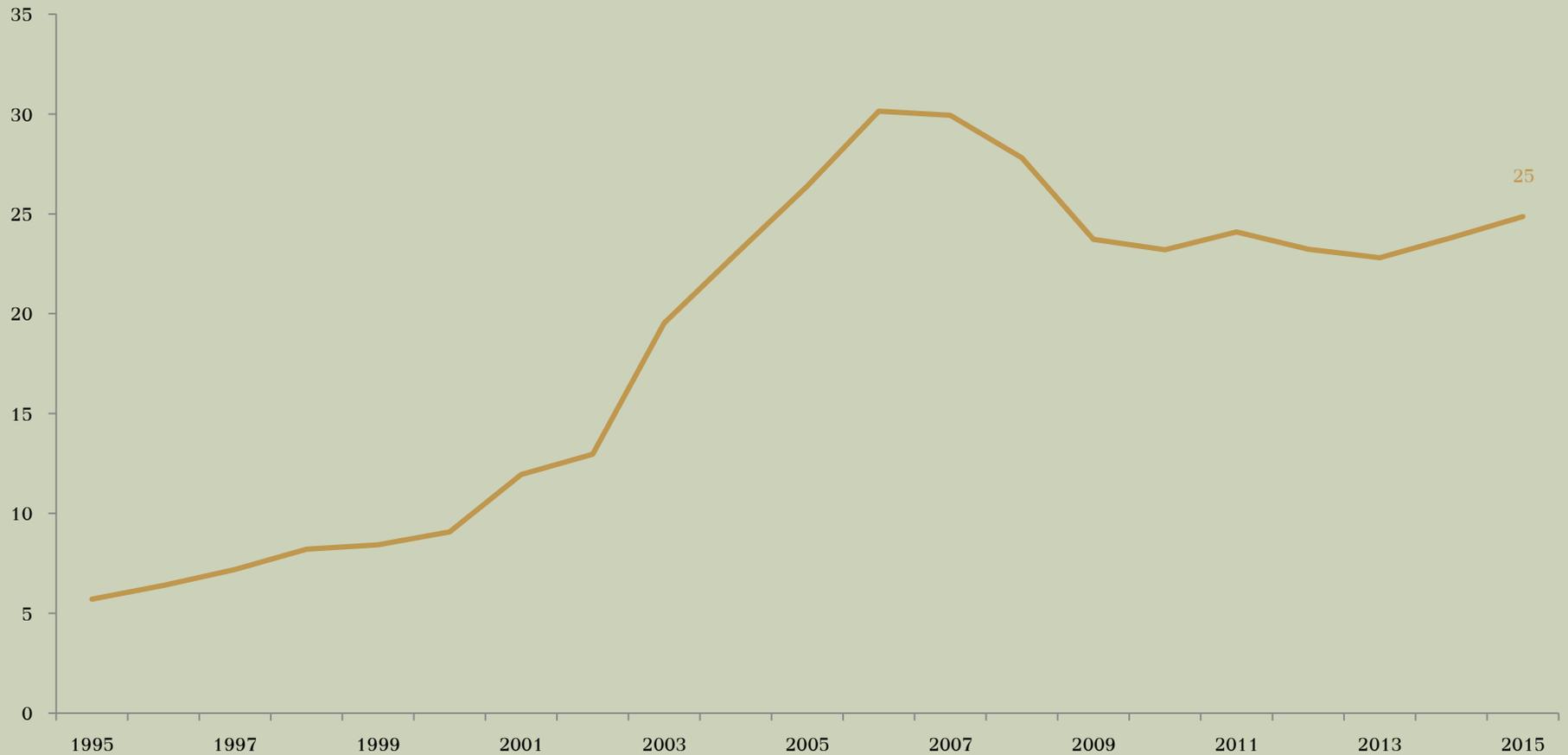
TOP 10 OCCUPATIONS OF RECENT MEXICAN WOMEN



Source: American Community Survey 2013.

MEXICO REMITTANCES STAGNANT

Millions of real dollars



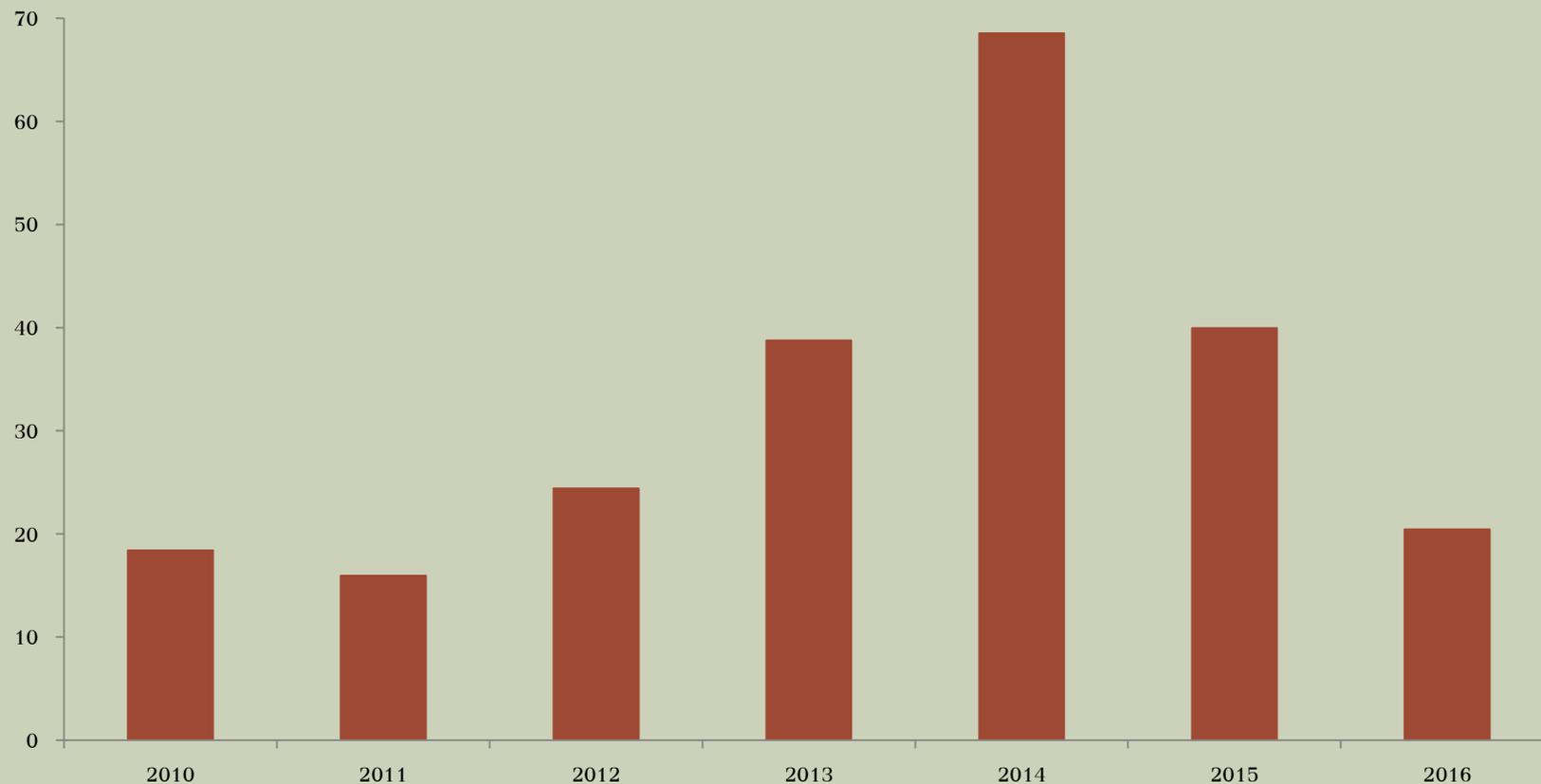
Source: Banco de Mexico.

WHAT TO EXPECT -2-

- Decline of work-based immigration and rise of humanitarian migration, including child migration
 - Central America
 - Middle East
- In the future, Asian immigrants will be the nation's largest group of immigrants, not Mexicans.

APPREHENSIONS OF UNACCOMPANIED CHILDREN

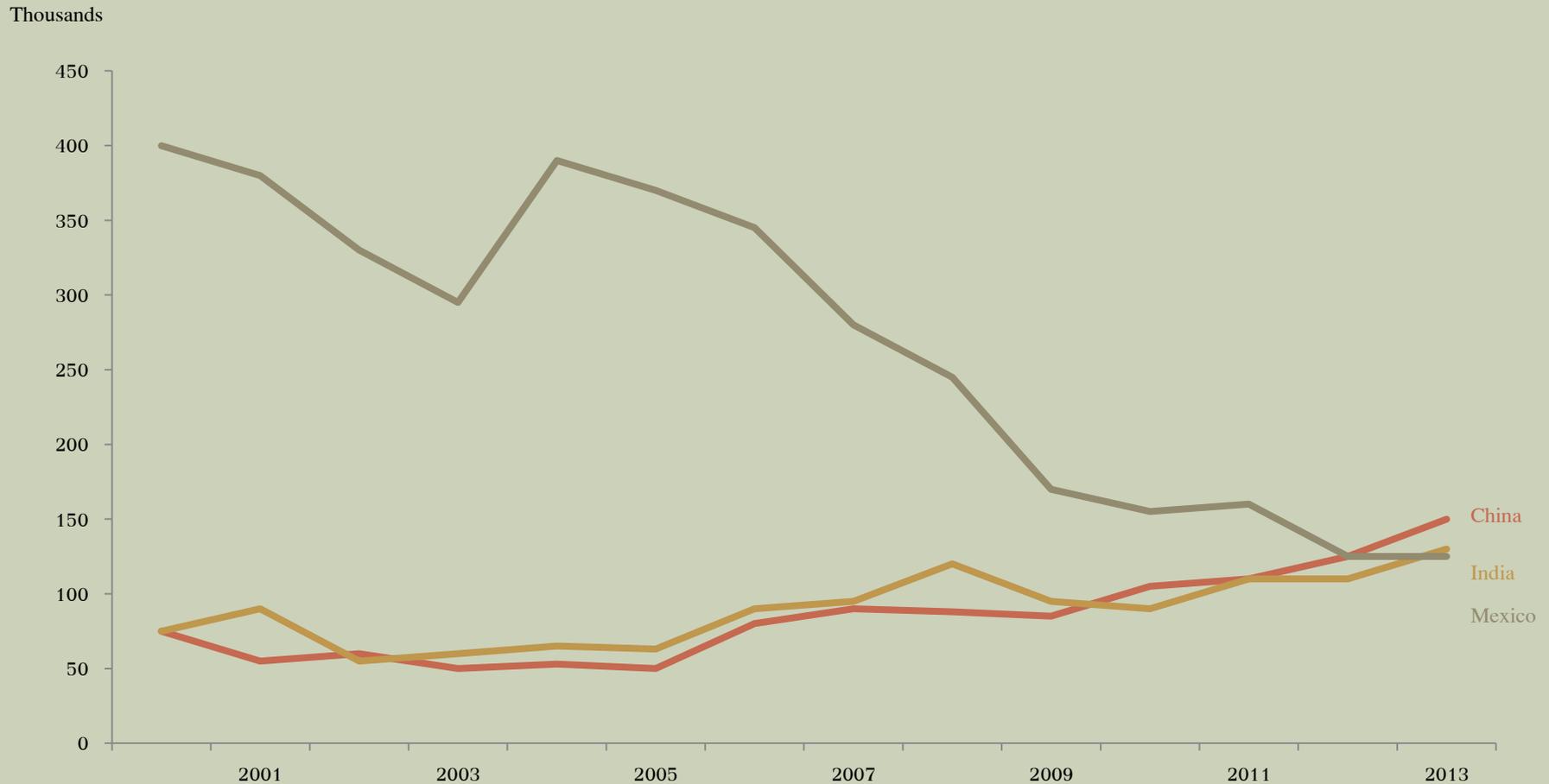
Thousands



Note: 2016 data is October 2015 through January 2016.

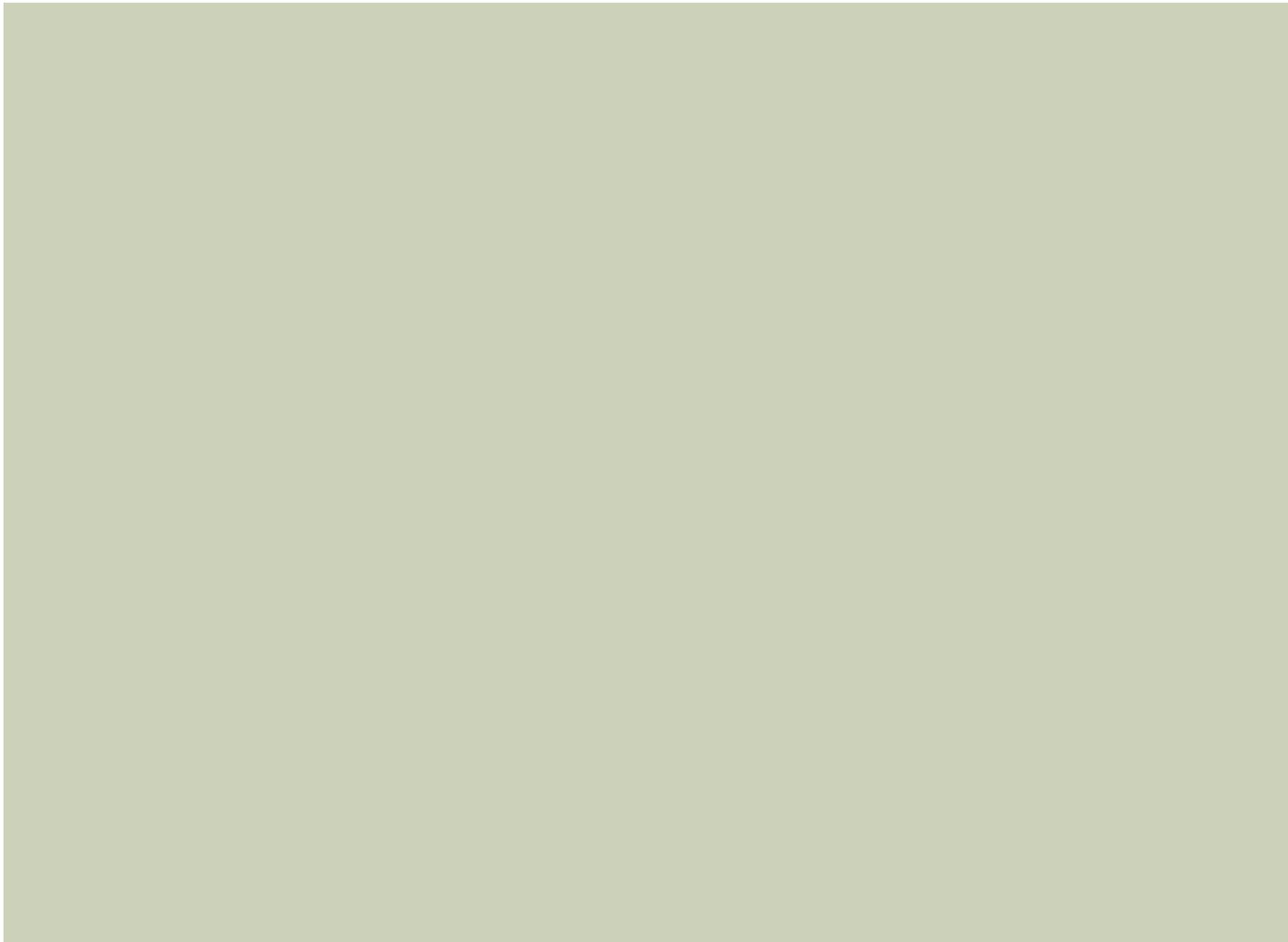
Sources: U.S. Customs and Border Protection, U.S. Border Patrol Fiscal Year Apprehension Statistics.

IMMIGRANT INFLOWS FROM CHINA, INDIA HAVE SURPASSED THOSE FROM MEXICO

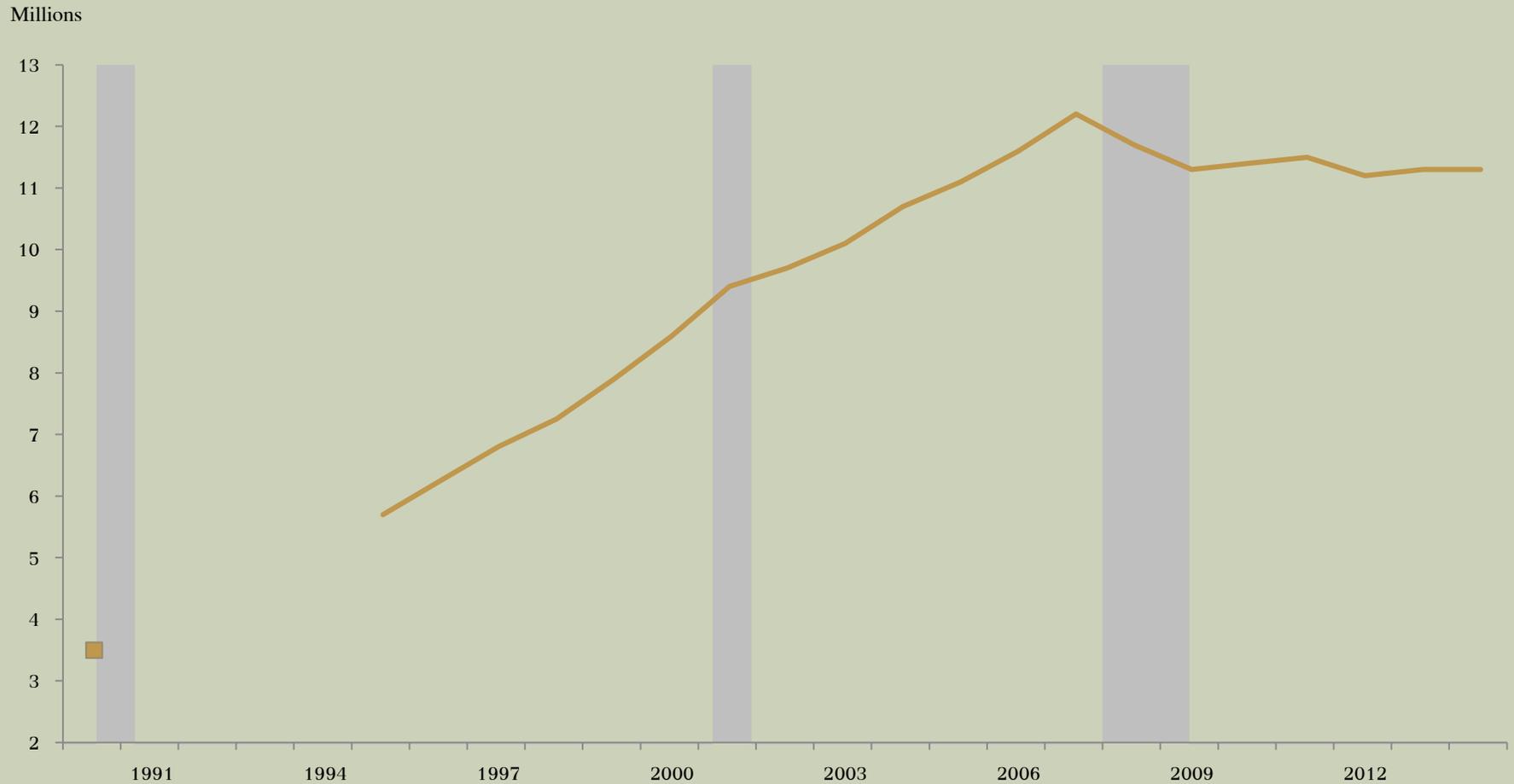


Source: Migration Policy Institute, "In Historic Shift, New Migration Flows from Mexico Fall Below Those from China and India," May 2015.





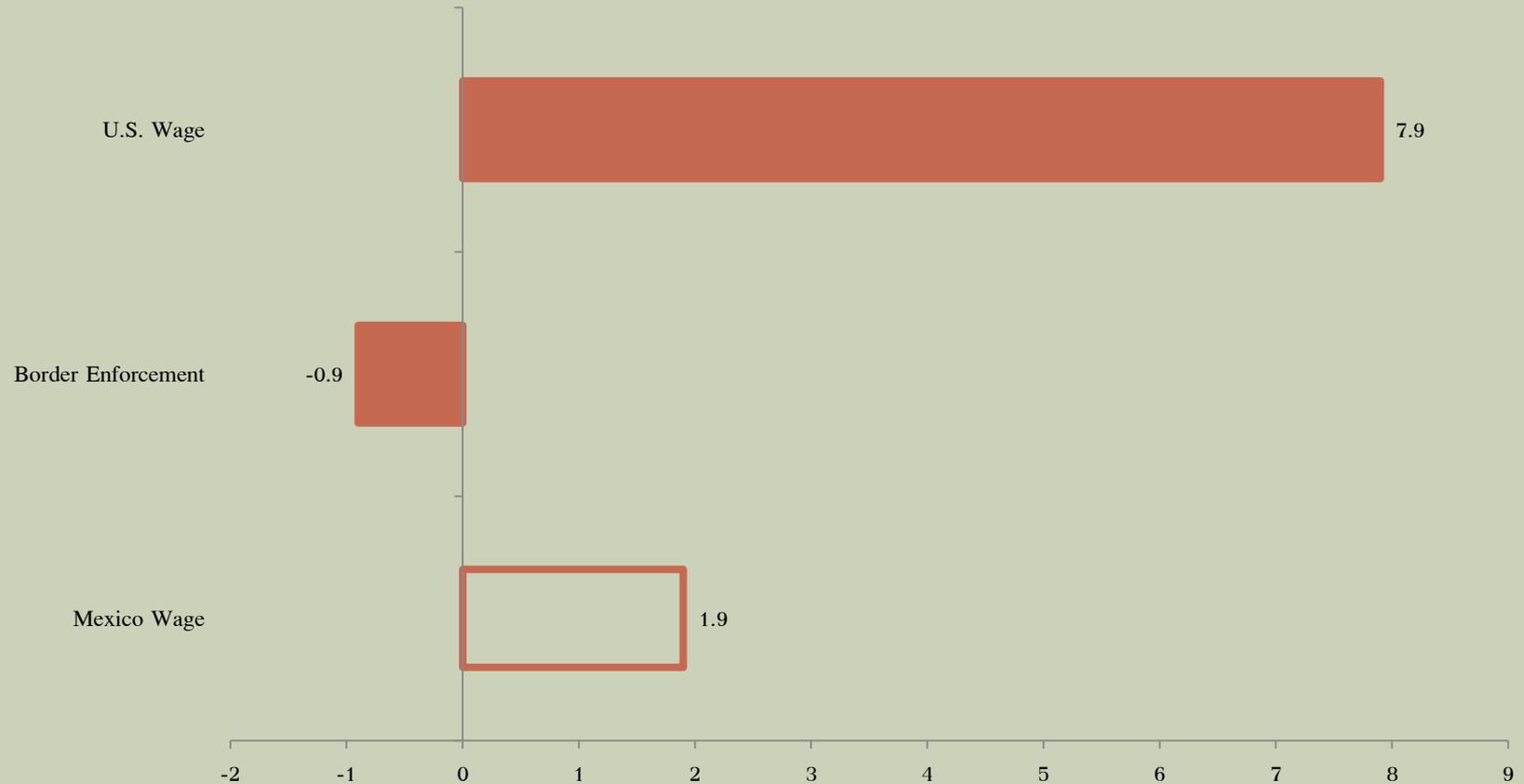
UNAUTHORIZED POPULATION ROSE UNTIL 2007



Note: Grey bars represent U.S. recessions.

Source: Pew Hispanic Center.

REGRESSION RESULTS SUGGEST WAGE SPECIFICATIONS



Note: Hollow bars represent non-significant results.

Sources: Survey of Income and Participation Program; American Community Survey, Current Population Survey, Census.