EXECUTIVE SUMMARY

The current crisis of undocumented immigration to the United States has its roots in fundamental misunderstandings about the causes of immigration and the motivations of immigrants. A growing body of evidence indicates that current border-enforcement policies are based on mistaken assumptions and have failed. Undocumented migrants continue to come to the United States, rates of apprehension are at all-time lows, and migrants are settling in the United States at higher rates than ever before. Developing effective and realistic immigration policies requires overcoming five basic myths about immigration:

**MYTH 1. Migration is Caused by Lack of Economic Development in Migrants’ Home Countries**

- International migrants do not originate in the world’s poorest nations, but in those that are developing and growing dynamically. The largest single source of U.S. immigrants, Mexico, is not a poor nation by global standards. Mexico has a one-trillion dollar economy, a per capita income of almost $9,000 (compared to $9,700 in Russia), a fully industrialized economy, a high level of urbanization, and an advanced life expectancy.

**MYTH 2. Migration is Caused by Rapid Population Growth in Migrants’ Home Countries**

- The fertility rate in Mexico is about 2.3 children per woman, which is only slightly above “replacement” level. The highest fertility levels are generally observed in the Arab world and Sub-Saharan Africa, but these regions contribute few migrants to global streams.

**MYTH 3. Migrants Move Mainly in Response to Differences in Wages**

- Households use international migration as a tool to overcome failed or missing markets for insurance, capital, and credit at home. For example, because Mexico has virtually no mortgage banking industry, a large share of the money earned by Mexican immigrants in the United States is channeled into the construction or purchase of homes in Mexico.

**MYTH 4. Migrants Are Attracted to the United States by Generous Public Benefits**

- Immigrants are less likely than natives to use public services. While 66 percent of Mexican immigrants report the withholding of Social Security taxes from their paychecks and 62 percent say that employers withhold income taxes, only 10 percent say they have ever sent a child to U.S. public schools, 7 percent indicate they have received Supplemental Security Income, and 5 percent or less report ever using food stamps, welfare, or unemployment compensation.

**MYTH 5. Most Immigrants Intend to Settle Permanently in the United States**

- Mexico-U.S. migration has historically been circular: 80 percent of Mexican immigrants report that they made no more than three trips to the United States and three quarters stayed less than two years.

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INTRODUCTION

The United States currently houses a larger population of undocumented migrants than at any point in its history. These migrants are, by virtue of their illegality, marginalized from the rest of American society, economically vulnerable, politically disenfranchised, and fearful of contact with social institutions that deliver health care and education. Undocumented children who grow up in, but were not born in, the United States face an impermeable ceiling to economic mobility and strong barriers to their incorporation into mainstream society. If U.S. officials had set out to intentionally create a new underclass, they could hardly have done a better job.

The roots of this crisis lie in fundamental misunderstandings about the causes of immigration and the motivations of immigrants. These misunderstandings yield a simplistic view of immigration as a cost-benefit decision, whereby individuals in foreign countries migrate to the United States because they expect to earn higher incomes over their lifetimes. From this perspective, the seemingly obvious way to control immigration is to drive up its costs and reduce its benefits to the point where would-be migrants choose not to attempt unauthorized entry. This strategy is essentially that employed by the United States since 1986, when Congress passed the Immigration Reform and Control Act (IRCA). Research indicates, however, that the true causes and dynamics of immigration do not correspond readily to these common-sense understandings. As a result, U.S. policies are based on myths that are poorly grounded in reality, thus condemning them to failure.

MISGUIDED BORDER ENFORCEMENT POLICIES

During the 1990s, more than 9 million legal immigrants were admitted to the United States. By the year 2000, around 7 million foreign-born individuals were living in the country in an undocumented status. These large numbers led many observers to conclude that the country had lost control over its borders, was being flooded by immigrants, and had to take drastic steps to re-impose control. These perceptions were heightened by the recession that befell the United States in the early 1990s, bringing higher rates of unemployment and economic insecurity to citizens in many states. In this context, the U.S. government embarked on a radical new immigration policy that dramatically increased enforcement efforts along the Mexico-U.S. border and restricted the eligibility of immigrants, lawfully present as well as undocumented, for public benefits in the United States.

These policies have failed miserably. Undocumented migrants continue to come to the United States, rates of apprehension are at all-time lows, and migrants are settling in the United States at higher rates than ever before. Rather than declining in number during the 1990s, the resident population of undocumented migrants grew at an unprecedented rate, causing Hispanics to overtake African Americans as the nation’s largest minority far earlier than Census Bureau demographers had predicted.

To an unappreciated degree, the “crisis” of undocumented migration reflects larger patterns of immigration to the United States from the Americas. Figure 1 draws on official data from the Department of Homeland Security’s Office of Immigration Statistics.

Figure 1:

ORIGINS OF 9.1 MILLION LEGAL IMMIGRANTS ARRIVING IN THE UNITED STATES 1991-2000

Asia 30.9%

Europe 15%

Mexico 24.8%

Caribbean 10.8%

Other Latin America 11.8%

Other 6.7%


tion Statistics to show the national origins of documented migrants. Among legal immigrants to the United States, one quarter are from Mexico, 11 percent from the Caribbean, and 12 percent from the rest of Latin America.

Figure 2 uses estimates derived by the Office of Immigration Statistics to show the national origins of undocumented migrants in the United States. In this population the predominance of the Americas is even greater: 69 percent of the 7 million undocumented immigrants resident in the United States in 2000 were from Mexico, 2 percent were from the Caribbean, and 12 percent were from elsewhere in Latin America.

Figure 3 combines the data on documented and undocumented migrants to provide a rough indication of the national origins of contemporary immigrants to the United States. As can be seen, Mexico by itself accounts for nearly half (46 percent) of all immigrants, with 14 percent from the rest of Latin America and 6 percent from the Caribbean. All told, therefore, roughly two-thirds of immigrants come from Latin America or the Caribbean.

Figure 3:

<table>
<thead>
<tr>
<th>ORIGINS OF ALL IMMIGRANTS TO THE UNITED STATES</th>
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<tbody>
<tr>
<td>Mexico 45.5%</td>
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<tr>
<td>Asia 20.1%</td>
</tr>
<tr>
<td>Caribbean 6%</td>
</tr>
<tr>
<td>Other Latin America 13.8%</td>
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<tr>
<td>Other 14.6%</td>
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</tbody>
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To the extent we have an immigration “problem,” therefore, it reflects the mismanagement of relations with our neighbors in the Western Hemisphere. This mismanagement stems from serious misconceptions about the causes of immigration and the motivations of migrants, which have led to policies that not only fail to control and regulate immigration, but which actually produce outcomes diametrically opposed to our own interests as a nation and directly opposite stated policy objectives. These misapprehensions take the form of five myths.

**MYTH 1. Migration is Caused by Lack of Economic Development in Migrants’ Home Countries**

The idea that immigrants come to the United States fleeing abject poverty and material deprivation at home is deeply embedded within the American psyche. Indeed, it is inscribed on the pedestal of the Statue of Liberty: “Give me your tired, your poor, your huddled masses yearning to breathe free, the wretched refuse of your teeming shore....” Unfortunately, this statement was not true when it was written and it is not true now.² People generally do not leave their countries of origin because of a lack of economic development. Rather, they emigrate owing to the onset of development itself. The shift

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from a peasant or command economy to a market system entails a radical transformation of social structures at all levels; a revolutionary shift that displaces people from traditional ways of life and creates a mobile population on the lookout for alternative ways of making a living. Historically, some of those displaced by industrialization and development migrated internally, going to burgeoning cities and thereby bringing about the urbanization of society. But in most countries a large share of the economically displaced emigrated internationally, thus yielding large-scale migration. As a result, there is a close empirical correspondence between the onset of industrialization and the beginnings of international migration.

In other words, international migrants do not originate in the world’s poorest nations, but in those that are developing and growing dynamically. Very few transcontinental migrants originate in Sub-Saharan Africa, for example, even though it is generally the poorest region of the world. Given their poverty, most Africans lack the means to finance international migration. Rather, today’s global migrants are much more likely to come from the rapidly developing and relatively wealthy economies of Asia and Latin America than from the marginalized regions of Africa. Because it is the structural transformation accompanying development and the creation of markets that promotes international migration, and not poverty per se, there is no empirical relationship between per capita income and rate of emigration. It is the initiation of economic development under market mechanisms that causes mass migration to occur, not its absence.

The poorest countries of the world do not send the most migrants to the United States and the largest single source for U.S. immigrants is a large, rapidly developing economy: Mexico. Though Americans tend to perceive Mexico as a poor and underdeveloped country, this is not the case. Table 1 compares the economies of Mexico, the United States, Russia, and the Republic of Congo. Although Mexico has had its share of economic setbacks, it is not poor by global standards. Mexico has a one trillion dollar economy, a per capita income of almost $9,000 (compared to $9,700 in Russia), a fully industrialized economy, a high level of urbanization, an advanced life expectancy, and a rate of fertility (2.3 children per woman) that is only slightly above “replacement” level. In contrast, the Congo is truly impoverished and underdeveloped, with an economy that is still predominantly agrarian, a low rate of urbanization, a per capita income of just $600, a low life expectancy, and a high rate of fertility.

Within Mexico, moreover, it is not the poorest and least developed communities that send the most migrants. On the contrary, other factors being equal, the communities with the highest rates of out-migration are those that are most developed. For example, consider the relationship between the percentage of women employed in manufacturing – a good indicator of industrialization – and the probability of emigration to the United States. As the share of women in manufacturing rises, the odds of international migration go up, not down. As was true historically in Europe and Japan, industrialization promotes rather than prevents international migration.

Table 1:

<table>
<thead>
<tr>
<th>COMPARISON OF MEXICAN, U.S., RUSSIAN &amp; CONGOLESE ECONOMIES</th>
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<tbody>
<tr>
<td><strong>Per Capita Income</strong></td>
</tr>
<tr>
<td>Mexico</td>
</tr>
<tr>
<td>$8,900</td>
</tr>
<tr>
<td>Industry</td>
</tr>
<tr>
<td>% Agriculture</td>
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<tr>
<td>% Manufacturing</td>
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<td>% Services</td>
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<tr>
<td>Demography</td>
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<tr>
<td>Urbanization</td>
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<tr>
<td>Life Expectancy</td>
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<td>Birth Rate</td>
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</table>

**MYTH 2. Migration is Caused by Rapid Population Growth in Migrants’ Home Countries**

Another common misconception is that international migration is promoted by rapid population growth in the Third World. According to this view, demographic growth creates a surplus population that cannot be absorbed domestically, forcing people to sell their services on international labor markets. While relatively high birth rates did play a role in promoting emigration before 1920, even then the effect of demography was only expressed through its interaction with economic development. Population increase determined the size of the migrant flow that resulted when development occurred, but absent the development of markets, population growth simply resulted in the impoverishment of the population.

Population increase is even less important today, as fertility rates have fallen dramatically in most parts of the world, reaching near-replacement levels in many of the leading sources for migrants. As already noted, in Mexico total fertility currently stands at around 2.3 children per woman, only slightly above replacement level. The highest fertility levels are generally observed in the Arab world and Sub-Saharan Africa, but these regions contribute few migrants to global streams. Thus, there is no significant association between natural population increase and emigration.

In practice, the rate of international migration around the world does display a mild correlation with the size of the wage differential. But the existence of a wage differential is neither necessary nor sufficient for migration to occur. Migration often occurs in the absence of a wage differential, migrant flows cease before a difference in wages has been eliminated, and migrants return home even when they can continue to earn more money abroad.

Such anomalies have led to the formulation of what is known as the “new economics of labor migration,” which maintains that households use international migration as a tool to overcome failed or missing markets at home. Mexico, in particular, lacks well-developed markets for insurance, capital, and credit, making it difficult for families to finance the acquisition of expensive items. Most Mexican households do not have a credit card and do not participate in savings and loan associations, so if they need to make a sizeable consumer purchase – say buying a washer or refrigerator – they either have to borrow the money from an informal money lender at high interest rates or simply forego the purchase.

More importantly, Mexico has virtually no mortgage banking industry, making the acquisition of a home problematic for households of modest economic means. Not surprisingly, a large share of the money earned by Mexican immigrants in the United States is therefore channeled into the construction or purchase of homes in Mexico. Figure 4 shows how the likelihood of owning a home purchased in the United States. Since average U.S. income is about four times that in Mexico, taking into account differences in purchasing power, Mexicans are assumed to note the difference between expected wages at home and abroad, calculate this difference cumulatively across future years of employment, and then subtract from this grand total the costs of migration. If the resulting quantity is positive, the person migrates; if it is negative, he or she stays home. 

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with money earned in the United States varies by migratory experience. Relatively few migrants with less than one year in the United States have been able to channel their earnings into a home purchase (just 6 percent). But as migrants go on to accumulate more U.S. experience – and build up more savings – they are increasingly likely to own a house in Mexico that's acquisition was financed by money earned in the United States. Among those with 10 or more years of migratory experience, 63 percent own homes in Mexico purchased with money earned in the United States.

In addition, the probability of migration is related more to variation in real interest rates, which indicates the degree of access to capital and credit, than to expected wages. This

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is demonstrated by using data from Mexico to predict the yearly probability of migration to the United States from both the real interest rate in Mexico and the ratio of the wages an individual could expect to earn in the United States to the wages he or she could expect to earn in Mexico. As figure 5 illustrates, the effect of interest rates on the odds of U.S. migration is 5.6 times greater than that of relative wages. Other such analyses yield similar results.9

MYTH 4. Migrants Are Attracted to the United States by Generous Public Benefits

Besides high wages, another resource potentially attractive to immigrants is public-benefit programs in the United States such as welfare (Aid to Families with Dependent Children, or AFDC), food stamps, Social Security, Medicare, and Medicaid. Prominent in the popular imagination is the notion that immigrants in general, and undocumented immigrants in particular, consume more in public services than they contribute in taxes, thus burdening U.S.-citizen taxpayers. Indeed, Proposition 187 in California was organized precisely around this belief, as its preamble states that it seeks “...to prevent illegal aliens in the United States from receiving benefits or public services in the State of California.”

Although Proposition 187 was approved by voters in 1994, its provisions were voided by the federal courts. Nonetheless, it served as a model for federal legislation enacted by Congress. Taking a cue from Proposition 187, the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 declared undocumented immigrants ineligible for Social Security while limiting their eligibility for educational benefits even if they had paid the requisite taxes. The legislation also granted states the authority to limit public assistance to U.S. citizens alone. At the same time, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (better known as the Welfare Reform Act) barred legal immigrants from receiving food stamps or Supplemental Security Income and prohibited them from receiving AFDC for at least five years after admission to the United States.

However, research on the foreign-born generally finds that immigrants are less likely than natives to use public services and that most of those who do use them are refugee groups, such as Russians, Cubans, and Indochinese.10 Studies that focus specifically on undocumented immigrants suggest they use public services at rates far below those of legal immigrants. A 1987 study, for example, found that just 2 percent of illegal Mexican immigrants had ever received welfare or Social Security payments and just 3 percent had ever accepted food stamps. In contrast, 84 percent paid taxes.11

Data from the Mexican Migration Project (MMP) of Princeton University and the University of Guadalajara indicate rates of tax withholding and public-service use by undocumented Mexican migrants. Nearly 6,000 migrants provided this information on their last trip to the United States. Some 66 percent of migrants reported the withholding of Social Security taxes and 62 percent said that employers withheld income taxes from their paychecks. While the vast majority paid taxes into the federal treasury, however, far fewer withdrew funds: only 10 percent even reported filing a tax return. Whereas nearly three-quarters paid taxes, very few made use of any public service in the United States. Around 10 percent said they had ever sent a child to U.S. public schools and 7 percent indicated they had received Supplemental Security Income. Just 5 percent or less of all migrants reported ever using food stamps, AFDC, or unemployment compensation.

It also is possible to measure the influence of expected welfare benefits on the likelihood of undocumented migration. This is accomplished by estimating each migrant’s probability of using welfare and food stamps given his or

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her socioeconomic and demographic characteristics, and then multiplying this probability by the average value of monthly AFDC and food stamp payments in the leading migrant-receiving states. Instead of finding a positive correlation between the expected value of welfare benefits and undocumented migration, a 1997 study found a rather strong negative association. That is, the greater the potential benefit, the less likely the migration.¹² Figure 6 compares the size of this effect to that of expected wages and real interest rates, discussed earlier. Obviously these data provide little evidence that the United States is a “welfare magnet” for undocumented migrants. Summarizing the results of this and other studies, the Carnegie Endowment for International Peace concluded that “there is no reputable evidence that prospective immigrants are drawn to the U.S. because of its public assistance program.”¹³

MYTH 5. Most Immigrants Intend to Settle Permanently in the United States

Another prediction of the new economics of labor migration is that most international migration is temporary rather than permanent. Because neoclassical economics presumes that people come to the United States to maximize income over their working lives, it necessarily assumes migration to be permanent. After all, if people seek to maximize income, and wages are higher in the United States, then return migration is illogical. Under neoclassical assumptions, return migration is only predicted if there is a decline in U.S. wages or an increase in Mexican wages. However, because return migration is often observed in the absence of such conditions, those who return are often categorized as “failed” migrants.¹⁴

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Unable to find suitable employment, they are assumed to have been “forced” to return.

In contrast, because the new economics of labor migration presumes that people migrate in order to solve economic problems at home, they are predicted to return a significant share of their earnings to their families in the form of remittances or savings and then to return home themselves. Those who return are thus the “successes.” If they migrate to overcome missing mortgage markets in Mexico, for example, they remit or save the money they need to finance the acquisition of a home and, having done so, they return to inhabit it.

Patterns of migration are more consistent with the new economics of labor migration than neoclassical economics to the extent that we observe a widespread repatriation of earnings and high rates of return migration among Mexicans. One study found that 85 percent of undocumented migrants from Mexico during the period 1965-1985 were offset by departures, yielding a relatively modest net inflow of just 5.1 million persons over 20 years (around 255,000 persons per year). Likewise, another study found that 82 percent of all Mexican immigrants to the United States sent money home during their last trip. According to estimates by a variety of researchers, the annual probability of return migration fluctuated around 33 percent through the early 1990s. If, within any given year, the likelihood of returning to Mexico is one in three, then 70 percent of immigrants will have returned home within five years. Of all Mexicans who have ever migrated to the United States, therefore, the vast majority currently live in Mexico. In other words, Mexico-U.S. migration has historically been circular.

If most migrants return and do so rather quickly after entry, then among all Mexicans who have been to the United States we would expect to see the length of trips skewed to-

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ward shorter durations and the total number of lifetime trips to be rather small, which is precisely what we find. Figures 7 and 8 draw upon data from the Mexican Migration Project to show the distribution of U.S. trips by number and duration. Each undocumented migrant in the sample was asked to report the total number of trips to the United States he or she had ever taken in their lifetime and the duration of their last trip. It is evident from these data that the vast majority of Mexicans make one or two trips of short duration. Specifically, 69 percent made two or fewer trips and 65 percent of the trips made lasted no more than a year. In all, 80 percent made no more than three trips and three quarters stayed less than two years. Clearly, most Mexican migrants to the United States never intend to settle permanently north of the border.

CONCLUSION

The fundamental problem with U.S. immigration policy is that it treats international migration as a pathological condition to be repressed through unilateral enforcement actions, rather than as the natural outgrowth of market expansion and economic integration. Migration should be managed for the mutual advantage of trading partners. By migrating in response to economic changes at home, migrants do not intend to remain abroad for the rest of their lives. Some do, of course, but left to their own devices, most would rather return home because they are migrating not to maximize their income, but to overcome market failures at home. They use international migration instrumentally as a way of overcoming the missing and failed markets that are commonly experienced in the course of economic development. The money they earn abroad is repatriated home in the form of savings and remittances, which now approach $20 billion for Mexico alone. Repressive border-enforcement policies simply make it more difficult for such migrants to achieve their ambition of returning home.

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FIVE MYTHS ABOUT IMMIGRATION: Common Misconceptions Underlying U.S. Border-Enforcement Policy
(The first in a two-part series on Rethinking Immigration)
by Douglas S. Massey, Ph.D.

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