

Mx-US migration and its net cost or benefit to Mexico

IMG

April 22, 2010

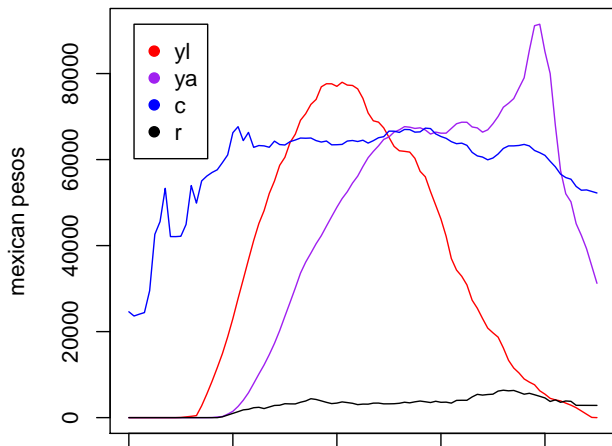
Net loss for Mexico by migration to the US

$$\text{net loss} = \text{popMxUS}(x) * [y_l(x) + y_a(x) - c(x) - R(x)]$$

- ▶ $\text{popMxUS}(x)$: number of Mexicans age x who are in the US
- ▶ $\text{popMxUS}(x) * y_l(x)$: cost in lost production
- ▶ $\text{popMxUS}(x) * y_a(x)$: cost in lost assets
- ▶ $\text{popMxUS}(x) * c(x)$: gain from not having to fund the consumption of emigrants
- ▶ $R(x)$: per capita remittance by an x year old Mexican living in the US

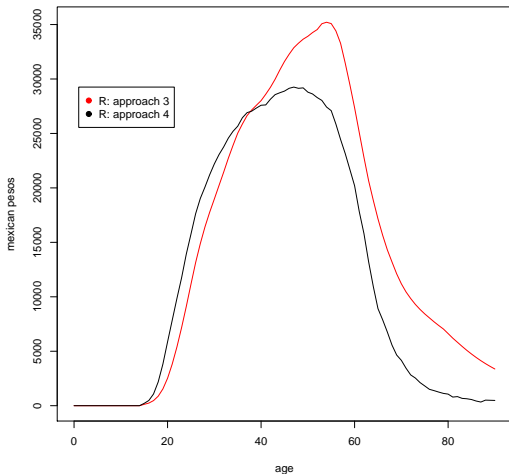
Age distribution of labor income, consumption, private asset income and net remittances: Mexico 2004

► r: age distribution of people receiving remittances in Mexico

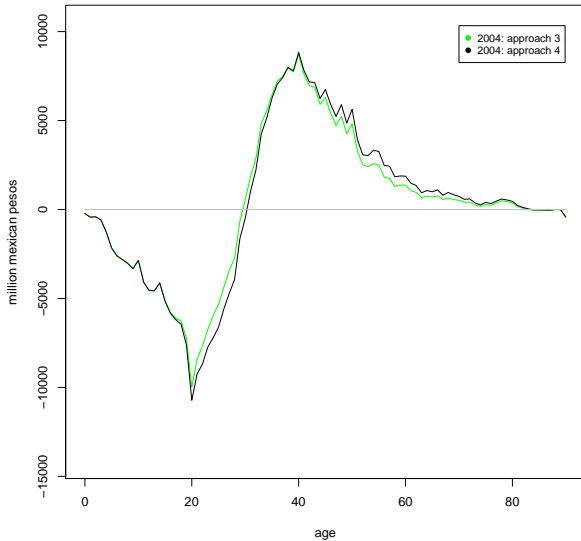


Mean remittances by age: Mexico 2004

- ▶ R3: using age profile of US payroll and workforce taxes for remittance SENDERS.
- ▶ R4: using age profile of US labor income earnings for remittance SENDERS.

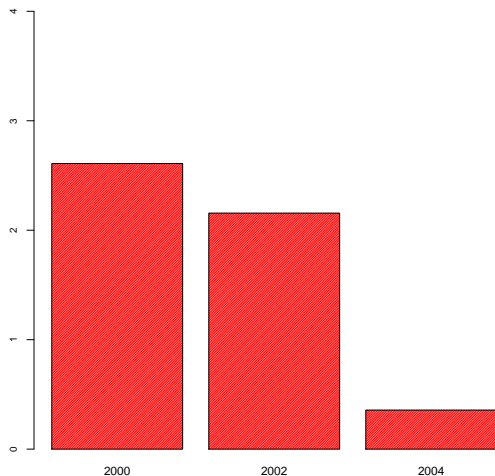


Net loss by international migration: Approach 3 and 4, Mexico



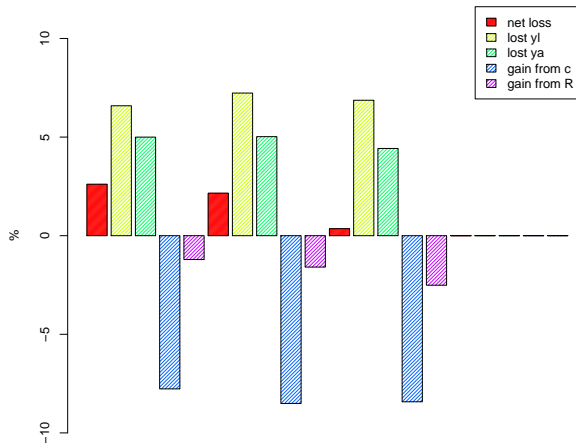
Net loss by international migration (% GDP)

► Net loss between 0.3% and 2.6% of GDP due to international migration in 2000, 2002 and 2004



Net loss by international migration (% GDP)

- ▶ The main contribution from the net gain comes from not having to fund their consumption

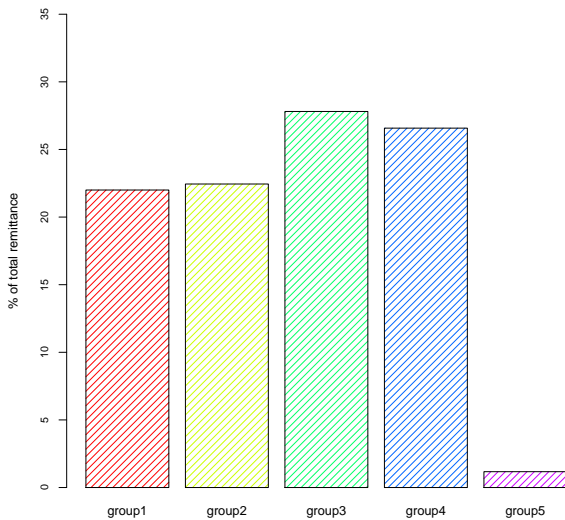


Distribution of remittances by state

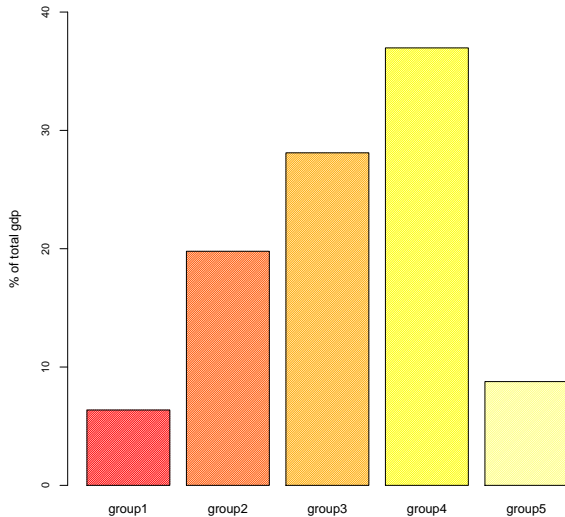
- ▶ Five groups can be constructed depending on the amount of remittances:
group 1: 1.5+; group 2: [1.0,1.5); group 3: [500,999); group 4: [100,499); group 5: 100-



Remittances from the USA by groups of states (% of total remittances)



GDP by group of states (% of national GDP)



Net loss by groups of states (% GDP of the group)

