

# EDITORIAL

## Migration and development: Comparing Mexico-US and Turkey-Europe<sup>±</sup>

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### Abstract

About 12 million people born in Mexico are in the US while about four million Turks are in the European Union. Migration has been part of the strong relationship between these sending and receiving countries. Both Mexico's and Turkey's economies expanded significantly over the last two decades. However, there has also been displacement and outmigration from both countries. Over 500,000 Mexicans moved to the US each year between 2004 and 2007, and most were unauthorized. Researchers from Mexico and the US and Turkey and Western European countries examine the demography, economy, and politics of Mexico-US and Turkey-western Europe migration in this special issue.

**Keywords:** migration, development, Mexico, Germany, Turkey, US.

### Introduction

About 10 per cent of persons born in Mexico, 12 million, are living in the US, and five per cent of persons born in Turkey (or born outside Turkey to Turkish parents), four million, are in the EU-15 countries. Migration was the major relationship between Mexico and the US and Turkey and Western Europe for most of the past half century. Recent trade and development policies have aimed to substitute trade for migration, with uneven results.

Researchers from Mexico and the US and Turkey and Western European countries examine the demography, economy, and politics of Mexico-US and Turkey-western Europe migration in this special issue. Policies toward economic integration and migration outcomes are very different in the US and EU. Canada, Mexico, and the US embraced closer economic integration under NAFTA in 1994, unauthorized Mexico-US migration increased, and the US responded with more Border Patrol agents and a fence along a third of the Mexico-US border. Turkey applied for EU membership in 1987, was rebuffed, and made democratic changes before accession negotiations with the EU began in 2005.

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## Overview: Key issues

In the past two decades, economic liberalization has aimed to substitute investment, trade, and job creation in Mexico and Turkey for migration to the US and Western Europe. Mexico's economy expanded by almost two per cent a year between 2000 and 2009, and Turkey's economy expanded almost four per cent a year in the same period. Over 500,000 Mexicans moved to the US each year between 2004 and 2007, and most were unauthorized. There is far less Turkish migration to Western Europe, but worries about the integration of Turks and their children living in Western Europe and more Turkish migration have complicated Turkey-EU accession negotiations that began in 2005.

Martin explored the migration potential of Mexico and Turkey. Unlike most OECD countries, the unemployment rate does not provide a reliable measure of labour market slack in Mexico and Turkey, where unemployment rates are relatively low. Labour force participation rates in Mexico and Turkey are also low, and there are relatively few formal wage and salary jobs, especially for women, young university graduates, and older men. Mexico and Turkey may include significant numbers of potential migrants because of they have relatively few formal-sector wage and salary jobs.

In most OECD countries, half of the population of working age is in the labour force. In Mexico 42 per cent of residents 15 and older are in the labour force and in Turkey a third of residents are employed or looking for work (Turkey's labour force has been stable at 25 million over the past five years because women leaving agriculture change in the data from being employed in rural areas to out of the labour force in urban areas).<sup>1</sup> In most OECD countries, over 80 per cent of those in the labour force are wage and salary employees, versus 63 per cent of workers in the Mexican labour force and 54 per cent in Turkey.

If half of the residents of Mexico and Turkey were in the labour force, and if 82 per cent of these expanded labour forces were wage and salary employees as in other OECD countries, Mexico would have 16 million more wage and salary employees and Turkey 17 million more.

Relatively few people with little education and formal wage and salary jobs migrate. Mexico and Turkey rank high on employment protection indexes, creating insider-outsider labour markets. Workers inside protected labour markets enjoy extensive labour market protections, perhaps slowing job creation. In both Mexico and Turkey, international organizations such as the World Bank have urged labour law reforms to reduce work-related benefits such as severance pay and the cost of work-related benefits. Until more formal-sector jobs are created in Mexico and Turkey, especially young people

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<sup>1</sup> Turkish women and Turkish men 55 and older have very low labour force participation rates compared with LFPRs for women and older men in western European countries.

leaving agriculture or joining the labour market may be candidates for out-migration.

### Turkey-Europe economy and migration

About six per cent of the 500 million residents of the EU-27 countries in 2010 were foreigners, and over 90 per cent of these 32 million foreigners were in the EU-15 countries. The 2.3 million EU residents born in Turkey were six per cent of the foreign-born residents in the EU-15. The largest number of Turkish-born residents was in Germany.

Sirkeci and colleagues urged researchers and policy makers to consider human mobility in the context of individuals who face a spectrum of choices, from not moving to migrating over national borders. They characterized Turkish outmigration by decade, calling the 1950s the period of urbanization, the 1960s the decade of labour out-migration, the 1970s family unification abroad, the 1980s and 1990s decades of refugees and asylum seekers, and the 21<sup>st</sup> century as the era of more global freedom of movement for Turks.

Turkish data suggest 3.8 million Turkish citizens abroad in 2009, including 1.7 million in Germany, down from a peak 2.2 million in the late 1990s (many Turks are also citizens of the countries in which they reside). Germany had about  $\frac{3}{4}$  of Turkish citizens abroad in the early 1980s; today, less than half of Turks abroad are in Germany. Turkey had 1.3 million foreign-born residents in 2000, including almost a million who were Turkish citizens born outside Turkey.

Sirkeci and colleagues consider migration a process motivated by conflict. They explored the role of conflict in motivating Kurdish migration within Turkey and abroad, and emphasized that conflict interacted with the search for economic opportunity to encourage outmigration. The 20 per cent of Turks who are Kurds mostly live in the poorer south-eastern parts of the country and are between a third and a half of the Turks in Germany. Many Kurds are successful abroad, which may encourage a rethinking of the benefits of migration to migrants and to Turkey.

Tol concluded that rural Turks originating in Central Anatolia are better integrated in the Netherlands than in Germany, in the sense that Turks in the Netherlands are more likely to learn Dutch and interact with natives and vote. Leaders of Turkish communities often interact with Dutch leaders. In Germany, by contrast, Tol finds that Turks are more likely to live in enclaves, to lack German language skills, and to be unemployed.

Tol examines, in turn, political and legal factors that affect integration, finding that Dutch multiculturalism combined with local voting rights for foreigners and “easy naturalization” to help Turks to integrate, while Germany’s concept of *jus sanguinis* (until 2000) reinforced their isolation. Her interviews in 2005 found that Turks living in Germany felt excluded from German society and more interested in the politics of rapidly changing Turkey. Tol said that

about 20 per cent of Turks in Germany naturalized, versus 70 per cent of Turks in the Netherlands, where there are many Turks on city councils and (subsidized) ethnic organizations help Turks to form coalitions that further increase Turkish interest in Dutch politics and society.

Tol concluded that Turks in the Netherlands have enjoyed more upward economic mobility than Turks in Germany, in part because the unemployment rate of Turks is lower in the Netherlands and the Dutch are more likely to recognize Turkish qualifications. In Germany, Tol believes that a combination of factors including discrimination prompt Turks who form businesses to serve fellow Turks.

Biffl reviewed the evolution of guest worker programs in Austria and Germany. Austria, with lower wages than Germany, recruited workers primarily in Yugoslavia and Turkey during the 1960s. Turkish workers were about 15 per cent of foreign workers in Austria in the mid-1970s, and the Turkish share of foreign workers peaked at almost 25 per cent in the late 1980s. In Germany, Turkish workers were 25 per cent of foreign workers in the mid-1970s, and the Turkish share of foreign workers peaked at almost 35 per cent in the late 1980s. In 2010, over 13 per cent of workers in Austria were foreign, compared with 10 per cent of workers in Germany.

Austria and Germany run trade surpluses. The Austrian surplus is due to both goods exports and earnings from services such as tourism, while the German surplus is due to goods exports. Turkey changed from an import-substitution to an export-led economic model in the early 1980s and, despite a sharp jump in exports of goods, Turkey still ran a current account deficit. An economic crisis in 2001 that led to currency depreciation and more FDI stimulated Turkish exports.

Turkey is doing well economically today, but has a very uneven economic growth record. To sustain its economic growth, most studies suggest that Turkey must invest more in the education of its workers, especially youth and women, in order to raise the labour force participation rate, productivity, and wages. If the relatively large number of low-skilled Turks cannot be absorbed in a growing Turkish economy, some may consider migration to countries that have established Turkish communities, including Austria and Germany. However, these economies have evolved in ways that reduce their demand for the low-skilled Turks who may be most likely to emigrate, highlighting the need to invest in the human capital of Turkish workers at home and abroad.

### **Mexico-US economy and migration**

Escobar challenged the notion that the Mexico-US migration system “works” to benefit Mexican migrants and their families and US employers and their customers. He finds that Mexico-US migration is becoming more dangerous as border crossing becomes more difficult and that, for poor Mexicans, stay-at-home incomes can be greater than remittances.

Mexico-US migration is expected to fall “naturally” with development in Mexico, but there is no agreement on how to accelerate stay-at-home development or the role of migration and remittances in spurring development. Escobar faults an ineffective Mexican government for slow economic and job growth, and traces many persisting government failures to the 1968-72 period, when agricultural policy changed in ways that encouraged rural-urban migration. With Mexican cities unable to absorb these internal migrants, many headed for the US.

Subsequent governance crises and decentralization made it ever-harder to develop and implement coordinated federal-state policies that promoted economic and job growth. Most of Mexico’s poorest residents are in rural areas, where dependence on remittances (among families that receive them) is high - remittances account for over half of the income in the poorest families receiving them. Richer Mexicans receive more remittances than the poorest, but remittances are a much lower share of their higher incomes.

Escobar examined two types of migrants and policies to ensure that migration accelerates development. Migrants leaving Mexico in order to get income to satisfy basic needs can be helped at home via cash-transfer programs, including *Oportunidades*, a conditional cash transfer program that aims to break inter-generational poverty by making payments to mothers who ensure that their children go to school and get health check-ups. The greater challenge is dealing with youth and adults dependent on agriculture for some or all of their incomes. Mexico’s 1993 *Procampo* program provides cash payments to farmers to compensate for NAFTA’s trade liberalization based on acres farmed rather than commodities produced. However, its coverage of poor farmers is limited, and *Procampo* does not necessarily lead to agricultural productivity improvements.

More recent efforts to provide “first jobs” for rural Mexicans have floundered, prompting Escobar to challenge the Mexican government to consider policies that would prevent Mexicans from attempting to illegally enter the US between ports of entry, require parents to keep their children in school, and take other steps that would help the rural poor think longer term. Migrants seeking to diversify their sources of income and reduce risks may require other policies. In many cases, the fastest way to reach a target level of savings to finance advancement at home is to move to the US to earn higher wages despite smuggling costs of \$2,000 or more and risks crossing the border and getting a US job. Mexican government policies that support small businesses in rural Mexico, including improving the infrastructure and reducing marketing costs, could reduce the need for migration to finance upward mobility.

Pederzini examined Mexico’s failure to take advantage of the country’s potential demographic bonus that resulted from a drop in the fertility rate from 7.3 children per woman in 1960 to less than 2.1 in 2010 and an decrease in mortality (life expectancy grew from 58.6 years in 1960 to 75.3 in 2010). The labour force increased rapidly in the 1980s and 1990s, and the number of

Mexicans between the ages of 15 and 64 rose from 53 million in 1994 to 72 million in 2010. The labour force participation rate, the share of Mexicans 15 and older employed or looking for work, has been relatively stable at about 80 per cent for men (with a declining trend) and 40 per cent for women (with an increasing trend) over the past two decades. However, most Mexicans in the labour force do not have formal sector jobs, and fewer than 20 million of the 45-million strong labour force are enrolled in the social security system, IMSS.

Pederzini estimated that almost 20 per cent of Mexican men aged 25 to 44 are in the US, as are 15 per cent of women between 35 and 44. Most Mexican adults have relatively low levels of education, but, with the exception of bachelor's graduates, the share of Mexicans in the US rises with the level of education. Over a third of Mexican men with PhDs, and over half of Mexican women with PhDs, are in the US, and the share of PhDs in the US is even higher for the 25-34 age cohort. Pederzini advocates a new approach to managing Mexico-US migration which takes advantage of labour market complementarities.

About three-fourths of the roughly two million hired workers employed sometime during a typical year on US farms were born abroad, usually in Mexico. If current trends continue, the farm workers of tomorrow will continue to grow up today in rural Mexico.

Taylor and colleagues explored the effects of three US policies on Mexico-US migration: US legalization of unauthorized Mexicans in 1987-88, NAFTA in 1994, and the addition of fences and more agents on the Mexico-US border after the mid-1990s. Interviews in rural Mexico confirmed that Mexico-US migration rose sharply in the 1980s and 1990s, and the interviews suggest that increased US border enforcement did not prevent the stock of unauthorized Mexicans in the US from rising because Mexicans made repeated attempts until they eluded the Border Patrol. Meanwhile, more unauthorized Mexicans in the US did not return because of the increased cost of being smuggled past fences and border guards.

Second, Taylor and colleagues found that one of the legalization programs, the Special Agricultural Worker program that legalized 1.1 million mostly Mexicans, equivalent to a sixth of the adult men in rural Mexico in the mid-1980s, stimulated migration from rural Mexico to rural America.

NAFTA was also associated with more Mexico-US migration, but for reasons that are more complex than increased trade in farm commodities. Mexico made changes in its farm policies as NAFTA was coming into effect in 1994 that accelerated the consolidation of Mexican agriculture into fewer and larger farms. A severe Mexican recession and devaluation in 1995 stimulated outmigration.

The US government tackled rising unauthorized Mexico-US migration with the Immigration Reform and Control Act of 1986. At the time, there were an estimated four million unauthorized foreigners in the US, and unauthorized farm workers were largely confined to California, where surveys sug-

gested that less than a quarter were unauthorized. A quarter century later, the US has an estimated 11 million unauthorized foreigners, and unauthorized workers are at least half of US crop workers.

The data collected by Taylor et al suggest that migration from rural Mexico to rural America may be declining as more rural Mexicans find nonfarm jobs in Mexico and the US. US farmers might, in response to fewer rural Mexican migrants, turn to Central America, Asia, and elsewhere for new farm workers. There could also be mechanization in response to higher US farm wages. A variety of labour-saving technologies are on the verge of becoming commercially feasible, including scout and harvesting machines that use one machine to locate ripe fruits and vegetables and transmit the data to a second machine that harvests them.

Cook reviewed the potential exports of labour-intensive commodities from Mexico. One expectation was that NAFTA would prompt structural changes in agricultural production in North America. For example, less-efficient Mexican corn farmers could shift to labour-intensive fruits and vegetables and Mexico could import corn that is produced more efficiently in the US. Mexican exports of fresh fruits and vegetables to the US have increased, as have US exports of corn and other grains to Mexico, but not as much as optimists expected, creating relatively few jobs in Mexican agriculture for ex-corn farmers. The major reason is because lower Mexican labour costs are only one of many factors determining where to produce fruits and vegetables; weather and other factors are usually more important. The fresh vegetables whose export from Mexico has increased most, such as green onions, are very labour intensive and can be produced near the US border with Mexico.

## Conclusions

Mexico and Turkey are dynamic societies with fast-changing economies. In both Mexico and Turkey, there was large-scale emigration before economic policies changed from inward-looking and import-substitution efforts to outward-oriented and export-promotion policies. Economic growth has been faster over the past three decades, and there have been many other changes in Mexican and Turkish societies.

The fact that migration came before trade, and that Mexico-US migration continues while many EU countries fear more hard-to-integrate Turks if Turkey joins the EU and Turks gain freedom-of-movement rights, may complicate closer economic integration. The papers in this volume explain the evolution of Mexico-US and Turkish-EU migration and integration and point to the challenges and opportunities facing Mexico and Turkey.

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## The Austrian Marshall Plan Foundation

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The Marshall Plan has provided essential support for the process of democratic and economic reconstruction in Austria after World War II. Austria has received more financial and other economic support per capita than most other beneficiaries. Funds are continuing to flow into the Austrian economy via the ERP-Fund up to the present day.

The Austrian Marshall Plan Foundation is thus more than anything an expression of gratitude to the US on the occasion of the fiftieth anniversary of the European Recovery Program, which was initiated by American Foreign Minister George C. Marshall in his speech at Harvard University on June 5th, 1947.

However, the purpose of the Foundation goes well beyond that. The US still leads the world in many fields, including science, research and economics. Despite Austria's involvement in European integration, it is of fundamental importance to keep an eye on developments in America. This corresponds with the original intentions of the Marshall Plan, i.e. to support and intensify exchanges of academics on both sides of the Atlantic.

### 8 What is the Austrian Marshall Plan Foundation?

The Austrian Marshall Plan Foundation is a non-profit, non-partisan endowment established according to the rules and regulations for foundations and funds under Austrian law. Its activities extend across Austria and the US. Contributions to the Foundation originate from several sources; any such contributions are tax deductible under the Austrian Tax Code.

The purpose and mission is to support and further trans-Atlantic academic partnership and to encourage transfer of knowledge in the fields of economics and social sciences and so to deepen research cooperation between Austria and the US.

Research projects are carried out in the framework of guest professorships, conferences, lectures and symposia in Austria and the US, research fellowships and awards for scholarly publications. Thereby, the Foundation supports individuals and institutions working on transatlantic issues and by convening experts to discuss the most pressing transatlantic themes.

In 2000 the 'Marshall Plan Chair for Austrian Studies' was endowed at University of New Orleans, Louisiana. This is a revolving chair and every year an Austrian scholar in the social sciences is appointed to fill the chair and teach at UNO for two semesters.

Several MP-Chairs at UNO were dedicated to 'regional economic development'. The rebuilding of New Orleans and the Gulf Coast after Hurricane



Katrina are used as a laboratory to study the rebuilding of an entire region after the worst natural disaster in American history.

The Foundation is further cooperating with the University of California, mainly to provide short- term research grants for faculty in the social sciences and humanities, whose work focuses on political economy; student grants are awarded throughout UC-campuses and Austrian Universities and a special preference is given to collaborative research projects jointly submitted by researchers from both countries.

Another program was launched in 2009 between the Paul H. Nitze School of Advanced International Studies (SAIS) of the Johns Hopkins University and the Austrian Marshall Plan Foundation to support research and related activities focused on Central Europe. The Foundation has provided core funding for the new program and will work with SAIS to secure further funding for the initiative.

Based on the excellent experience with the American partners, the Foundation has also created a studies exchange program, reaching throughout the U.S. As an expression of the appreciation of its activities, the United States and Austria have reached an agreement to continue supporting this program over a period of ten years for up to 1000 participants. The focus here is on Universities of Applied Sciences and Technical Universities.

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