

THE MIGRATION POLICY INSTITUTE AND THE WILSON CENTER

THINKING REGIONALLY TO COMPETE GLOBALLY

Leveraging Migration & Human Capital
in the U.S., Mexico, and Central America

EXECUTIVE SUMMARY

By Demetrios G. Papademetriou, Doris Meissner, and Eleanor Sohnen



FINAL REPORT OF THE REGIONAL MIGRATION STUDY GROUP

CO-CHAIRS: ERNESTO ZEDILLO, EDUARDO STEIN, CARLOS M. GUTIERREZ

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Foreword

Migration has profoundly affected — and continues to shape — the social and economic trajectories of the United States, Mexico, and Central America, as well as the ways in which these countries relate and interact with each other.

At this writing, US legislators are debating how to reform an antiquated and inflexible immigration system that does not address 1) the mismatch between labor demand and visa supply, 2) the fate of the estimated 11 million unauthorized residents, or 3) the extended separation of US citizens and residents and their families abroad. The immigration system has also lost control of its integrity by failing to maintain the rule of law in many migration matters.

The resulting reforms must tackle these deficiencies head on. They must introduce into the system the flexibility necessary to adjust visa numbers according to the ebbs and flows of the economy; give it the authority and resources to ensure that foreign workers and their family members are treated properly; give it the means to be fair to US workers; and make immigration enforcement stronger and smarter, both at the borders and inside the country. Only then can the United States have an immigration system that embraces and ensures legality, fairness, orderliness, responsiveness to labor market needs, and predictability for all who engage the system; and earns the trust of the public.

Fundamental and thoughtful reform, however, is not just good for the United States. It is critical also for the consequences that it will have for the region (and the rest of the world). While US immigration policy is a sovereign concern, the country does not function in a void. Major demographic, economic, and social changes are sweeping across Mexico, El Salvador, Guatemala, and Honduras that are altering the dynamics of the regional migration system and challenging the status quo. These developments require a re-examination not just of *how many* people from the region are choosing to migrate, but also *who* they are, *where* they are going, *why* they choose to migrate, and (in a too-often overlooked corollary) *what* then happens to them and the communities of which they are part: both the sending one and the receiving one.

These are important questions. But the bigger questions for policymakers in all of these countries begin with *how*. How can these nations collaborate to ensure safe, legal, orderly migration flows today? And how, ultimately, can they each work toward sustained, inclusive economic growth — fundamentally supported by people with the skills and qualifications demanded and recognized by the labor market?

The goal of the Regional Migration Study Group, convened by the Migration Policy Institute and the Latin American Program/Mexico Institute of the Woodrow Wilson International Center for Scholars in 2010, has been to analyze and shed light on the changes the migration system is undergoing, and propose a pragmatic, cooperative way forward.

Under the guidance of a distinguished and wise group of members, and the leadership of the three extraordinary statesmen who led the effort — Ernesto Zedillo, Eduardo Stein, and Carlos Gutierrez — the Study Group has given definition and voice to this proactive regional vision of migration management and human-capital development.

On behalf of the members of the Study Group, my MPI and Wilson Center colleagues and I are pleased to participate in the ongoing conversation on migration by sharing this vision, captured in this final report and series of recommendations.

We hope our ideas will contribute to the larger debate now taking place in all of our countries on how to tackle the important work at hand.

Demetrios G. Papademetriou
President, Migration Policy Institute
Convener, Regional Migration Study Group



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A full list of Study Group publications appears at the end of this report, and can be found online at www.migrationpolicy.org/regionalstudygroup.

We are deeply appreciative for the rich insights and assistance of all these persons. As is customary, however, all errors of commission and omission are ours alone.

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Executive Summary

Migration has helped shape and define the US relationship with Mexico for more than a century, and that with much of Central America for the last 30 or so years. Sometimes, migration even becomes the lens through which all other aspects of the relationship are viewed. Hence, getting migration and the issues that fuel it right is vital to relations within the region; it is also essential to the region's long-term economic development, prosperity, social order, and security — and, in many ways, its competitiveness in a fast-changing, interdependent global economy.

As the Regional Migration Study Group¹ (RMSG) issues its final report, the timing for policy change seems particularly propitious. After a dozen years of political stalemate, the US Congress has returned to the issue of immigration reform in a bipartisan effort that seems both genuine and promising.

Immigration reform done right is important not only for the United States, but for the well-being of the nations and peoples of the region. Yet, despite repeated rounds of debate regarding needed changes in US immigration policy over the last 12 years, there have been no systematic conversations about what a regional approach to migration between and among the countries of the region might look like — with one exception. In 2001, then-Presidents George W. Bush and Vicente Fox and their administrations engaged the bilateral migration relationship deeply until the September 11 attacks on the United States took the issue off the table.

Migration has helped shape and define the US relationship with Mexico for more than a century, and that with much of Central America for the last 30 or so years.

The Migration Policy Institute (MPI), in cooperation with the Latin American Program/Mexico Institute of the Woodrow Wilson International Center for Scholars, has sought to spark such a conversation by convening the Study Group. The RMSG members have sought to understand well and speak clearly and responsibly about day-to-day migration relations in the region, and the politics and forces that complicate them. In doing so, they have focused some of their commentary and recommendations on the US legislative proposals proffered so far, which reflect many of the ideas agreed to by the Study Group in its concluding meeting in late 2012 — and that were thoughtfully placed into the policy mix by Study Group members and conveners alike. But their ultimate focus is on ideas about ways in which to gain more from migration by building a stronger social and economic foundation across the region through enhancing its human-capital infrastructure.

This final report provides the key insights and recommendations the RMSG members have drawn from the Study Group's convenings. It is divided into five main sections. It examines the changing demographic and economic dynamics of the region and their implications for migration; sketches the interplay of security policy (including border security), institutional reform, and the rule of law; outlines the essential elements to be included in US immigration reform; analyzes sending countries' evolving roles in the regional migration system; and presents a long-term vision and concrete actions on how to collaboratively build and activate the region's human capital. A final section offers a series of recommendations on what the countries of the region can and should do, individually and collectively.

¹ The mandate of the Regional Migration Study Group (RMSG) includes the nations known as Central America's Northern Triangle — El Salvador, Guatemala, and Honduras — as well as Mexico and the United States. Many of the Study Group's observations and recommendations are also of value to the other countries of the region.



A. *Changing Assumptions*

Since at least the 1970s, rapid population growth, inadequate economic opportunities, and, in some areas, violence and public insecurity have driven younger workers and youth in Mexico and Central America to seek opportunity in the United States. In recent years, however, much of the region has been dramatically transformed by slowing population growth, rising educational attainment, and expanding economies despite a turbulent global economic climate. The longstanding assumption that Mexico and Central America have an endless supply of less-educated workers for routine, physically demanding, and poorly paid jobs in the United States is becoming less and less accurate when it comes to Mexico, and in the years ahead, and with the right reforms, for much of Central America.

For nearly 40 years, the United States has experienced very high immigration from the region, comprised of both legal and illegal flows. Fueled by an economy that generated a seemingly unending demand for low-wage workers, illegal immigration from Mexico and Central America has primarily responded to US market forces. The Great Recession of 2008 and its aftermath of fiscal uncertainty and slow job growth have played a large role in the changing assumptions about the future of intraregional migration and particularly illegal immigration. But so has significantly strengthened border and interior enforcement. The ever-growing difficulties and dangers of crossing the border and the greater likelihood of detection and removal once in the United States have now become routine experiences for would-be and seasoned migrants alike.

At the same time, and as a result of economic reforms that began in the 1980s and became deeply embedded in the mid-1990s, the Mexican economy has been on a sustained upward path. Since 2000, Mexico's annual GDP growth rate in non-recession years has typically averaged between 3 and 4 percent. Furthermore, the Great Recession, while thrusting the United States (and most other high-income countries) onto a slow growth trajectory from which they have yet to recover, seems to have landed only a glancing blow to Mexico. After contracting sharply in 2009, the Mexican economy recovered strongly in 2010 and 2011. Perhaps most important, Mexico has been experiencing a strong and steady growth of its middle class, which has created enormous economic growth and social development opportunities — made all the more possible because of a stable macroeconomic and political environment.

Demography is also playing an important role in this transformation. Mexico's birth rate has declined steadily, ushering in a demographic transition that started nearly 50 years ago. Its dividends are extremely important: slower population growth, declining numbers of youth (and hence dwindling numbers of new labor force entrants), improved living standards and education levels, and a soon-to-be aging society.

This positive economic outlook for Mexico, together with the massive US border and interior enforcement buildup and the still-limping US labor market, has resulted in fewer younger workers being drawn to the longstanding tradition of looking to “el Norte” as a near rite-of-passage. Instead, many more young Mexicans are completing high school and seeking opportunity in Mexico. These changes have extended to regions of traditionally high emigration to the United States. The numbers of emigrants from Mexico have, as a result, fallen by more than two-thirds since the mid-2000s. In sharp contrast to the period from 1995 to 2006, when the unauthorized population from Mexico grew by around 4.3 million, net *illegal* migration from Mexico has been at or near zero since 2007, as has net *total* immigration from Mexico since 2010 — and most observers expect these changes to persist.

The demographic picture is relatively more complicated for Central America's Northern Triangle. El Salvador is also in demographic transition with slowing population growth and gradual aging. Guatemala and Honduras, however, are still countries of high birth rates and population growth and are expected to remain so for several decades.

These countries are also experiencing recent surges in drug trafficking, violence, and transnational crime that are deepening chronic problems of weak central government institutions and public security,



especially in remote and typically impoverished areas. For many among these people and regions, migration is perceived as the only alternative to poverty, lack of opportunity, and worsening personal security.

B. Institutional Reforms and the Rule of Law

Alongside the demographic, educational, and economic changes taking place in the region, significant shifts are also underway that are affecting the reach of the rule of law in Mexico and Central America — an essential dimension of a society’s ability to advance and prosper. Governments in these countries have had to contend with many domestic and external challenges in the recent past, none as challenging as the reality of the expanding power of organized crime. The result has been obvious to analysts and the region’s people alike: the challenge to the government’s monopoly on the use of force; the massive toll on human life; official corruption that has spread and taken deeper root at various levels of government and law enforcement; and the transformation of the social landscape.

As a result, these countries have had to contend with and address the institutional weaknesses that fuel the disorder, and shore up the ability of political systems to carry out many of the fundamental tasks of good governance. Large segments of civil society in the Northern Triangle and many in Mexico have little confidence in the state’s ability to provide the public security and other services citizens expect from their governments. Yet, the region’s citizens have proven remarkably resilient in adapting to changing economic and political circumstances, and the risk is that people may adjust to the recent waves of violence and come to accept it as the “new normal.”

Notwithstanding these challenges, the countries of the region are taking steps to build properly functioning and mature democratic states that can meet good governance criteria. Furthermore, the subject of migration offers policymakers important areas of opportunity to identify and enact smart policies and investments with the potential to help strengthen the rule of law. These include creating rule-of-law frameworks for migration management throughout the region, reducing corruption by building capacity and confidence in law enforcement institutions, and promoting a culture of economic growth and productivity that encourages further formal economic activity.

In none of these areas is the United States exempt from the strategic imperative of tackling its own challenges in governance. Addressing these areas will require establishing crucial trust within and across borders and, for each nation, a continued sensitivity to other countries’ critical areas of concern even when these concerns may not be natural domestic policy priorities for the first country.

C. Making the US Immigration System More Responsive to Labor Market and Economic Needs

An estimated 11.7 million Mexicans, 1.3 million Salvadorans, 851,000 Guatemalans, and 491,000 Hondurans live in the United States. Immigrants from these four countries are estimated to account for approximately 73 percent of the estimated 11 million unauthorized individuals living in the United States. Thus, the immigration reform efforts now unfolding in the United States have significant implications for the region.

For much of the nation’s recent history, immigration policy has had three broad goals: family (re)unification for US citizens and lawful permanent residents with close family members, meeting legitimate labor market needs, and refuge for those in need of humanitarian protection. With the exception of the immediate families of US citizens, who can be joined by their spouses, minor children, and parents outside of numerical limits, the demand for visas among the remaining streams substantially exceeds the supply of visas the US Congress authorizes. As a result, the system fails to harness immigration systematically to promote US economic growth and competitiveness well — including by implementing flexible provisions to allow immigration to respond to the ebbs and flows of demand — or to (re)unify close family members on a timely basis.



A broad overhaul of US immigration law would encompass more effective solutions to address both legal and illegal immigration. At this writing, the political imperatives and policy momentum favoring enactment of such legislation appeared promising. The proposals outlined in this report are designed to enable the legislation that emerges to succeed in ending the culture of illegality that has defined immigration from the region in recent decades and create opportunities for the region to boost growth and competitiveness over the longer term. The ultimate aim of immigration reform in the United States but also throughout the region should be clear: legality, order, fairness, safety, and respect for the rights of all foreign nationals. With a focus on US reforms, they should include the following elements:

- An earned legalization program that is as inclusive as possible and leads to green-card eligibility and the eventual option of citizenship for those who meet the requirements.
- Continued attention to border controls, not only as mechanisms to keep out undesirable individuals and contraband, but also as important symbols of each country's sovereignty.
- Enforcement of the law not just at borders, but also in receiving communities and in workplaces, thereby safeguarding citizen security and the integrity of immigration systems.
- A regional preference for workers at mid- and lower-skill levels to meet seasonal and other primarily temporary worker needs, thus creating incentives for would-be immigrant workers to better prepare for access to such visas by building their skills and playing by the rules of their own country.
- Explicit recognition of the importance of circularity by actively “encouraging” it through thoughtful policies of temporary and transitional worker programs that follow the ebbs and flows of relative demand within the region. Doing so at this phase, in effect recreating the migration rhythm between the United States and Mexico that existed before the hardening of the US border, will also set the stage for the greater mobility within the region that is likely to become more the norm in the next decade and beyond.
- Devising a consultative mechanism for the US federal government to engage systematically with state and local jurisdictions so that their immigration needs, arising from fully vetted economic development plans, are addressed through targeted worker visa schemes.

The Study Group also believes that certain additional, if perhaps narrower, ideas must also be reflected in US legislation and adopted throughout the region. These include:

- Explicit authorization for holders of temporary and “provisional” work visas (which offer the possibility of earning permanent status) to change employers.
- Establishing a research agency to carry out independent demographic and labor market research and advise the government regularly on adjusting the number of worker visas and the sectors and industries to which such visas should be directed. Although this recommendation applies only to the United States at this time, Mexico should also be thinking about this concept as its status as an immigrant-receiving country grows in the year ahead.
- Reunification without numerical limits and with minimal administrative delays for green card holders (or their equivalent) in the region with their spouses and minor children.

The Study Group members stand firmly behind these principles and ideas, many of which appear to be central to the reform priorities of both an influential bipartisan group in the US Senate and the White House. The Study Group is optimistic that these reforms can answer the compelling need to better align the US employment-based immigrant-selection system with current — and future — economic realities, and believes that these principles should gradually find their way into similar reform efforts throughout the region.



D. *New Approaches to Migration Reform in Mexico and Central America*

Mexican policymakers, too, have been responding to the changing composition and volume of migration flows in the region. Mexico's role in the regional migration system has evolved from that of a principal migrant-sending country to that of a territory through which migrants seeking illegal entry into the United States pass. Many tens of thousands of transmigrants — most of them originating in the Northern Triangle — pass through Mexico annually en route to the United States. Perhaps even more important to note here is that Mexico is also emerging as a significant destination for migrants.

In large part as a result of these realities, the country enacted a landmark national migration law in 2011 that signaled its first major review of immigration policy since 1974. The measure, which took effect in late 2012, was the product of years of discussion with experts and civil society.

*Cooperation on some migration issues
is already occurring with considerable success.*

As Mexico grapples with its evolving role in the region's migration dynamics, policymakers and other stakeholders are beginning to address questions regarding the extent to which the country will facilitate or deter transmigration, the institutional challenges of migration management, and how to work more effectively with neighbors both to its north and, ever more importantly, to its south. The specific issues Mexico must grapple with include strategically managing the process by which foreign workers are legally admitted, disentangling and addressing the intersecting dynamics of migration flows and security challenges, and better protection of the country's southern border. In embarking on this course, Mexico knows that a different relationship within the region can only be successful if it is anchored on respect for borders and promotes organic collaboration toward maintaining border integrity.

While many migration management activities are necessarily the responsibility of sovereign governments and must be recognized as such, there are considerable avenues of opportunity for regional cooperation. It is important that each of the countries in the region assess and rethink its role in addressing the challenges and opportunities posed by migration, with the goal of creating the conditions in which migration can be a source of better opportunities for the region and its citizens. Cooperation and collaboration, based on building trust and pursuing shared aims through practical, on-the-ground relationships, are critical to reaching the goals of greater safety and the economic growth and social development that are at the heart of well-functioning, inclusive, and stable democratic societies.

Cooperation on some migration issues is already occurring with considerable success. Efforts involving the United States include collaborative bilateral and multilateral approaches to information-sharing on criminal deportees; military-law enforcement operational planning, intelligence sharing, and training; information exchanges on those at risk for human trafficking; and protection of unaccompanied minors. Intraregional cooperation efforts include expansion of Central American consular networks in Mexico, information-sharing on deportees, and free movement between the Central American countries.

Such cooperation will not eliminate the asymmetrical nature of bilateral and regional relationships on migration or the inherent difficulties of coordination on the issue. Nonetheless, most observers see an unambiguous need for exploring the possibility of reaching consensus around shared goals with Mexico and in the region that govern how the pieces fit together. US immigration reform legislation, if it succeeds, will in fact have to rely on far greater cooperation with Mexico (and the other countries of interest to this effort) in the implementation of the earned legalization and "future flows" parts of the legislation. Discussion on these issues must start in earnest if the aims and benefits of the new law for the people of the region, including US citizens and residents, are to be realized. Moreover, without far more organic US-Mexico and regional consultations and cooperation on the implementation of the law, the status quo of



mostly ad hoc sets of projects that lack broader strategic cohesion or meaning will continue to define how the United States works with the region, and vice versa. That would be truly a lost opportunity.

E. A Longer-Term Regional Vision for Human-Capital Development

Migration will continue to play a prominent role in regional relations in the years ahead. But the underlying assumptions about the drivers of regional migration are changing, if in different ways and at different rates. Two of these drivers, demography and middle-class-fueled economic growth, are at the heart of these changes.

For people in the region to have the tools to improve their economic prospects while enhancing North American competitiveness and creating conditions for sustainable growth and shared prosperity for the future, however, requires a regional and coordinated approach to improving human capital. And for that effort to succeed, it must be part of a strategy that incorporates the forces at work by taking into account the region's demographic and economic complementarities and constantly assesses and reassesses its skills needs.

The underlying assumptions about the drivers of regional migration are changing, if in different ways and at different rates.

The Study Group has analyzed and elaborated this vision and, with this report, is making the policy case for managing migration and the issues that fuel it in ways that lay out a realistic roadmap toward better opportunities for the citizens of the region for the next decade and beyond. In doing so, it has identified and is amplifying ideas for enhancing human security and regional approaches to social and economic development. If the vision takes hold, managing continued human mobility will become more akin to administering a shared resource for mutual benefit than continuing to try to stop forces that are in many ways beyond the reach of governments.

Success in this quest would mean targeting the issues that complicate today's relationships. These range from safer and better functioning borders and regional security issues, to more efficient ways of managing labor mobility, protecting families, creating better opportunities for all workers of the region, working together to safeguard immigrants' rights, and integrating better each other's nationals who are longer-term immigrants. Such efforts would learn from recent and current struggles and apply such knowledge to identifying and promoting ideas that build a much stronger social and economic foundation for the region by 2025. If successful, decisions about whether and where to migrate would become genuine choices, as characterize other forms of exchange between friends and neighbors that share common policy objectives.

Such long-term thinking takes aim at a sometimes neglected policy area: the labor market, education, and workforce development policies that can result in building and efficiently allocating the region's human capital and become the engine for personal opportunity and societal growth.

The Study Group recognizes that the political and administrative capacity, as well as requisite financial resources, is probably beyond what may be available today. Still, it is essential to develop a clear-sighted policy agenda as the basis for changing the facts on the ground in ways that can improve the prospects for all citizens, and thus reduce existing emigration pressures. *A basic underlying proposition in this regard is that to make meaningful progress toward a different migration future, it is essential to look and think beyond migration per se.*



F. *Shaping New Policies*

To that end, the Study Group has explored practical solutions to such hard policy puzzles as managing border, interior, and personal security in an era of greater human mobility; and modernizing education, workforce development, and, gradually, qualifications and credentialing systems. Issues of regional labor standards, harnessing demographic and skill complementarities, and encouraging circularity and smarter emigration and reintegration policies within countries of origin must also become far more prominent.

Greater understanding and coordination of education, training, skills acquisition, and credentialing initiatives (so that workers receive proper “credit” for their skills and experiences as they change jobs), and better integrated career ladders in key occupations across the region would likely result in higher wages, stronger local economies, less informality, and a more globally competitive region. Developing such policies is thus the first step toward breaking today’s distressing cycle of illegality, exploitation, human-capital wastage, underemployment and informality, family disruption, and the more general social disorder and meager development outcomes that are manifestations of the status quo.

Political leaders must engage in more collaborative management of migration and its associated systems at every stage of implementing immigration reform processes.

Increasing global economic competition will continue to challenge US economic leadership and, over time, well-being. From this standpoint, the United States, Mexico, and Central America — together with Canada — can best invest in competitiveness as a region by further developing human-capital resources in more cooperative and coordinated ways and deploying them toward greater productivity, jobs offering family-sustaining wages, and less inequality.

For such policies to succeed, political leaders must engage in more collaborative management of migration and its associated systems at every stage of implementing immigration reform processes. This implies linking migration, human capital, and the future competitiveness of the region and its people together in a shared understanding of the opportunities cooperation offers. For such an effort to be productive, however, it must be embraced and pursued systematically by political, intellectual, and stakeholder communities across the region.

This report and the continuing work of the Study Group seek to reset regional migration-related relations and to prepare for a future of better outcomes for the region’s citizens and societies. The report offers a new “vocabulary” for understanding and describing regional migration policy, and ideas and actions for policymakers interested in setting a more strategic course for the region’s future.

The Study Group’s aspiration is to continue to cultivate a broader discourse in which migration policy is understood as a strategic resource for managing human capital and promoting regional competitiveness and development. Such a discourse should help reframe the migration debate in the United States, within the region, and among the region’s migration actors, adding a regional dimension to migration policy conversations in ways not occurring in today’s debates.



VII. Conclusions and Recommendations

This report reflects the views and, to the extent possible, the “voices” of the members of the Regional Migration Study Group. The Study Group came together in an effort to think through and offer the results of its analysis and recommendations on a set of issues that are among the most complicated in the “region” which has been the Study Group’s main mandate: The Northern Triangle of Central America (El Salvador, Guatemala, and Honduras), Mexico, and the United States. At the center of these issues is a perennial one: migration. And surrounding it are a host of other difficult concerns: illegality and its poison fruits all along the migration continuum; security (both of the state and personal security); disorder, which also often engulfs the families and households of unauthorized immigrants and, in many ways, their communities and workplaces; lack of safety, and threats, extortion, intimidation, and exploitation; and the negative reactions of receiving societies that are concerned about the effects (particularly some of the more visible costs) of illegal migration and clamor for ever greater efforts to stop it. And of course, and as if these issues were not complicated enough, the set of challenges associated with the massive growth of organized crime, and particularly to public and personal security and the ability of governments in the region to govern.

This litany of pathologies has shaped the US debate about immigration reform, seemingly with little regard for the role played by the US economy’s often voracious appetite for low-wage labor and the US immigration system’s inability to accommodate that demand by broadening its legal visa streams. The Study Group members as a result have been closely following the apparent opportunity — the most promising in 25 years — for reforming the US system and, in this report, they offer several concrete recommendations about key elements that should be included in the final legislation.

But the Study Group’s remit and interests go well beyond needed reforms to the US immigration system. The final report argues for, and offers, recommendations on matters that range from immigration reforms that the rest of the region should adopt, to building the foundation for and constructing the policy and political infrastructure for thinking about migration regionally. Moreover, it considers how to construct a region that thinks of its assets — and especially demography and human capital — in complementary ways. Convinced that doing so creates much greater opportunities for the region and its peoples and sets the stage of greater competitiveness in the global economy, the Study Group offers a series of recommendations on how to build, cooperatively, the region’s human capital.

This report and its recommendations, finally, are not about more or less migration; they are about smarter migration policies.

But greater mobility, rather than permanent migration, is never too far from the group’s vision. The Study Group looked carefully at four economic sectors in which all countries of the region have been focusing by making substantial investments and noted that the evidence points toward continued growth — and hence greater need for workers, and particularly for workers with both formal and tacit skills. As a result, the Study Group members propose initial efforts toward skills development in ways that, over time, can standardize the education and training of workers in these sectors and become a useful way of thinking of human capital and its mobility within the region as a resource for a more competitive future.

This report and its recommendations, finally, are not about more or less migration; they are about smarter migration policies that would add greater benefits to countries that send migrants and offer much greater returns to immigrants, who now pay almost all of the penalties associated with illegal,



unsafe, and disorderly migration — and, in the process, poison the public policy atmosphere and the public’s perceptions about most, if not all, of the region’s immigrants. And while the challenges the region is facing are very large, and some of them will simply not go away, the thrust of the Study Group’s thinking and recommendations is on the opportunities for the region, which are at least equally, if not more, promising. Working together patiently and smartly can make this promise real for the region and its people.

Following are the Study Group’s findings:

- 1. The Study Group Members believe that the next phase of a regional relationship that is already strong, if complex and uneven, starts with the acknowledgment that the United States, Mexico, and Central American countries can shape a future in which working together brings benefits to each of them and to the region that are much larger than the sum of individual efforts.** The elements of that future become obvious when viewed through the lens of mutual advantage. They include demographic and labor market complementarities; large and inexorably growing trade and commercial links that underpin deepening economic interdependence; security that includes but extends well beyond strong borders; and more closely aligned educational and training systems. When such systems become part of a shared vision and are pursued with diligence they can serve as the fulcrum of a region-wide economic growth agenda that creates better opportunities for all and, together with Canada, a more globally competitive North America.
- 2. Normalizing immigration relationships within the region is critical to making real progress on most other important issues, including organic cooperation against smugglers and others who profit from illegality.** One of the key ingredients to normalization is to acknowledge and respond to a key cause of illegal immigration: the demand for low-wage workers by US employers and the US immigration system’s inability to adjust the supply of legal work visas to reflect demand better. *The Study Group believes that the most effective response to the arguments and recriminations about illegal immigration within the region is fundamental reform to immigration systems and a cultural shift away from the concept of “el norte” as a rite of passage.* There are reasons to be optimistic. Mexico’s declining fertility has led to fewer new workers entering its labor force, a phenomenon that will only accelerate. Moreover, Mexico’s economy has been growing faster than the US economy since 2010. Anemic US job growth and a continuing US preoccupation with border and interior controls have created a new reality on the ground: total *net* migration from Mexico since 2010 has been at or near zero. Moreover, Mexico completed a major overhaul of its immigration rules in late 2012 and other countries in the region are observing closely how the law is implemented, as they consider how to adjust their own rules. More important yet, after more than a decade of trying unsuccessfully to overhaul the US immigration system (the effort started in 2001, with bilateral negotiations between the United States and Mexico), politics in the United States are aligning strongly in favor of a broad, ambitious solution known as comprehensive immigration reform.
- 3. The Study Group strongly supports the elements of the emerging political consensus on immigration reform in the United States.** Group Members stand firmly behind a number of fundamental principles that appear to be central to the reform priorities of both an influential bipartisan group in the US Senate and the White House — and believe that these principles should find their way into similar reform initiatives throughout the region.
 - First, immigration reform must include an earned legalization program that tips strongly to the side of inclusiveness and leads to eligibility for a green card for all those who meet the requisite rules, and eventual citizenship for those who choose it.
 - Second, continuing attention to border controls is necessary both as a bulwark against the entry of undesirable individuals and contraband but also as a symbol of the sovereignty to which each country in the region is staunchly committed. A different relationship within the region can only be successful if it is anchored on respect for borders and promotes organic collaboration toward maintaining their integrity.



- Third, legality, order, fairness, safety, and respect toward the basic legal, economic, and social rights of all foreign nationals should be at the very center of immigration systems throughout the region. These principles serve the interests of most immigration actors well — except those who draw immense profits from breaking these rules. The proliferation of smuggling syndicates speaks both to their profitability and to the demand for the services they offer.
- Fourth, enforcing the law and thus safeguarding the integrity of the immigration systems that are emerging or are likely to emerge throughout the region is essential to meeting legitimate citizen concerns about their government’s commitment to its own rules. It is also essential to preventing (a return to) disorder in receiving communities and illegality in workplaces in each nation.
- Fifth, anticipating a future in which more foreign workers of varying skills are likely to be needed throughout much of the region is essential to preventing both would-be workers and their employers from resorting to illegality. A simple principle can become the linchpin for healthier immigration relationships within the region: *in meeting seasonal and other primarily temporary worker needs, countries in the region should look first to the region*. A regional preference for workers at mid- and lower-skill levels (perhaps structured to hire from within the region first before making positions more broadly available) can create incentives for playing by the rules and provide an inducement for would-be immigrant workers to better prepare for immigration by building their skills, learning English, and obeying the laws of their country, since criminal background checks are embedded in immigration visa and admissions decisions.
- Sixth, immigration systems designed to responsibly respond to worker shortfalls wherever they may be will be ever more critical to sustained economic growth in the next decade and beyond. Countries with such systems, such as Australia, Canada, New Zealand, Spain, and other countries interested in substantial levels of immigration, have been leaders in allowing sub-national and even local jurisdictions to recruit needed workers directly. *Countries in the region should experiment with ways to adapt and emulate such efforts*. In so doing, immigration agencies can demonstrate that targeted immigration can contribute directly to the demographic vitality and economic growth of political jurisdictions at all levels. Progress in this new immigration policy frontier starts with a commitment by national governments to consult regularly with such jurisdictions in order to bring the benefits of *selected immigration* where it is needed most.

4. The Study Group is convinced that immigration reforms that adhere to the six principles above can make a dramatic difference in the way immigration takes place within the region and can reset immigration and related relationships across it. The Study Group is gratified that a number of the policy ideas it has endorsed that have been put into the policy mainstream by the conveners and Study Group members alike appear to have been embraced by key US lawmakers and the administration. The Study Group believes that these ideas are particularly worth enacting and embracing across the region.

- *A new visa stream of temporary work visas (provisional visas) that would permit portability and under certain conditions, ultimate eligibility for green cards.* Visa portability — the ability to change employers after a reasonable period of time or if the employer violates key terms of the work contract — together with legally guaranteed wage levels, working conditions, and worker protections rebalances an inherently unequal power relationship. Similarly, the ability to earn a green card for those who want it and are able to meet its additional requirements would allow many more temporary workers to transition into permanent immigrant status. Such a visa stream encourages playing by the rules, learning English, and community engagement that create better outcomes for all the parties affected



by migration.

- *In building the next generation of worker visas, requirements should encourage the building of regional migration systems that are more circular in nature, that is, they encourage back-and-forth movement and the skill and experience exchanges that accompany such movement.* Positive results can be further magnified when sending countries provide incentives to attract some of these workers to return to their countries and invest in their own economic mobility, their children's education, and the development of their communities. The positive interplay of incentives at both origin and destination can set the stage for the greater worker mobility the Study Group anticipates in the next decade and beyond.
- *A new federal research agency that would carry out independent demographic and labor market research and advise the US Congress on adjusting the number of temporary worker visas and the sectors and industries to which such visas should be directed.* Such advice, based on the results of ongoing research, would permit flexibility and adaptability in immigration levels that other countries' immigration systems enjoy but the US system lacks. The agency's work would also build the analytical foundation for opening the US temporary work visa system to all jobs and thus end the nearly exclusive US emphasis on issuing visas only for jobs at the top and bottom of the labor market — another anomaly relative to many other major immigrant-receiving countries. The Study Group believes that other governments in the region should watch closely the evolution of that agency and consider emulating the United States when conditions warrant.
- *Ending the separation of nuclear families by permitting family reunification for lawful permanent residents with their spouses and minor children, as is permitted for US citizens.* Such separations are unique among high-income and many middle-income countries and undermine one of the most fundamental principles of immigration law everywhere: family unity. Such limits also fuel illegality and human tragedies when family members attempt to cross borders to reunify outside legal channels. Mexico, and, over time, other countries in the region should follow a similar course.

5. Successful immigration systems require the full engagement of both the entire government and the whole of society. Few policy portfolios cut across more government agency mandates or require more of the attention of society than does immigration. Whether the issue is border controls, interior security, and the rule of law; education and worker preparation for immigrants and their families; worker and social protections with a particular focus on the sectors and job categories in which immigrant workers converge; foreign, commercial, and development policies; or housing and social welfare policies, the engagement of the entire government and the cooperation of the private sector and a society's social partners and community-based organizations are simply essential. *The Study Group members believe that migration works best when the receiving government and society work together and commit to getting the most out of it.* Yet in none of the countries the Study Group examined is this fully the case. The Study Group is nonetheless encouraged by the increasing attention to these issues by all these actors and by the growing engagement of both the business sector and civil society on the issue across the region.

6. The Study Group believes that no single development is more promising for each of the region's countries, and for the region itself, than the growth in the size and confidence of the middle classes. Middle classes pay more taxes (enabling the government to do more of the things citizens expect of it), and consume more goods and services, further fueling demand. Greater demand creates more jobs and attracts domestic and foreign investment. Beyond the economy, the range of positive changes that robust middle classes typically generate include a commitment to political and economic stability, adherence to the rule of law, institutional reforms that make the encounter between citizens and public servants respectful and productive, and an environment that nurtures and stimulates investments by individuals in



their children's education and their own human capital. Such a political, social, and economic environment in turn encourages more highly qualified people to stay at home (or return) and invest their skills in their country. *Noting the enormous growth in Mexico's middle classes, the Study Group recommends that governments and the business sector focus on nurturing and drawing out more fully the extraordinary potential that large and growing middle classes offer.* The Study Group encourages the other countries in the region to commit to economic, political, and social reforms that underpin middle-class growth.

- 7. Economic and political order and stability, and a commitment to building the necessary social infrastructure, are the cornerstones of continuing growth and prosperity in the region.** Mexico has made enormous economic progress during its last three presidencies and its macroeconomic performance is enviable. Progress has also extended to political stability and, incrementally, to a growing system of social protections. The current government appears prepared to continue these reforms by intensifying and widening the reach of its social safety net, focusing on the personal security of all its residents, and deepening the country's commitment to democratic processes, stronger institutions, and the rule of law. *The new administration's ability to reach agreement across parties on labor, education, and telecommunications reform are extremely promising and the Study Group applauds these efforts.* Moreover, the Study Group is very encouraged by the social and economic progress El Salvador has been making and by the promising signs of the new Guatemalan government's headway toward greater stability and better governance.
- 8. The Study Group urges a single-minded commitment to the rule of law and institutional reforms that value accountability and transparency above all else. These must become and remain the most important governance priorities throughout the region.** There is no greater challenge to those good-government goals than organized crime and violence, typically centered on drug trafficking and much less directly, the facilitation of illegal migration, and the intimidation and corruption they fuel. This is a region-wide challenge that respects no borders and systematically undermines the confidence that the governed have in their government and public institutions. It may also well be the most troublesome development in the region: the large and, in some instances, growing personal insecurity that lawlessness has brought about.
- 9. Mexico and the other countries in the region must continue to focus on building up their human-capital reservoirs by investing ever more resources of all types in expanding and reforming their educational and training systems.** Despite enormous progress, the gains across the region are markedly different. By many measures, Mexico's educational progress has been remarkable. El Salvador also shows a positive secular trend, but the other two countries, Guatemala and Honduras, follow at considerable distance. *The Study Group is convinced that high-functioning educational systems and training institutions are at the core of the economic growth and competitiveness of each country within the region and, by extension, the region itself.* In this regard, progress has to gradually move beyond school attendance and even graduation rates and toward quality education for all.
- 10. The Study Group calls for concerted efforts by each country in the region to invest systematically in the human capital of its people.** Such efforts, however, cannot be a function of government alone. Civil society must also make it a priority. More important yet, the business sector in each country must put at the top of its policy agenda the development of human capital, both by advocating for it with the government and labor organizations and by joining them in investing in skills development. For the business community, this is not about *noblesse oblige*; it is about enlightened self-interest. In the absence of a well-trained workforce, businesses cannot prosper, industries cannot be competitive, households cannot build lives that can set them on a course to opportunity, and investors, foreign and domestic, will not



invest more in a country. And a well-prepared workforce requires public investments in quality education *and* a cultural change all across society that commits to the formalization of skills, recognizes and rewards appropriately the tacit (“soft”) skills that extensive experience in a sector teaches, and recognizes the importance, and indeed the necessity, of lifelong learning.

11. Regional economic growth and competitiveness demand that countries think harder about what each can contribute to the region’s economic attractiveness and build complementary physical and human-capital infrastructures that can contribute to that goal.

The Study Group has identified four sectors that are likely to continue to grow across the region in the next decade and thus require more well-trained workers than any country alone, not just the United States, is likely to produce. They are: logistics and transportation, nursing and associated health professions, (advanced) manufacturing, and agriculture. If economic and social investments are done properly, the region’s complementarities will lead to additional growth in all four sectors, requiring more workers yet. It cannot be known just when labor imbalances that are likely to require substantially greater mobility of workers throughout the region will occur. *The Study Group believes that it is a distinct possibility that significant, if selective, worker shortfalls will occur in the medium term (2020) and beyond and that each country in the region should begin preparations for such a future in earnest.*

12. Each of the countries of the region has to contend with the dislocations and disorder inherent in the illegality that has defined migration “relationships” during the last 40 years.

Deportation of criminals that have fueled transnational gang activity and separation of families that consign children to unfamiliar environments and tenuous support systems are examples of the social disorders that have become the “face” of the migration status quo in the region in the past decade or so. But they don’t stop there. They include apparently growing evidence that many more transmigrants are being killed in transit both in Central America and, increasingly, in Mexico; and a growing culture of extortion of immigrants who are in the United States by threatening to harm their relatives back home. Addressing these pathologies successfully requires targeting the causes of illegality, not just its consequences. *The Study Group believes that dealing with these issues must become an absolute regional priority or growing criminality and social disintegration will become even more of a challenge to the region’s governments and societies.*

13. Drug trafficking and the spreading drug culture present a severe challenge to several of the region’s countries by undermining governmental authority and contributing to the intense sense of personal insecurity throughout large parts of the region.

Consumers of drugs, the vast majority of whom are in the United States, fund the cartels through their consumption, enabling them to corrupt government officials and purchase the arms with which they intimidate both authorities and the public. Since border controls will never be successful enough as an “anti-drug” policy, and the war on drug cartels of the last six years has had enormous casualties but no winner, a much broader effort based on organic cooperation across the region is both necessary and inevitable. Such an effort will require enormous patience, continuing massive investments in intelligence-gathering, the deployment of ample law enforcement resources, changes to both legislative and regulatory frameworks throughout the region, and the cooperation of private-sector agencies (such as wire transfer companies and the banking sector) that will allow authorities to hit the cartels where it hurts: their pocketbooks. *The Study Group endorses a comprehensive, multilayered, and deeply cooperative anti-crime effort that uses all the tools and resources potentially available to law enforcement; has multiple targets (including the bosses, money, and entire infrastructure of the cartels); is focused on reducing violence and those crimes that affect citizens’ daily lives; and is patient and focused enough to dismantle the criminal networks piece by piece.* The RMSG members recognize that the effort will be costly, difficult, and, unless the demand issue is also addressed, incomplete. But as with all difficult policy choices, options need to be considered not from the basis of first principles but in comparison with other alternatives. And unless the



effort succeeds, states in the region may have little choice but to invest their efforts in making borders as secure from unwanted crossings as possible.

14. Border security between and among Mexico and the Northern Triangle of Central America must avoid simply exporting the US Southern border model to the rest of the region. Some think that this may be already in place along parts of the Mexico-Guatemala border. Pushing borders out has become a policy tool that states, from the Member States of the European Union to the United States and many other high-income countries, are using ever more systematically. Yet, the Study Group believes that there is still time to consult with neighbors about the border control and security systems they want and can afford. *Study Group Members are confident that dialogue, patience, and cooperative solutions still have a chance and that the true choice for the region is not between “harder” or “softer” borders; it is about borders that are “smarter” because they are supported by a shared strategic vision about the region’s economic and security future; and identify and invest in border security strategies that also include efforts away from the border itself.* In the absence of such a vision and a cooperatively developed strategy that is implemented faithfully by all parties to it, hard borders may well become the policy default option — in no small part because pressure from the United States will push the policy envelope toward ever harder borders.

The Study Group views these recommendations and the final report more generally as the necessary ingredients to inform policymaking and engage stakeholders — from civil society, organized labor, and public and private educational and educational institutions, to the all-important business community and the wider public — toward a more collaborative approach to managing human-capital development and migration in the region. Despite the many challenges each country in the region and the region as a whole face, the Study Group sees opportunities ahead and hopes to marshal the energy of all relevant actors toward harnessing the demographic, labor market, and economic forces that can propel them, together, into a more promising future. This is a good moment to come together and build that future.

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