



# BORDER CROSSINGS

## *Links Between Immigration, Debt and Trade*

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Given a choice, most people would prefer to stay in their home country. And people everywhere are fighting for the right to adequate housing, income, security and other basic needs to allow them that choice. But millions in the developing world are forced to leave in search of better opportunities. They leave for many reasons. But debt is one factor in the inability of impoverished country governments to provide an adequate social safety net and a safe environment. Thus, indebtedness can be seen as part of a cluster of “push factors” in immigration.

On Capitol Hill, however, the immigration debate has ignored the fact that reducing poverty and joblessness abroad is the only long-term solution to immigration concerns in this country. All proposals on the table, from the muscular plans to deploy National Guard and build extra fencing on the border to the softer guestworker visas and paths to citizenship, are purely domestic measures.

Immigrants need stronger protections in the United States, but the policy response should also address poverty and joblessness in their home countries. Debt cancellation is one measure that would give impoverished country governments a better chance of providing basic services, like health care and education. Combined with new approaches to trade, investment, and aid, it could help many developing countries reduce the economic pressures that drive migration.

## MIGRATION TRENDS

The U.S. government grants legal residency to about a million foreigners per year, most of them relatives of U.S. citizens. This leaves millions more who are eager to enter our country in the hope of achieving a better life. It is these immigrants who reflect most vividly the desperation of so many in heavily indebted countries. They are the people who take great risks to come to the United States, often crossing the border in the dead of night, trying their luck on rickety boats, or putting their fates, and often their life savings, in the hands of smugglers.

### Unauthorized Immigration to the United States

Some key countries for debt and trade campaigners	Unauthorized U.S. residents (thousands)		2005 rank among all countries of origin	Total external debt, 2005 (US\$)
	2005	2000		
Mexico	5,970	4,680	1	167,227,600,000
El Salvador	470	430	2	7,088,423,000
Honduras	180	160	8	5,242,461,000
Haiti	n/a	76	n/a	1,323,359,000
Total, all countries	10,500	7,000		

**Sources:** Immigration: Department of Homeland Security, Office of Immigration Statistics. Debt: World Bank, World Development Indicators online.

## A FEW KEY COUNTRIES FOR DEBT AND TRADE CAMPAIGNERS

### HAITI

Political upheaval and crushing poverty have contributed to extreme pressures for Haitians to attempt to flee to the United States, often risking their lives by attempting to reach the U.S. coastline by boat. The U.S. government estimates the number of unauthorized Haitians living in the country to be about 76,000 in 2000 (the most recent data available). This does not make Haiti one of the very top countries of origin of such migrants in the United States. However, one explanation for that is the brutal U.S. policy towards such refugees. Haitians caught at sea are turned back, while those who reach land (unlike Cuban “boat people”) are detained and most often deported. The U.S. Coast Guard has intercepted 110,913 Haitians since 1982, and more than 900 just in the first six months of 2007.

These harrowing voyages often end tragically. In May 2007, more than 60 would-be immigrants from Haiti drowned after their boat sank near the Turks and Caicos islands. A couple months earlier a sailboat with 103 Haitians ran aground at a beach just north of Miami, and one person died on the beach.

Haiti would be one of the primary beneficiaries of the Jubilee Act (H.R. 2634), which would cancel the multilateral debts of qualified poor countries without onerous conditions. According to Eurodad, the World Bank and IMF are not scheduled to grant debt cancellation to Haiti until at least 2010, and these institutions are requiring onerous economic reforms that will take even more money away from desperately needed social programs. Haiti owes a total of \$1.3 billion to external creditors. According to a Jubilee USA fact sheet, this country, the most impoverished in the Americas, accumulated 45 percent of its debt under the Duvalier dictatorship.



### HONDURAS

Honduras ranks eighth among countries of origin of unauthorized immigrants, with 180,000 living in the United States in 2005. As in Haiti, regional political instability has been a push factor, along with related economic problems. The country has a 46 percent unemployment rate, while 71 percent of the country's 7 million people live in poverty.



Honduras has received multilateral debt cancellation from the World Bank, IMF, and Inter-American Development Bank. However, the country stands to benefit from provisions in the Jubilee Act designed to protect countries from so-called “vulture funds.” These are private investors who buy defaulted (often discounted) bilateral and commercial debts of impoverished nations. Now that some of these countries have received the proceeds of multilateral debt relief, vulture funds are descending on them, suing for the full original value of the debts they own, plus interest. Honduras is one of about a dozen countries currently being pursued by these unscrupulous vulture funds.

Honduras would also benefit from changes in U.S. trade policies, which are likely to intensify migration pressures. One of the greatest concerns about the Central America Free Trade Agreement, which Honduras began implementing in 2006, is that it will place Honduran small farmers in direct competition with heavily subsidized U.S. agribusiness. The trade pact requires the elimination of tariffs and other market access barriers on nearly all agricultural products within 15 years. According to the World Bank, nearly 40 percent of the Honduran workforce is employed in agriculture.

CAFTA promoters promised that Honduras would benefit from increased exports to the United States of apparel, a key industry in the country. However, in the first year of the agreement, Honduran exports to the United States actually fell 9 percent. Analysts attribute this drop to the shift of apparel production to Nicaragua, the country with the lowest wages in the region. Workers who continue to have jobs in Honduran export processing zones face rampant worker rights violations, particularly of the right to freedom of association.

## EL SALVADOR

In El Salvador, the brutal civil war of the 1980s drove nearly 300,000 people to flee to the United States without authorization. But political and economic problems tend to go hand in hand. After the 1992 peace agreement, El Salvador's heavy debt burden made it difficult to provide adequate services and sustainable livelihoods. The poverty rate (percentage living on \$2 or less a day) remains about 58%. Thus, even though thousands of undocumented Salvadorans eventually gained permanent residency in the late 1990s, El Salvador remains the No. 2 country of origin of unauthorized U.S. residents, with an estimated 470,000 living in the United States in 2005, up from 430,000 in 2000.

Like Honduras, El Salvador has already received multilateral debt cancellation. However, El Salvador would likely benefit from provisions in the Jubilee Act that require the Comptroller General of the United States to conduct an audit in cases where there is substantial evidence of "questionable" loans to past governments. Specifically, the audit would investigate past multilateral, bilateral and commercial loans to determine whether they contained onerous conditions, whether U.S. or international laws were violated in the contraction of the loans, and whether they were "odious" dictator debts.

El Salvador would likely be one of the countries audited. The United States supported the government of El Salvador during much of the civil war period, despite evidence of links to death squads that orchestrated a campaign of terror against armed and civilian opponents. The results of such an audit could strengthen the calls of many debt campaigners for some form of reparations for countries that have suffered from illegal or odious debts.



# MEXICO

For obvious reasons, Mexico is far and away the largest source of unauthorized immigrants, representing 57% of people living in the United States in 2005 without documentation. However, Mexico is not among the countries that would qualify for debt cancellation under the Jubilee Act. Even though it has a massive \$167 billion debt load and is extremely poor by U.S. standards, it is not quite as poor or as heavily indebted as many other nations. Nevertheless, there is a strong argument that reducing Mexico's debts would have tremendous benefits for both Mexicans and Americans, given that our welfare is more intertwined in more ways with our neighbor to the south than perhaps any other poor country.



Changes in U.S. trade policies would likely be even more beneficial for Mexico. The North American Free Trade Agreement (NAFTA) has contributed significantly to migration pressures. With barriers to agricultural imports lifted, Mexican farmers have found themselves competing with an influx of cheap, heavily subsidized U.S. agricultural commodities. Facing dire poverty in the Mexican countryside, millions have made the wrenching decision to leave. The phase-out of remaining import barriers on corn and beans in January 2008 is expected to cause a further surge in Mexican migration. And yet neither Congress nor the White House has considered a waiver of that NAFTA requirement.

It's also clear that NAFTA's "side agreement" on labor has failed miserably. Rep. Marcy Kaptur (D-OH), Chair of the House Fair Trade Caucus, cited the April 2007 murder of Farm Labor Organizing Committee organizer Santiago Rafael Cruz in the union's office in Monterrey, Mexico as an example of the continued brutal repression. Kaptur described the battle over trade as the "new Civil War" in a June briefing on Capitol Hill. "They've just moved the line," she said. "Instead of the Mason-Dixon, we've got the U.S.-Mexico border. How can we sign these agreements when there is no justice?" The Coalition for Justice in the Maquiladoras recently published "NAFTA From Below," a devastating compilation of first-hand accounts by Mexican workers that add to the evidence of continued systematic labor repression in Mexico's export factories.

## **NEED FOR A BROAD AGENDA TO ADDRESS ROOT CAUSES OF IMMIGRATION**

Debt burdens are only one obstacle to progress in the Global South. Major changes are also needed in the international financial institutions that govern the global economy and in the international trade rules that favor global corporations over the interests of small farmers, workers, and communities. The raging debates over immigration and trade present an important opportunity for immigrant rights, debt cancellation, trade justice and other activists to demand a broad agenda to reduce poverty and insecurity in developing countries. And further debt cancellation should be one component of this agenda, along with more equitable trade, investment, and aid policies.

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