

**Es posible pensar  
una nueva política social  
para América Latina**

Juan Ponce Jarrín

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# Unexpected Effects of the Washington Consensus: Trade Liberalization and Migration Flows in Latin America

David Khoudour-Castéras\*

Elizabeth Bolaños\*\*

## Introduction

If economic reforms adopted in Latin America after the debt crisis of the 1980s had many goals, one of them was definitely not to give an impulse to migration flows. On the contrary, trade and financial openness, coupled with labor market flexibility measures, aimed at fostering foreign investment and strengthening international competitiveness. Therefore, the Latin American labor force was supposed to benefit from new job opportunities, deterring it to migrate to industrialized nations. Nevertheless, two decades and a half of reforms have not brought the expected results. In particular, there has been a strong increase in emigration in most of Latin American countries since the beginning of the 1980s. But is this process the result of the economic reforms implemented in the region during the 1980s and 1990s? In other words, has the called Washington Consensus originated the mass emigration phenomenon faced by Latin America in the last few decades?

The Washington Consensus is a concept introduced by Williamson in 1990 (Williamson, 1990). It refers to the *neoliberal* policies applied in

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emerging markets under the pressure of the U.S. authorities and the international financial organizations located in Washington, D.C., namely the International Monetary Fund, the World Bank and, in the Latin American case, the Inter-American Development Bank. Such policies have consisted, first, of macroeconomic measures aiming at the stabilization of the domestic environment. In particular, restrictive fiscal and monetary policies have been adopted, in order to reduce the debt burden through the generation of fiscal surpluses on the one hand, and to fight inflation caused by the monetary financing of the public sector on the other hand. The Washington Consensus has also resulted in structural reforms, with the goal of making developing countries more competitive. The three main thrusts of these reforms have been the deregulation of domestic markets, the privatization of public firms, and the liberalization of trade and financial flows.

The implementation of the Washington Consensus had as a purpose to help developing countries to face their debt problem by creating the conditions for the accumulation of capital, but also to integrate them into the world economy. But such integration does not include free labor movements. Actually, one of the main inconsistencies of the current process of globalization is that trade and financial openness is not accompanied by border liberalization measures. On the contrary, the more open are goods and capital markets, the more restrictive tend to be migration policies. Another inconsistency is that while developing countries have been compelled to open their economy to international competition, industrialized countries have strengthened protection in several sensitive sectors, such as agriculture, textiles or the iron and steel industry. The problem is that these sectors are precisely the ones where Third World countries have comparative advantages. Therefore, protectionist measures in the North have contributed to slowing down the catch-up process in developing countries, hence maintaining a significant wage gap between Northern and Southern workers. As a result, incentives to migrate remain high for the labor force in developing countries, despite the adoption of more and more restrictive migration policies in industrialized countries.

But precisely, the symmetric use of trade protectionist measures and closed immigration policies represents a nonsense strategy since they both hinder the convergence process between developing and industrialized countries, as underlined by the classical theory of international trade. The Heckscher-Ohlin model, in particular, shows that when the equalization of factor prices is not possible through free trade, factor movements can lead to the same result: international trade and migration flows are considered to be substitutes. In this perspective, trade openness in Latin America should have resulted in a decrease in emigration. But, as seen previously, the inverse process happened: trade liberalization has been followed by a rise in migration outflows, in accordance with the defenders of the hypothesis that trade and migration are complements. The purpose of this paper is therefore to explain how the trade liberalization process in Latin America has led to a strong increase in emigration in most of the countries involved.

### Trade openness in Latin America and its consequences

Trade openness has been part of a series of reforms that Latin American countries were compelled to adopt after the 1980s' debt crisis. Actually, due to an erroneous model of development, based on an import-substitution strategy, Latin American countries were unable to pay back the foreign debts contracted during the 1970s to finance, among others, infrastructure projects and military spending. Several decades of protectionist policies had made the local industry inefficient and non-competitive, which resulted in growing current account deficits, and therefore a lack of foreign currencies. Consequently, different countries, beginning with Mexico in 1982, declared a debt moratorium that ended up in the most severe crisis endured by Latin America since the 1930s' Great Depression. The solution to this crisis seemed, at the time, pretty obvious: it was necessary to open local economies to international competition. Furthermore, the emphasis was made on structural reforms in labor and capital markets, and on a disengagement of public authorities in the economic activity.

The liberalization process has been characterized by a lowering of tariffs in all Latin American countries (-73 percent, on average, between 1985 and 1991-1992). The change was particularly drastic in such cases as Colombia (-92 percent), Costa Rica (-83 percent), and Mexico (-88 percent), although the situation was quite different between these countries. While the two former countries presented average tariffs close to 100 percent in 1985, the latter was already engaged in an advanced process of trade liberalization at the time. The lowest variation in tariff protection was in Argentina (-46 percent) and Venezuela (-43 percent), but these two countries were among the more open countries in the mid-1980s. As a result of the trade opening process, and with the exception of Brazil (21.1 percent), all countries had an average level of tariff protection below 20 percent in 1991-1992, and three of them (Bolivia, Colombia, and Mexico) below 10%. Trade openness in Latin America has also seen the almost complete elimination of nontariff barriers, such as quotas, licenses, technical barriers and outright prohibitions, which usually represented a significant share of import protection. In most cases, nontariff barriers were first replaced by import tariffs and then gradually lowered. In other cases, such as Chile, Peru, and Uruguay, they were removed without compensation (Edwards, 1995).

As a consequence of the liberalization process and in order to become more competitive at the international level, Latin American firms had to increase their productivity, that is, take the decision to invest. Such decision rested with the level of credibility of the liberalization process. Indeed, when trade openness was gradual, private agents tended to consider that the process was temporary and did not adopt the appropriate measures. Besides, improvements in productivity strongly depended on labor market characteristics: the more rigid and distorted labor markets were, the lower the impact of reforms in terms of labor productivity (Michaely, Papageorgiou and Chosky, 1991). But in most cases, trade reforms were followed by a strong increase in total factor productivity, in particular in the countries that began their liberalization process before the rest of the countries, like Chile and Costa Rica (Martin, 1992).

The improvement in productivity fostered the increase in export volumes and Latin American countries began to diversify their economies in

favor of non-traditional products. Thus, the volume of exports for the region as a whole grew at an annual rate of 5 percent between 1981 and 1990. It is noteworthy that several countries had to face a decrease in exports between 1981 and 1990, some of them (Dominican Republic, El Salvador, and Nicaragua). It is likely that the evolution of exports corresponds to the fact that it took some time for firms to adapt to the new international context, namely trade openness. Besides, the significant differences between countries suggest that the level of openness of the economy, as well as the extent of the depreciation of the real exchange rate, have affected the performance of exports (Nogués and Gulati, 1994).

Notwithstanding the positive effects of trade openness in terms of productivity and exports, structural reforms have not equally benefited to the entire population. As a matter of fact, after several decades of protectionism, production facilities had become obsolete and most of the firms were not competitive. It was therefore necessary to restructure the industry, so that domestic firms could both face the competition with imported goods and integrate into international markets through an increase in exports. However, such restructuration implied that many inefficient companies went bankrupt, and hence that lots of workers lost their job. The rise in unemployment that came with trade openness was aggravated by labor market reforms aiming at increasing price and wage flexibility, as well as by the privatization of numerous public enterprises that resulted in mass redundancies.

In a general way, there was an increase in unemployment rate in Latin America: 6.7 percent on average in 1981-1990; 9.2 percent in 1991-2000. But not all Latin American countries present the same features. While most of them recorded a rise in unemployment, in particular Argentina and Nicaragua, where the unemployment rate increased more than 100 percent, other countries saw a decrease in unemployment. Several factors might explain such behavior. First, a country like Chile began its liberalization process roughly a decade before the rest of the region, which is probably the reason why it presented one of the highest unemployment rates in the 1980s. Then, various countries, such as Bolivia or Honduras, faced serious economic troubles, as a consequence of the 1980s' debt crisis. Therefore, the improvement in the unemploy-

ment situation corresponds more to the end of the crisis than to the creation of new jobs. Besides, most Central American countries were dealing with civil wars during the 1980s, which contributed to the rise in unemployment. Finally, the low levels of unemployment in Mexico are essentially due to the proximity of the US border, which allows the Mexican unemployed to migrate in search of better opportunities.

Another impact of trade liberalization is in terms of income distribution. Several studies point out that the openness of Latin American economies has resulted in an increase in wage inequality. Robbins (1996) for instance, explains that trade liberalization, contrary to Heckscher-Ohlin's predictions, has a negative impact on low-skilled workers. In that sense, Wood (1997) shows that while trade liberalization in East Asia contributed to reducing the wage differential between skilled and unskilled labor, the same process in Latin America brought about a rise in wage inequality. According to Wood, the main difference between both regions is not geographic or cultural, but rather a question of timing. Latin American nations began their trade openness process two decades after East Asia and have had to face high levels of competition with other labor-abundant countries, in particular China. Besides, unskilled workers have been affected by the technological progress that occurred between the 1960s and the 1980s. Bulmer-Thomas (1996) and Morley (2000) give empirical evidence that trade reforms in Latin America have had a negative impact on the income distribution.

In total, economic reforms in Latin America have had ambivalent effects. On the one hand, trade openness and labor market reforms have contributed to improving labor productivity and exports; on the other hand, industry restructuring has resulted in countless bankruptcies and mass redundancies that ended in an increase in unemployment. At the same time, structural reforms and international competition have had a regressive impact in terms of income distribution.

While, during the 1970s, the growth rate was positive in the entire region (with the exception of Nicaragua) and relatively high (5.5 percent in total), the following decade was characterized by a significant slowdown in the GDP growth. Thus, during the 1980s, the average annual growth rate for the entire region was 1.4 percent. Several countries

(Argentina, Nicaragua, and Peru) registered negative growth rates, and lots of them (Bolivia, El Salvador, Guatemala, Panama, Uruguay, and Venezuela) presented growth rates below or equal to 1 percent. Above all, the only country with an average growth rate above 3 percent was Colombia (whereas 13 countries presented such characteristic during the previous decade). But after the "lost decade", as the ECLAC called the 1980s decade (ECLAC, 2007), and despite the financial crisis that hit many emerging markets in the second half of the 1990s, growth rates in Latin America rose again (3.1 percent in total between 1991 and 2000). Most countries had higher growth rates than in the previous period, and some of them (Argentina, Chile, El Salvador, and Nicaragua) grew faster than during the 1970s.

Such result seems to confirm that after a period of adjustment, structural reforms have had a positive impact in terms of economic growth. But then, why unemployment rates remained high during the 1990s? One possible explanation is that the increase in total factor productivity was first and foremost a consequence of the improvement in capital productivity. Thus, Bandeira and Garcia (2002) show that the reforms adopted in Latin America in the 1980s fostered capital accumulation, which brought about a rise in productivity. But, at the same time, the increase in capital productivity has gone against the labor factor, which can explain both the negative impact in terms of unemployment and income distribution. As a consequence, emigration has come to represent a safety valve that helps the countries facing unemployment problems to alleviate labor market pressures. It is therefore not surprising that labor outflows increased considerably during the 1980s and 1990s.

### The mass emigration process

From the mid-1980s on, most Latin American countries have become net labor exporters. Thus, the United States, the most important receiving country of Latin American labor force, received around 7.5 million legal immigrants from Latin America during the 1980s and 1990s. Table 1 contains data on Latin American legal permanent residents in the United



States. The rise in immigration for the whole region was 47.2 percent between the 1970s and the 1980s, and 94.7 percent between the 1980s and the 1990s. The increase was even more striking for Central America (181.9 and 79.8 percent, respectively) and for Mexico (62.5 and 173.1 percent, respectively), than for South America (46.1 and 42.7 percent, respectively). At the country level, El Salvador (366.9 percent), Nicaragua (185.1 percent), and Honduras (149.7 percent) presented the highest growth rates during the 1970s, as a consequence of the civil wars in the region, and Mexico (173.1 percent), Nicaragua (158.7 percent), and Brazil (121.2 percent) during the 1980s. Not surprisingly, the country that most migrants has sent to the United States since the beginning of the 1980s is Mexico (5 million immigrants between 1980 and 2006), followed by the Dominican Republic (764 thousands), El Salvador (603 thousands), and Jamaica (485 thousands). In South America, the three countries that have send more people to the United States since 1980 are Colombia (391 thousand immigrants), Peru (249 thousands), and Guyana (213 thousands).

While the income differential between Latin America and industrial countries has played a significant role in the emigration process, it does not explain by itself the differences between countries. Actually, Khoudour-Castéras (2007) shows that the correlation coefficient between the emigration rate to the United States and the GDP per capita for 31 countries of Latin America and the Caribbean between 1980 and 2001 is not significant: 0.08. When Caribbean countries are excluded, the coefficient is equal to -0.37, that is, negative but slightly significant. Therefore, other factors than the level of income are at stake. As underlined by Clark, Hatton and Williamson (2004), determinants such as geography and language help to explain the differences in U.S. immigration rates across Latin America. Actually, the main difference between Mexico and Central America, on the one hand, and the Southern Cone countries, on the other hand, is the distance to the United States. Similarly, English speaking countries, like Belize, Guyana or Jamaica, benefit from a comparative advantage at the time of migrating to the United States (while spanish speaking migrants are choosing more and more to move to Spain).

<i>Region and country of last residence</i>	1950-1959	1960-1969	1970-1979	1980-1989	1990-1999	2000-2006
Mexico	273,847	441,824	621,218	1,009,586	2,757,418	1,208,908
<b>Caribbean</b>	115,661	427,235	708,850	790,109	1,004,687	660,020
Cuba	73,221	202,030	256,497	132,552	159,037	160,133
Dominican Republic	10,219	83,552	139,249	221,552	359,818	182,436
Haiti	3,787	28,992	55,166	121,406	177,446	124,341
Jamaica	7,397	62,218	130,226	193,874	177,143	114,080
Other Caribbean	21,037	50,443	127,712	120,725	131,243	79,030
<b>Central America</b>	40,201	98,560	120,374	339,376	610,189	440,563
Belize	1,133	4,185	6,747	14,964	12,600	6,407
Costa Rica	4,044	17,975	12,405	25,017	17,054	14,010
El Salvador	5,094	14,405	29,428	137,418	273,017	192,950
Guatemala	4,197	14,357	23,837	58,847	126,043	112,142
Honduras	5,320	15,078	15,651	39,071	72,880	43,534
Nicaragua	7,812	10,383	10,911	31,102	80,446	58,913
Panama	12,601	22,177	21,395	32,957	28,149	12,607
<b>South America</b>	78,418	250,754	273,608	399,862	570,624	556,463
Argentina	16,346	49,384	30,303	23,442	30,065	31,738
Bolivia	2,759	6,205	5,635	9,798	18,111	14,456
Brazil	11,547	29,238	18,600	22,944	50,744	75,626
Chile	4,669	12,384	15,032	19,749	18,200	13,362
Colombia	15,567	68,371	71,265	105,494	137,985	147,957
Ecuador	8,574	34,107	47,464	48,015	81,358	72,343
Guyana	1,131	4,546	38,278	85,886	74,407	52,458
Paraguay	576	1,249	1,486	3,518	6,082	3,065
Peru	5,980	19,783	25,311	49,958	110,117	88,979
Suriname	299	612	714	1,357	2,285	1,731
Uruguay	1,026	4,089	8,416	7,235	6,062	5,380
Venezuela	9,927	20,758	11,007	22,405	35,180	49,310
Other South America	17	28	97	61	28	58
Non specified	60,314	22,671	1,038	83	37	17
<b>Latin America</b>	568,441	1,241,044	1,725,088	2,539,016	4,942,955	2,865,971

*Notes:* Legal permanent residents are persons who have been granted lawful permanent residence in the United States. They are also known as "green card" recipients. Refugees, asylees, students, and temporary workers are not included in this category.  
*Source:* U.S. Department of Homeland Security (2007).

Another explanation for the differences across countries is related to the “migration hump”: the poorest countries are not necessarily the ones with the highest levels of emigration. Such countries as Bolivia in South America, Haiti in the Caribbean and Honduras in Central America present lower levels of emigration than their respective neighbors. Income distribution within each country also matters: the higher the Gini coefficient, the lower the level of emigration. The negative relationship between inequalities and emigration is probably due to the fact that the very poor do not have the financial resources to move abroad, while the very rich do not need to migrate to improve their economic situation (Clark, Hatton and Williamson, 2004; Chiquiar and Hanson, 2005). However, chain migration can help to alleviate the “poverty trap”, thanks to the presence of a growing and successful national community abroad.

The question now is to know to what extent the liberalization process that took place in Latin America in the 1980s and 1990s have resulted in a higher level of emigration in the region. Above all, it is important to clarify whether the countries that opened more widely their economy to international competition recorded highest outflows of population than other countries. In other words, it is time to check our hypothesis according to which international trade and emigration are complement.

### Empirical model

In order to identify the impact of trade liberalization on migration flows in Latin America, we now focus on the determinants of migration outflows. In particular, we augment models on emigration to trade liberalization. The estimation method is pooled OLS for the period 1981-2002. Twenty Latin American and Caribbean countries make up the list: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad-and-Tobago, Uruguay, and Venezuela. The dependent variable is the annual emigration rate of Latin Americans to the

United States, that is, the annual number of official immigrants into the United States in relation to the origin country’s population, multiplied by 1,000. It therefore does not take into account emigration to the rest of the world (nor to the countries within the region), or illegal migration. However, as the United States is the main receiving country (some 90 percent of Latin American emigration), it provides a relatively good approximation of the actual emigration rate by country. Immigration figures come from the U.S. Department of Homeland Security (U.S. Department of Homeland Security, 2007), and population from Maddison (Maddison, 2003). Due to the lack of information on return migration and immigration into Latin America, the figures refer to gross migration.

Among the covariates of the model, we include four groups of variables. The first group contains structural determinants of emigration: the income differential between the United States and the origin country, the level of education, and the share of agriculture in GDP. The income differential is measured as the ratio of U.S. GDP per capita to each country’s GDP per capita. GDP calculations are based on Maddison (2003). The level of education is proxied by the literacy rate, which is taken, as well as the share of agriculture in GDP, from ECLAC (2007). The second group is composed of cyclical variables, both in source countries and in the United States. The evolution of the economic activity is measured by the deviation of the logarithm of real GDP from a linear trend, while the employment situation is measured by the unemployment rate. In line with the Harris-Todaro model, these variables aim at taking into account the cyclical causes of migration flows. They are lagged one year, which is generally the time that people need to take the decision to move following economic disturbances. The third group corresponds to social expenditures as a share of GDP. Data are from ECLAC (2007), and are only available from 1991 on. The last group consists of the index of trade openness, which is measured as the sum of imports and exports in relation to GDP. The calculation of the index is derived from ECLAC (2007), which provides information on imports, exports and GDP for all countries in the dataset. Since trade liberalization tends to rise over time, there is a risk that the index of trade openness might pick up other time-related effects. We have added a time trend to the model to see if this is the case.

Results are reported in Table 2. The first equation is for the period 1981-2002, and does not include social expenditures. All coefficients are significant at least at the five percent level and have the expected sign. Not surprisingly, the coefficient of the income differential is positive: the higher the gap between the GDP per capita in the United States and the one in the source country, the higher the rate of emigration to the United States. More interestingly, emigration is negatively correlated with the level of education. One possible explanation is that, contrary to the conventional wisdom, there is a growing demand for unskilled workers in industrialized countries, which is due to the fact that people from these countries do not want to occupy what are considered as devalued jobs. It is also noteworthy that the coefficient of rural population is negative (and significant at the one percent level). This result is in keeping with other studies on the determinants of migration flows, such as Hatton and Williamson (Hatton and Williamson, 1998). As a matter of fact, migration is in the first place a movement from the country to the city before to turn into an international process. (\*)

As expected, migration flows from Latin America to the United States also respond to economic conditions both in sending and receiving countries. Thus, the coefficients of the economic activity and unemployment are significant. Yet, it is striking that the level of confidence of the coefficients associated with domestic conditions (one percent) is higher than for U.S. conditions (five percent). It is likely that would-be migrants are primarily concerned by the situation at home before to inquire about circumstances abroad. In total, an improvement in the domestic economic activity comes with a decreased in labor outflows, while a rise in the U.S. GDP means more migration. By contrast, an increase in the domestic unemployment rate brings about a rise in the emigration rate, while a fall in the U.S. unemployment rate results in an increase in immigration.

Finally, the coefficient associated with the index of trade openness is positive and significant at the one percent level. The coefficient implies that a ten percent rise in the index of trade openness leads to a seven percent rise in the emigration rate to the United States. Such result confirms our hypothesis that trade liberalization and international migration are complements. But, since there is a negative relationship between the

	(1) 1981-2002	(2) 1991-2002
Intercept	207.79 (2.60)**	440.51 (2.00)*
Income differential	0.23 (4.37)**	0.05 (1.06)
Education	-4.18 (-4.55)**	-3.73 (-2.94)**
Agriculture	-0.12 (-6.90)**	-0.10 (-4.77)**
Domestic economic activity (lagged one year)	-2.01 (-2.69)**	-0.77 (-0.74)
U.S. economic activity (lagged one year)	1.09E-09 (2.54)*	9.14E-10 (2.55)*
Domestic unemployment rate (lagged one year)	0.16 (5.86)**	0.14 (4.93)**
U.S. unemployment rate (lagged one year)	-0.27 (-2.18)*	-0.39 (-1.25)
Social expenditures		-15.67 (-6.79)**
Index of trade openness	0.70 (2.36)*	1.46 (3.63)**
Time	-0.10 (-2.61)**	-0.22 (-1.98)*
Number of cross-sections	20	20
Total observations	412	203
Adjusted R <sup>2</sup>	0.764	0.827
Durbin-Watson statistic	1.794	2.281
F-statistic	225.914	111.465
* = Significant at the 5 percent level. ** = Significant at the 1 percent level Note: The <i>t</i> -statistics (in parentheses) are corrected for heteroskedasticity using the White procedure. Sources: see the text.		

income differential and the emigration rate, the explanation is probably not related to the improvement in the economic conditions, which would help migrants to finance their travel. On the contrary, the increase in the emigration rate during the 1980s and 1990s is more probably the result of the adjustment costs of the economic reforms adopted in Latin

America. In particular, the fact that unskilled workers have been more frequently affected by industry restructuring and labor market reforms explains why trade openness has resulted in an increase in emigration from the region, and also why the coefficient of the level of education is negative. It is lastly important to note that the time variable does not affect the results.

The second equation is for the period 1991-2002, and includes social expenditures as a share of GDP. The reason to incorporate this variable in the model is that social insurances are considered to be “indirect wages” that migrants take into account when making the decision to move (Khoudour-Castéras, 2007). Actually, the coefficient of social expenditures is negative and strongly significant, which means that when there is a high level of social investment in such sectors as health and education, people have less incentive to migrate. This factor is particularly important in the current Latin American context, since social safety nets help to offset the costs induced by structural reforms.

It is to be noted that some coefficients are not significant anymore in equation 2, which is probably due to the influence of the variable on social expenditures. This is the case of the domestic economic activity and the U.S. unemployment. One explanation is that the social intervention of the state helps to reduce the sensitivity of the population to economic disturbances. It is also interesting that the coefficient of the index of trade openness is higher and more significant than in equation 1. The probable reason is that during the 1990s, the trade liberalization process was much more advanced than during the 1980s (which was a period of transition), and that the impact in terms of adjustment was higher than previously. This result is in line with what we developed at the beginning of this section, that is, the 1990s were characterized by highest levels of unemployment and inequalities than the 1980s.

## Conclusion

This paper makes a contribution to the discussion on the impact of trade liberalization on migration flows by showing that there has been a com-

plementary relationship between trade and emigration in Latin America during the period 1981-2002. In that sense, the Washington consensus has had a counterproductive effect, since the purpose of the *neoliberal* reforms adopted in Latin America in the last 20 years or so was precisely to improve the living conditions in the region, and hence avoid immigration pressures in industrialized countries, in particular the United States. But, macroeconomic stabilization measures and structural reforms have resulted in high adjustment costs that have given rise to massive bankruptcies and growing unemployment. The upshot of this process has been an increase in emigration in most countries. The lack of social insurance, in particular, has contributed to the intensification of the phenomenon, since the needy do not benefit from social insurances that could offset the effects of the reforms.

It is likely that the improvement of the economic situation in the last few years in Latin America might help to reduce migration pressures, and that economic reforms eventually reach their objectives, that is, the development of the region. But, the problems of poverty and inequalities in Latin America are far from being solved and migration flows from the region to industrialized countries will probably last for a while. It is therefore up to these countries to maintain current restrictive migration policies, against the human rights of the thousands of migrants who try annually to cross the borders, or to loosen the controls, and admit that the only reason why so many people try to enter rich countries is because they know that there are opportunities for them there. Drastic border controls will never change this reality: people do not leave their country by pleasure but by need. Therefore, the best – and probably only – way to reduce immigration in industrialized countries is not by closing the gates, but rather by reducing trade protectionism in such sectors as agriculture and textiles, where precisely developing countries have comparative advantages. It is only in this condition that trade and migration could really become substitutes.

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