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Publications

Programs

Resources

Working Groups

Media Guide

About

Home > Publications > News of the Americas

- Research & Analysis
- Americas Quarterly
- Exclusive Interviews
- Hemispheric Updates
- News & Views
- News of the Americas
- Papers & Reports
- Viewpoints Americas
- Weekly Roundup
- Program Materials
- Program Summaries
- Speeches
- On the Record
- Articles & Op-Eds
- Congressional Testimony
- Congressional Updates
- Multimedia
- Podcasts
- Video
- AS/COA News
- Announcements
- Communication Materials
- In the News
- Press Releases

Recession Strikes Immigrant Jobs, Remittances

Carlos Macias
December 12, 2008

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Immigrants struggle with fewer employment options. (AP Images)

In the midst of a financial storm, the **U.S. labor market lost** more than **half a million jobs** in November alone. While unemployment affects all segments of the population, legal and undocumented Latino workers have been particularly hard hit. The Hispanic unemployment rate hit 8.8 percent in October, **outpacing the national figure** of 6.5 percent.

The rising joblessness coincides with slowing remittance rates, delivering another blow to Latin American economies—particularly in Mexico and Central America—that depend on emigrant money flows. Remittances **slowed down worldwide** from a 16 percent annual increase in 2007 down to only seven percent in 2008. In October, the Inter-American Development Bank forecasted that this year, for the first time since 2000, remittances to Latin America would **decrease in value** when adjusted for inflation.

Given the circumstances, Latin American migrants to the United States find themselves contemplating the idea of returning home, faced with the difficulty of holding down jobs in hard-hit sectors such as construction as well as stiffer immigration enforcement that includes random workplace raids. The *Philadelphia Inquirer* reports about Latin American immigrants moving home, and notes that even **circular migration** across the border may drop as Mexicans return home permanently. A Pew Hispanic Center **report** from October found that the number of illegal immigrants entering the United States dropped from 800,000 per year between 2000 and 2004 to 500,000 per year in 2007. Additionally, immigration officials claim that **tougher enforcement has helped reduced illegal immigration**; more than 290,000 illegal immigrants were deported in 2007, which they say has induced others to consider the option of returning home.

Those who return or remain must also contend with economic consequences. NPR covers the **struggles** of poor residents in the Mexican state of Michoacán receiving fewer remittances from their relatives. The report also envisions problems for local governments if, for example, 10 percent of migrant workers decide to return. “No, there’s no work...there are some serious complications. This is reality,” State Legislator Antonio Garcia says.

However, the Associated Press reports that **remittances to**

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Americas Quarterly

Mexico rose by \$2.4 billion in October compared with \$2.2 billion a year ago as Mexican immigrants sending money ahead of the Christmas season and **cashing in** on the declining value of the peso. That means more purchasing power in the hands of millions of families already strained by a weak economy. Despite this positive glimpse of recovery, the *Economist* explains that many workers might be **sending home their savings** in advance of their planned return.

[Publications](#) | [Programs](#) | [Resources](#) | [Programs](#)
| [Working Groups](#) | [Media Guide](#) | [About](#) |
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In the United States, the immigration debate became a lesser issue in the 2008 presidential race and could be **relegated to the back burner** of Barack Obama's presidential agenda, given the pressing need to confront the financial crisis. During his campaign, Obama **promised** to secure U.S. borders, reform existing immigration laws, and "bring illegal workers out of the shadows." The recent nomination of Arizona's Governor Janet Napolitano to the secretary of Homeland Security post by Obama is perceived as a **strong sign** that the next administration will eventually tackle immigration reform, given Napolitano's expertise in border issues and immigration law.

The Migration Policy Institute **recaps** the top 10 immigration issues of 2008 and suggests which issues to keep an eye on in 2009.

Read AS/COA **coverage** on how the financial crisis has hit immigrant pockets this year.

Send questions and comments for the editor to:
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