

# Slave-Labor Drive Behind Bush Immigration Policy Fight

by Paul Gallagher and Dennis Small

One of the first external policy fights of the dysfunctional second Bush Administration, as it is being purged within, will be for an “immigration reform” which enables U.S. businesses to legalize completely their large-scale importation of cheap labor from Mexico and Central America. Administration figures, from the now-purged Secretary of State Colin Powell (while visiting Mexico on Nov. 10) to leading controller Karl Rove (on Nov. 9) made it clear that the White House wants immediately to put drive wheels behind President Bush’s July 2004 proposal, that present and future undocumented immigrants be made “guestworkers” for a 3-year period (renewable once) and then sent home. “Now that the election is behind us, the President intends to engage Congress on this,” Powell told the Mexican press.

While this scheme, and variations floating around Congress in half a dozen legislative alternatives, is being compared to historical examples such as the 1946-64 “*bracero*” importation of Mexican migrant farm laborers, in reality it has nothing to do with any previous economic period. In *this* period, Mexicans and Central Americans are flooding into the United States as refugees from the complete devastation and prostrate collapse of their home countries under wars and International Monetary Fund debts. **Figure 1** shows the extraordinary proportions of these countries’ entire populations—men, women, and children—which have fled to the United States labor market, whether by crossing illegally, overstaying work or student visas, or other means, in order to survive. The proportion for Honduras, not shown here, is also now 10%.

And in *this* period, U.S. employers are using this desperate, virtual slave-labor flow to “recycle” and underpay the American labor force in a way never seen before.

Although the 1986 Immigration Reform and Control Act is rarely being enforced against these firms as it is—enforcement has been “at the border, not at the business”—the Chambers of Commerce and big chains led by Wal-Mart want unrestricted license to employ illegal immigrants “legally.”

## ‘Essential Worker Importation’

The Bush guestworker idea—“indentured worker” is a less euphemistic and much more accurate term for it—was reject-

ed by Congress when the President proposed it earlier this year. The 109th Congress that convenes in January will be more Republican, but may be even more opposed to indenturing undocumented immigrants to U.S. corporations than the 108th was, making this a sharp fight within the Republican Party. Rep. John Hostettler (R-Ind.), for example, head of the Immigration subcommittee of the House Judiciary Committee, told the press on Nov. 11 that the idea won’t pass Congress, and a spokesman for House Speaker Dennis Hastert (R-Ill.) agreed. Said Hostettler: “In our subcommittee, we have held hearings in the 108th Congress that indicate such a program would continue a long-term downward spiral in the wages of low-skilled workers. The simple fact of the matter is, when we bring in individuals who are willing to work at such low wages, we do nothing but displace American citizens.”

Various “immigration reform” bills, including one pushed by Republican Senators McCain of Arizona and Larry Craig of Idaho and which had 63 Senators signed up in the 108th Congress, agree with President Bush’s scheme in that they document the undocumented worker with a temporary work card—i.e., tie him or her to an employer. But these bills are limited to farm work, or to at most a couple of hundred thousand workers—and they lead to a green card and eventually can lead to citizenship. Bush’s plan emphasizes the effective deportation of the indentured illegals, after three years or six, and it is much broader, applying to millions of illegal immigrants.

During the visit of Powell and Homeland Security Secretary Tom Ridge to Mexico Nov. 8-10, Mexican Interior Minister Santiago Creel stated that Mexico agreed with this policy: “only circular migration. We both [he and Ridge] agree that there is no way to stop this migratory flow,” Creel told their press conference. “We think this flow has to be regulated in a circulatory manner.”

George W. Bush’s proposal to “circulate” illegal immigrants through the U.S. labor force as essentially indentured workers, was crafted in August 2002 by the right-wing anti-government Cato Institute in Washington, on behalf of a Wal-Mart-centered business lobby calling itself the Essential

TABLE 1

**U.S. Comparative Wages, 4th Quarter 2003**

Labor Force Group	Mean Weekly Wage	Median Weekly Wage
Whites	\$729	\$600
Blacks	\$571	\$480
Hispanics	\$494	\$400
Others	\$706	\$560
All Workers	\$680	\$550

Source: Pew Hispanic Center.

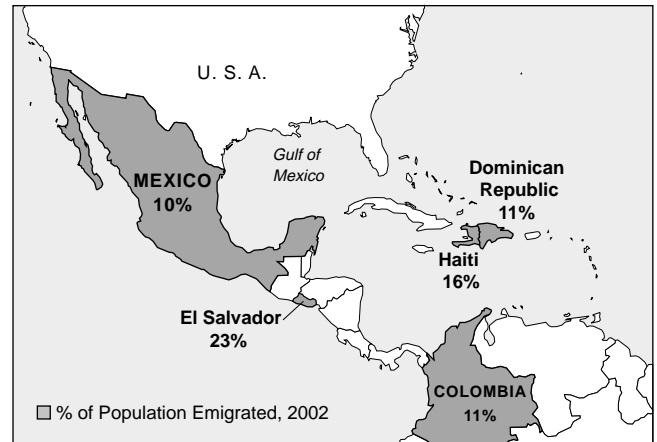
Worker Importation Coalition (EWIC). Cato's code-phrase title for the scheme was "Willing Workers"; and when Bush brought it up again in the Arizona State University Presidential debate on Oct. 13, he used the code format: "There ought to be a temporary worker card that allows a willing worker and a willing employer . . . to fulfill the employer's needs." A more succinct indentured-servitude formula would require going back to the contracts of Irish indentures brought to the Carolinas and Georgia in the 17th and 18th Centuries.

By "essential workers," Cato Institute and Cheney-Bush mean cheap workers. The comparative mean and median wages in 2003 shown in **Table 1** make very clear what the policy is. The Census Bureau's report on poverty in America in 2003 showed both 5 million newly poor, and a drop in the median American household income by \$1,500 during a supposed 2002-2003 "recovery." These figures are at the core of that, because such a large proportion of the new jobs in this alleged "recovery," as shown below, are going to, *not immigrants in general, but new immigrants who've entered the United States since 2000*. These immigrants are overwhelmingly employed, and can enforce almost no rights, sometimes not even the right to be paid at all, as recent cases with Wal-Mart, Target, Albertsons, Vons, Safeway, and Ralph's stores have shown clearly enough.

**Strategy for Destroying Real Wages**

The degree to which the Bush Administration's feeble "job recovery" in 2003-04 has been dependent upon the cheap hiring of new immigrants is astonishing. An *EIR* study in September ("A Fifth of All Mexicans Are Now Economic Refugees in the U.S.," in the Sept. 10 issue) showed that *post-2000* Hispanic immigrants had gained more than 1 million jobs during Bush's first term (from mid-2000 to mid-2004) while non-Hispanic white workers, black workers, and earlier Hispanic immigrants, combined, had lost more than a million. At the end of October, a labor force analysis was released by the Center for Immigration Studies (CIS) in Washington, entitled *A Jobless Recovery?* The study is based on very close analysis of the U.S. Census Bureau's most comprehensive and in-depth survey, the Current Population Survey, in which every one of 225,000 households is visited by a Census

FIGURE 1

**'Export of People' from Mexico and Central America**Sources: International Monetary Fund; *EIR*.

employee.

The CIS analysis showed U.S. business even more dramatically "hooked" on hiring recent immigrants (the study, together with one by the Urban Institute, estimated 10 million or more undocumented immigrants here now, with 600,000 arriving a year).

**Table 2** is taken from the CIS study. From mid-2000 to mid-2004, the number of employed adult immigrants increased by 2,279,000, while the total number of jobs in George "Herbert Hoover" Bush's entire economy fell! And—not shown in this table—the number of employed adult *recent* immigrants—those who fled to the United States seeking work *only during this four-year period*—rose by an even greater amount, 2,857,000. This means that there was a net *loss* of half

TABLE 2

**Immigrant and U.S.-Born Labor-Force Status, 2001-04**

(Thousands of Workers)

Status	Immigrants	U.S.-Born Workers
Working 2000	17,463	115,797
Working 2004	19,742	115,315
Change 2000-04	2,279	-482
Unemployed 2000	904	4,812
Unemployed 2004	1,292	7,085
Change 2000-04	388	2,273
Out of Labor Force 2000	5,883	30,846
Out of Labor Force 2004	6,923	34,813
Change 2000-04	1,040	3,967

Sources: Center for Immigration Studies; U.S. Census Current Population Survey.

a million jobs by all the earlier immigrants combined; as well as the net loss of 482,000 jobs by all U.S.-born workers combined! Conclude the CIS researchers, “All of the net growth in immigrant employment is due to *new* immigrants. . . . The reason the number of adult immigrant workers did not grow by 2.9 million is that some immigrants [already] here in 2000 had died, gone home, become unemployed, or left the labor force by 2004” [emphasis added].

Table 2 also highlights the very large number of U.S.-born workers, and of earlier-than-2000 immigrant workers, who dropped out of the workforce during 2000-2004, while the newest immigrants were being hired for 2.9 million jobs. The CIS study shows that only about 30% of these left the workforce for non-economic or semi-economic reasons—caring for young children, retiring early, attending college, etc.—and most left the workforce unable to find decent work. And **Figure 2** breaks this process down year by year, making clear that it was not letting up at the end of Bush’s first term: Immigrants got two-thirds of the new jobs created from mid-2003 to mid-2004, while making up only 15% of the work-

## A New ‘Southern Strategy’?

This recycling of employment to a growing flood of legal and illegal immigration—what economist and Democratic leader Lyndon LaRouche has called a virtual slave-labor supply—while distributed across the whole labor market, is heavily concentrated in some, mainly southern and south-western states. From mid-2000 to mid-2004, some 60% of the increased employment of immigrants in the country, was concentrated in seven states: Texas (with 17% of the total national increase by itself), Arizona, North Carolina, Georgia, Virginia, Maryland, and California. In most of these states, immigrants accounted for close to 100% of net new employment. And these seven states accounted for 40% of the labor-force dropouts among U.S.-born workers nationally.

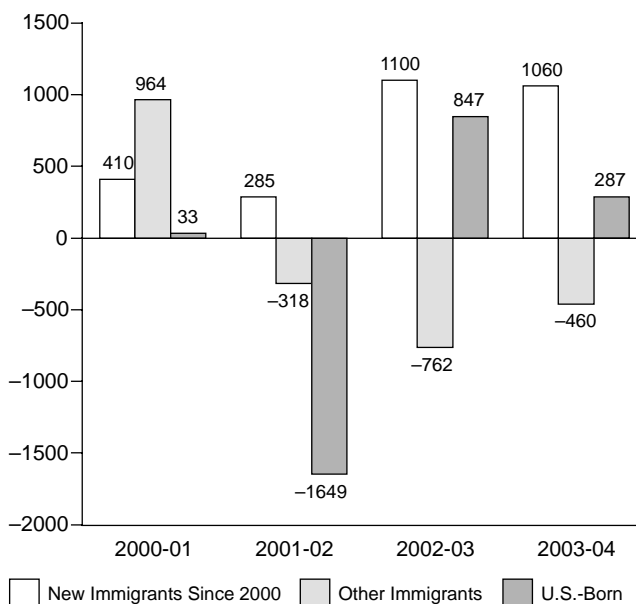
The CIS analysis proves that the domination of U.S. business’ job creation by new-immigrant hiring stretches across the labor force by sector, skill, and wage level, destroying the myth mouthed by Bush, and developed in the Cato Institute scheme, that new immigrants are taking only unskilled, very low-paid jobs for which the available native workforce is declining. This is most dramatically shown in the construction trades, which have been high-skilled, well-paid employment, and in which there is a high rate of unemployment overall. Immigrants now comprise one-quarter of construction workers; brand-new immigrants comprise 7% of employed construction workers; and unemployment of U.S.-born construction trades workers is at 12.7%.

The assumption of the Cato/Bush policy—that Mexicans and Central Americans still come to the United States to earn some money and return (“circular migration”)—is a lie; this

FIGURE 2

## Job Gains and Losses by Year, 2000-04

(Thousands of Jobs)

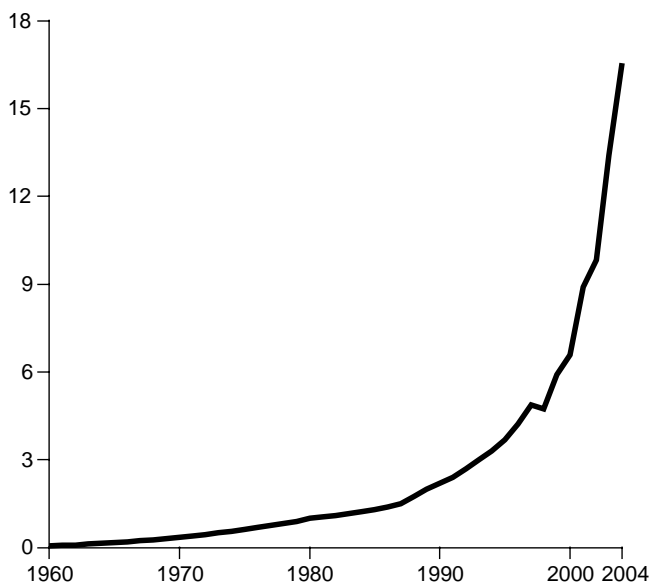


Sources: Center for Immigration Studies; U.S. Census Current Population Survey; *EIR*.

FIGURE 3

## Mexico: Workers’ Remittances

(\$ Billions)

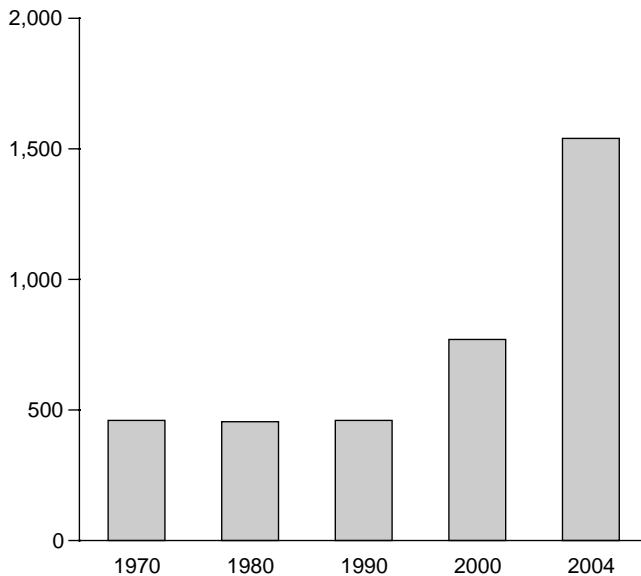


Source: Central Bank of Mexico.

FIGURE 4

**Mexico: Remittances per Emigrant**

(Dollars)



Source: Central Bank of Mexico; INEGI.

immigration has become a desperate flood of economic refugees from destroyed economies, and is self-accelerating as the dependence of people in those countries upon remittances from the United States grows, and draws more and more to flee across the border.

**Remittances Skyrocket**

Now look at this same process from the vantage point of the remittances sent back to their countries of origin by these migrant “economic refugees.” In many countries, these remittances constitute a giant portion of the country’s total Gross Domestic Product: 22% in the case of Nicaragua, 17% for El Salvador, 9% for Honduras, and 3% for Guatemala. But Mexico, even though remittances were “only” 2.2% of its GDP in 2003, is the dominant and exemplary case to be examined.

**Figure 3** shows that remittances sent back to Mexico from the United States rose gradually over the three decades from 1960-1990, from about \$50 million, up to \$2.2 billion. But then, as Mexico’s economy crumbled under IMF conditionalities and as NAFTA rammed free trade lunacy down the throats of both the United States and Mexico, legal and illegal Mexican emigrants residing in the United States rose from 4.8 million in 1990 to 8.5 million in 2000, and their annual remittances tripled from \$2.2 billion in 1990, to \$6.6 billion in 2000.

Enter George Bush—and his *amigo* in free-trade lunacy, Mexican President Vicente Fox. Over the Bush-Fox years,

remittances leapt to \$13.4 billion in 2003, and the pace of the first three quarters of 2004 indicate that this year remittances will hit a staggering \$16.6 billion. This gigantic sum is more than 80% of Mexico’s earnings from oil exports this year—even though the price of oil is soaring—surpassing total foreign direct investment, or the earnings of national and international tourism combined. The average growth rate of remittances, between 2000 and 2004, has been 26% a year.

But it is not only that remittances are rising: the amount sent home by each emigrant is also rising dramatically, underscoring the fact that we are witnessing a phenomenon of economic refugees being driven into indentured servitude. **Figure 4** shows that the average annual remittances sent back, per emigrant, was steady in the 1970s and 1980s, then rose by about 5% per year over the 1990s; and then *doubled* from \$770 per emigrant in 2000 to \$1,540 in 2004—an average increase of nearly 19% a year from 2000-2004.

Underlying these numbers is the fact that emigrants are increasingly young males, who come to the U.S. to work two or three jobs, in order to insure their families’ mere subsistence back in Mexico. Family structure is being ripped apart by this desperate economic reality—making the Bush policy in fact the most *anti-family* policy imaginable.

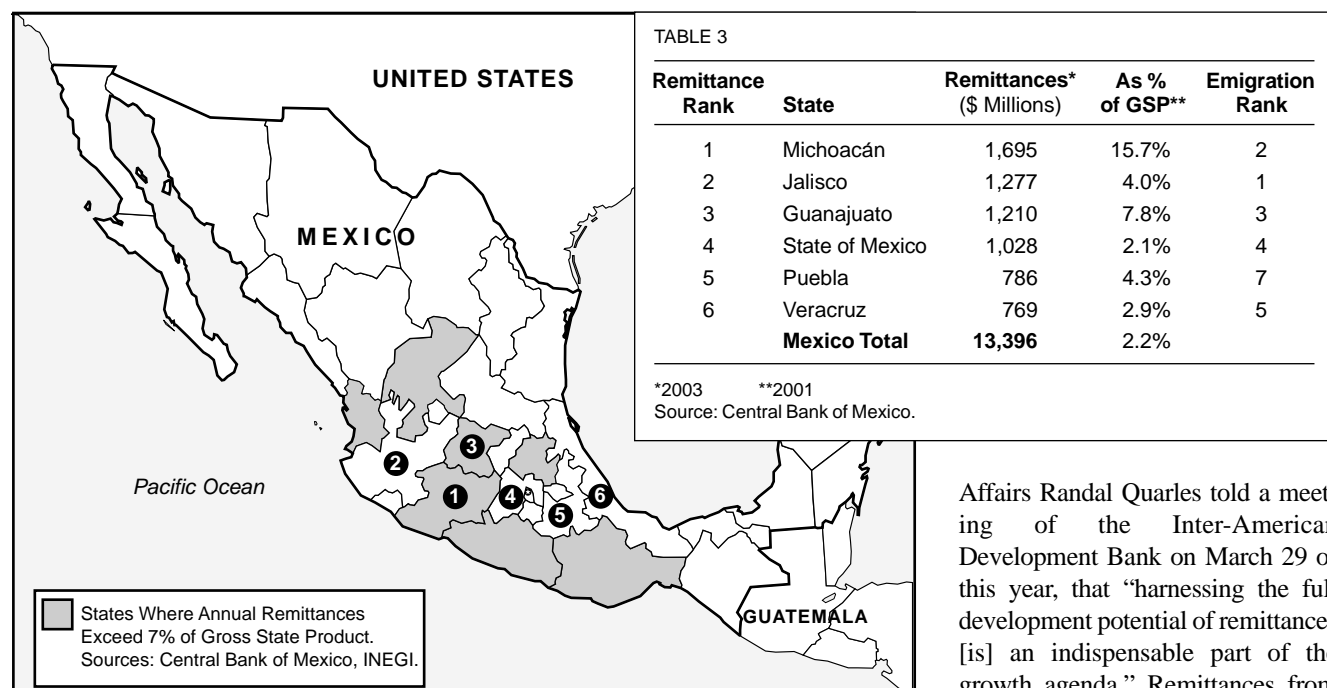
What becomes of this money? The remittances are principally spent on basic consumption items back in Mexico: food, clothing, and household goods. Entire local economies survive only because of these remittances. That has been the case with communities in the central Mexican states of Michoacán, Jalisco and Guanajuato, but this is also the case now in the southern states of Puebla, Oaxaca, Chiapas, and Yucatán, from where immigration has been growing. **Table 3** lists the top six states in terms of total remittances received in 2003—which lawfully closely match the country’s leading “exporters” of migrant labor. Although nationally remittances are “only” 2.2% of GDP, on a state level they rise to as much as 15.7% of Gross State Product (GSP), as in the case of Michoacán. **Figure 5** locates the six leading remittance-receiver states, which form a belt across the middle of the country, as well as those states where remittances are more than 7% of their respective GSP.

As mentioned, these remittances are the most important source of foreign exchange—after oil—which Mexico receives; and if the current pattern continues, remittances will *surpass* oil in 2005. This foreign exchange is desperately needed by Mexico to pay its gigantic foreign debt, which in real terms today exceeds a quarter trillion dollars. In fact, as **Figure 6** shows, in 2003 remittances exceeded foreign interest payments for the first time ever. No wonder, then, that the IMF, Wall Street, and their advocates in government have been avidly promoting the flow of remittances as a source of “development” funds—by which they mean foreign exchange that can be used to pay the foreign debt.

For example, Assistant Treasury Secretary for International

FIGURE 5

## Top Mexican States in Receiving Remittances



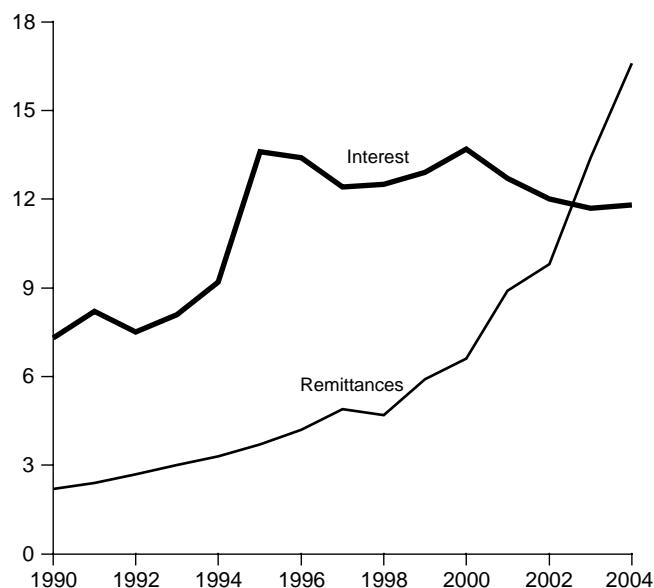
Sources: Central Bank of Mexico, INEGI.

Affairs Randal Quarles told a meeting of the Inter-American Development Bank on March 29 of this year, that “harnessing the full development potential of remittances [is] an indispensable part of the growth agenda.” Remittances from workers in the United States, he insisted, are “a powerful source of

FIGURE 6

## Mexico: Remittances vs. Foreign Interest Payments

(\$ Billions)



Sources: Central Bank of Mexico; World Bank.

funds for development.”

As Bush splits his own party for and against the “guest-worker” scheme, he opens a flank for the anti-immigration fascism of Harvard’s Samuel Huntington, whose book *Who Are We* is being used to coalesce an anti-Hispanic “nativist” backlash. Rep. Tom Tancredo (R-Colo.) leads this drive in the states, where several anti-immigrant referenda were on the Nov. 2 ballot—one passed in Arizona, but another failed in Tancredo’s home state—and in the Congress. Tancredo and others, most Republicans, are organizing a Congressional letter of opposition to Bush’s policy. They use the claim that Hispanic immigrants are simply stealing “native” workers’ jobs. But in fact, these new immigrants are simply being caught up and used in the final deindustrialization of the United States economy. The 2.2 million manufacturing jobs lost during Bush’s term have not gone to the 2.3 million newly-employed immigrants—they’ve simply gone; service jobs have replaced them.

The only policy which can stop this entire process, is one policy of *cross-border economic reconstruction*, economic infrastructure-building on a grand scale, including the great project of watering the Great American Desert. This, in fact, is the only policy which can be combined with an open border. Bush’s “indentured temporary worker” scheme is not only a fascist economic and labor policy, but a guaranteed failure as an immigration “reform.”