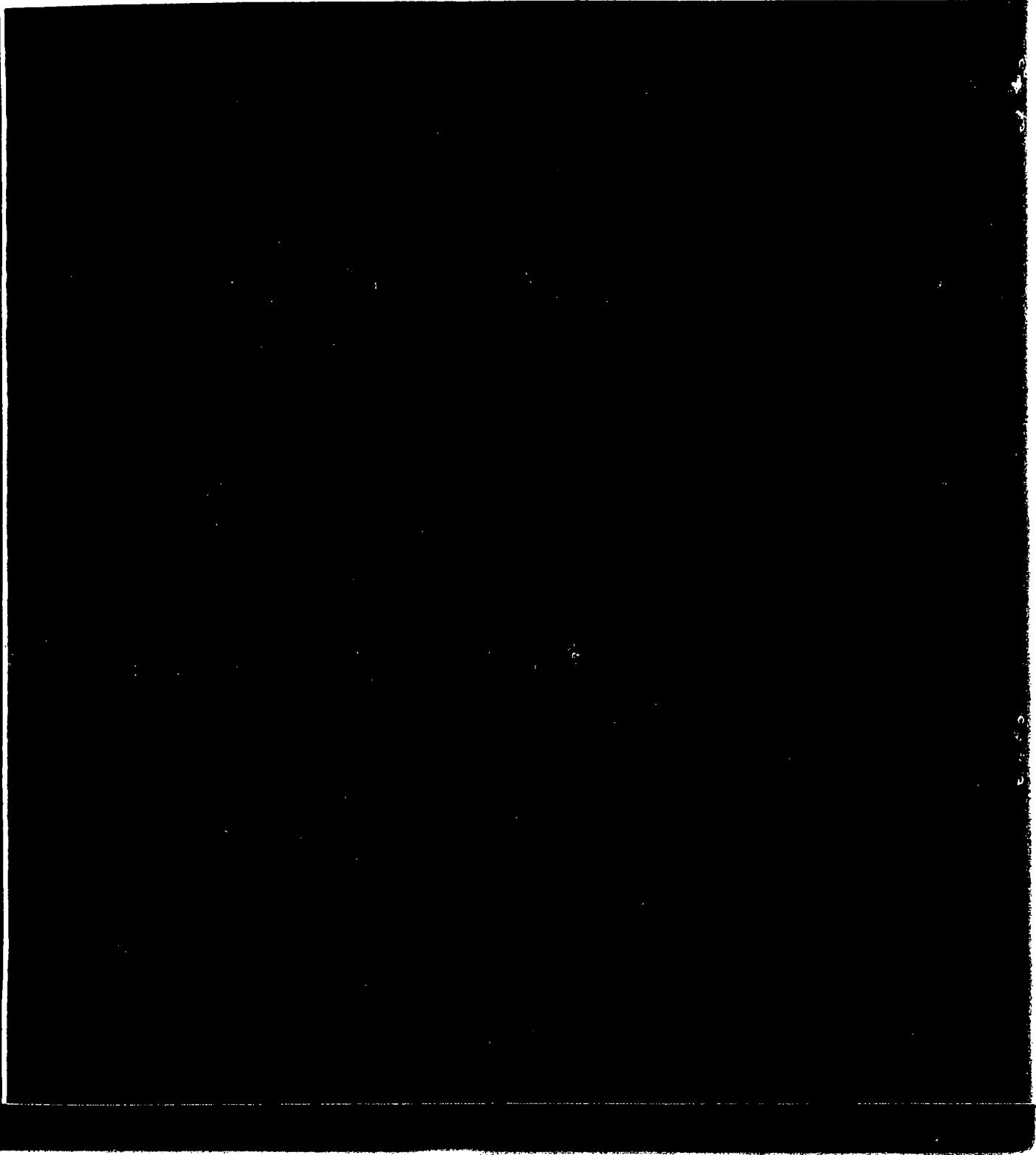


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Population Patterns

Peru's population growth rate has increased from 2.6 percent annually in the 1950s to nearly 3 percent annually since 1960; this largely reflects higher birth rates while death rates remained stable. Population control was not officially encouraged until 1975 when the government endorsed family planning based on family health and welfare. Peru still does not conduct a large contraceptive distribution program, however. Along with rapid population growth there has been extensive rural to urban migration, especially to the area surrounding Lima. As a result of this shift, urban areas hold 63 percent of the total population compared with 58 percent in 1970 and 45 percent in 1960.

Peru continues to experience rapid rural-to-urban migration. Even so, the rural growth rate jumped to 0.9 percent annually in this decade, partly reflecting government attempts to settle migrants from rural areas in regions outside city limits. The urban growth rate approximates 4 percent annually. More than one-half of Peru's total population is of Indian descent, living mainly in small mountain villages and often speaking Indian languages. The small European upper class controls much of the country's economic wealth; Spanish-speaking urbanites comprise almost all illegal migrants to the United States.

Employment and Labor Force

Growth in the labor force has mirrored the rapid population increase. With most of the rise in urban areas, the share of agricultural employment slipped from 53 percent to 44 percent during 1961-75. Since rising productivity has sharply limited the gain in labor requirements in manufacturing and mining, about 85 percent of the increment in the urban labor force has been absorbed by the low paying service sector. This has contributed to a Peruvian minimum urban wage scale among the lowest of the Latin American source countries.

Because many service jobs are casual, involving less than full time work, the growing share of the labor force in the services sector has contributed substantially to increased underemployment. Although no reliable statistics are kept, the increased importance of services coupled with Peru's current economic difficulties are thought to have pushed the combined underemployment and unemployment rate as high as 50 percent. The hardships for urbanites are further exacerbated by the lack of unemployment insurance and a welfare system.

Outlook

As Peru struggles to restore its international credit rating with a strict austerity program, economic growth is expected to remain low. By 1982, with renewed economic stability and growing export earnings from new petroleum

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Population Patterns

Family planning programs instituted over the past decade have cut population growth from 3 percent annually in the 1960s to 2.3 percent during the 1970s. Despite opposition from the Catholic Church, the government in 1967 added family planning services to the nation's public health centers to help ease the burden of supporting an increasingly younger population. The decline in population growth comes in spite of improvements in health and sanitary conditions that have sharply cut infant mortality and contributed to a population that is among the youngest in South America. In 1970, 58 percent of the population was under 20 years old.

Colombia has emerged as a predominantly urban society. About 64 percent of the population lives in cities—the highest urbanization rate among the major source countries. The tide of political violence that swept rural areas during the 1950s spurred heavy migration to urban areas that peaked at 5.5 percent annually. As a result, growing numbers of Colombians were exposed to contrasts of wealth and poverty, while adding to the ranks of urban unemployed living in slum areas. During the 1960s, continued domination of rural landholdings by a few owners, the fragmentation of small holdings, and expanding urban employment opportunities contributed to an especially strong rural exodus, even by Latin American standards. This outflow has reduced rural population growth to 0.4 percent annually during the past two decades.

Employment and Labor Force

Because of rapid industrialization, employment in the manufacturing sector has increased by 6.5 percent annually since 1967. Moreover, the accompanying construction boom encouraged the influx of migrants that has strained absorptive capacity in the service sector. Because of the rural exodus, the agricultural labor force has virtually stagnated at 2.5 million persons since 1960.

Official statistics indicate that unemployment approaches 10 percent of the labor force in urban areas, with underemployment affecting an additional 15 percent of the labor force. Agricultural underemployment, long a way of life in Colombia, has been somewhat eased by the rapid growth in illicit narcotics traffic. These earnings combined with recent high coffee prices have probably resulted in per capita rural incomes increasing faster than these in urban areas.

Outlook

Illegal migration from Colombia probably will increase, albeit at a slower pace, in the years ahead. Reasonably good economic growth prospects—if not undermined by politics—favor gradually improving social and

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NATIONAL SECURITY INFORMATION
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improvement, foreign investor interest in El Salvador is being undercut by worsening violence, which has already included kidnappings of foreign businessmen.

Population Patterns

El Salvador's population growth, just under 3 percent annually in the 1950s, spurted to an average of 3.4 percent in the 1960s but has now returned to the 1950s level. Extensive emigration to neighboring countries—chiefly Honduras—held the 1950s rate below the natural rate of increase. Forced repatriation of some of these emigrants helped boost the rise in the 1960s. In the 1970s the natural rate has declined moderately, probably in large measure as a result of family planning programs instituted in the latter half of the 1960s. The population became slightly younger during the 1960s. In 1970, 58 percent of total population was under 20 years old.

Earlier emigrants were primarily farmers who moved into neighboring countries to find land, because half of El Salvador's productive land is held by some 1,800 large landholders, leaving the rest of the rural landowners—some 86,000 in 1967—crowded into the remaining half. With movement into Honduras virtually halted since the 1969 "Soccer War," rural residents who otherwise might have crossed the border instead moved into towns, principally provincial centers. These towns, in turn, are apparently the chief source of new settlers moving into the capital, San Salvador. Urban population has been growing much faster than the general population in the 1970s—4.2 percent a year—and consequently urban residents, many of them skilled or semiskilled, are becoming increasingly important in the illegal flow.

Employment and Labor Force

The urban labor force has been increasing much more rapidly. Between 1960 and 1975 the labor force in the manufacturing and services sectors doubled, while the rural labor force grew less than 30 percent because of population movement into the towns and emigration to Honduras. Labor productivity has been rising very slowly. Productivity in manufacturing has not risen much faster than agricultural productivity, reflecting the generally low level of capital investment. The overall unemployment rate is very high—an estimated 30 percent, including underemployment—and wages are low in both industry and agriculture.

Outlook

Over the next several years illegal emigration will continue to be heavy. The growth of emigration may exceed the increase in the number of people entering the migration-prone years as overcrowding becomes more acute and new labor force entrants exceed the number of jobs created. The United

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Virtually all illegal migrants coming from Guatemala are from the larger Spanish-speaking population which accounts for the overwhelming share of the country's urban population and one-third of the rural population.

Guatemala's population growth of 2.9 percent annually is about average for Central America. The urban growth rate of 4.4 percent, however, is among the region's fastest. The rural population has been growing only 2 percent annually, because of a high rural mortality rate and because of migration to urban areas where employment and wages are more attractive. Family planning has had no impact on population growth. The population is relatively young, with 55 percent under 20 years of age as of 1970.

Employment and the Labor Force

Despite rapid economic growth, job creation failed to keep pace with the number of new entrants to the labor force, causing unemployment and underemployment to increase over the past decade. The postquake reconstruction boom temporarily reduced unemployment and raised wages, but underemployment is endemic. The economically active proportion of the population is among the lowest in Latin America: 12 percent of all females and 30 percent of the entire population, reflecting the population's youthfulness and the low level of activity outside of subsistence agriculture.

The structure of the labor force has changed with the growth of urban concentrations from 1960 to 1975. Agricultural workers' share in the total labor force declined from 67 percent to 55 percent. Agricultural labor showed the largest gains in productivity, however, as new lands and capital-intensive cultivation boosted production. Employment in services registered the greatest gains in numbers, albeit the least gain in productivity. Nonetheless, value added per worker in largely urban occupations in services and manufacturing remained substantially higher than in agriculture, indicating that the rapid pace of migration from rural to urban areas will continue.

Outlook

We foresee little easing of pressures for illegal emigration to the United States over the next decade. The principal motivation, the large wage differential, will certainly persist, while improvement in the upward mobility of the labor force will come only slowly. Encouragement of investment in labor-intensive industries would speed the pace of job creation, but programs now on the books almost certainly will fall short of absorbing growth in the urban labor force.

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economic conditions. As the middle class expands, highly uneven income distribution apparently is flattening. Moreover, with the sharp drop in population growth, the government will be able to devote a greater share of its expenditures to investment rather than expanding social services. Nevertheless, the large numbers already born will cause a 50-percent expansion in the migration-prone age group over the next decade, thus spurring emigration. To the extent that drug interdiction efforts are successful, pressures for illegal immigration will increase. This is especially true of any drastic cuts in marijuana cultivation, which employs far more people than cocaine smuggling. Efforts to eliminate this crop would heighten rural migration, thus increasing urban unemployment and prolonging the existence of the huge wage gap between Colombia and the United States.

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Colombia

	1950	1960	1970	1977
Population (thousand persons)	11,592 (100%)	15,953 (100%)	21,373 (100%)	25,014 (100%)
Rural	7,187 (62%)	8,455 (53%)	8,763 (41%)	9,005 (36%)
Urban	4,405 (38%)	7,498 (47%)	12,610 (59%)	16,009 (64%)
	1951-60	1961-70	1971-77	
Average annual population growth (percent)	3.2	3.0	2.3	
Rural	1.6	0.4	0.4	
Urban	5.5	5.3	3.5	
	1960	1975		
Labor force (thousand persons)	4,873 (100%)	7,030 (100%)		
Agriculture	2,506 (51%)	2,531 (36%)		
Manufacturing and mining	937 (19%)	1,617 (23%)		
Services	1,430 (29%)	2,882 (41%)		
	1977			
Daily wages (US \$)				
Urban minimum	2.00			
Rural average	1.75			
	1977			
Annual per capita income (US \$)	760			
	1973-77			
Average annual real GDP growth (percent)	6.3			
	1960	1975		
Gross domestic product (million US \$)	3,742 (100%)	12,659 (100%)		
Agriculture	1,276 (34%)	3,671 (29%)		
Manufacturing and mining	794 (21%)	3,291 (26%)		
Services	1,672 (45%)	5,697 (45%)		
	1960	1975		
Value added per worker (US \$)	768	1,801		
Agriculture	509	1,450		
Manufacturing and mining	847	2,035		
Services	1,169	1,977		
	1975			
Real GDP (Index: 1960=100)	228			
Agriculture	176			
Manufacturing and mining	242			
Services	255			
Labor productivity (Index: 1960=100)	156			
Agriculture	190			
Manufacturing and mining	161			
Services	110			
Major products:				
Agriculture: coffee, rice, corn, sugarcane				
Manufacturing: textiles, food processing, clothing, footwear, beverages				
Mining: crude oil, natural gas, coal, iron ore, gold				
	1960	1975		
Cultivated land (thousand hectares)	3,192	4,000		
Cultivated hectares per agricultural worker	1.3	1.6		

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APPENDIX A

El Salvador

El Salvador is the principal source of illegal migration from Central and South America to the United States. An estimated 25,000 persons enter illegally each year, more than 10 times the number of legal entrants. Pressures for emigration are strong. El Salvador is the second poorest country in Central America (after Honduras) and by far the most densely populated. Its population continues to grow rapidly, despite some slowing in the 1970s. Population pressures that had led some 300,000 Salvadorans to emigrate to sparsely populated, neighboring Honduras between World War II and the late 1960s were an indirect cause of the 1969 "Soccer War" with that country. Legal and illegal emigration is heavy and probably will remain strong into the 1980s, despite government efforts to provide more employment in both rural and urban areas.

The Economy at a Glance

The Salvadoran economy and society are among the most rigid in Latin America. Income distribution is highly skewed and economic opportunity for members of the lower and middle classes is extremely limited. A small oligarchy controls much of industry and agriculture and has great influence on the quasimilitary government in power. Rural and urban violence—endemic since the early 1930s—has intensified during the past year. The increased violence reflects several factors, including general economic discontent and the government's failure to crack down on dissident activity.

The modern economy is largely service oriented. The services sector—chiefly government, construction, trade, and transportation and communications—accounts for more than one-half of GDP and is growing slightly faster than the economy as a whole. Agriculture, however, remains the economic base; it accounts for more than one-half of total employment and is the chief source of foreign exchange earnings. Coffee, cotton, and sugar are the leading export commodities, together making up more than 70 percent of all sales abroad in 1977. The manufacturing sector—mainly processed food, textiles, and clothing—accounts for about one-fifth of GDP and employment, but the share is rising.

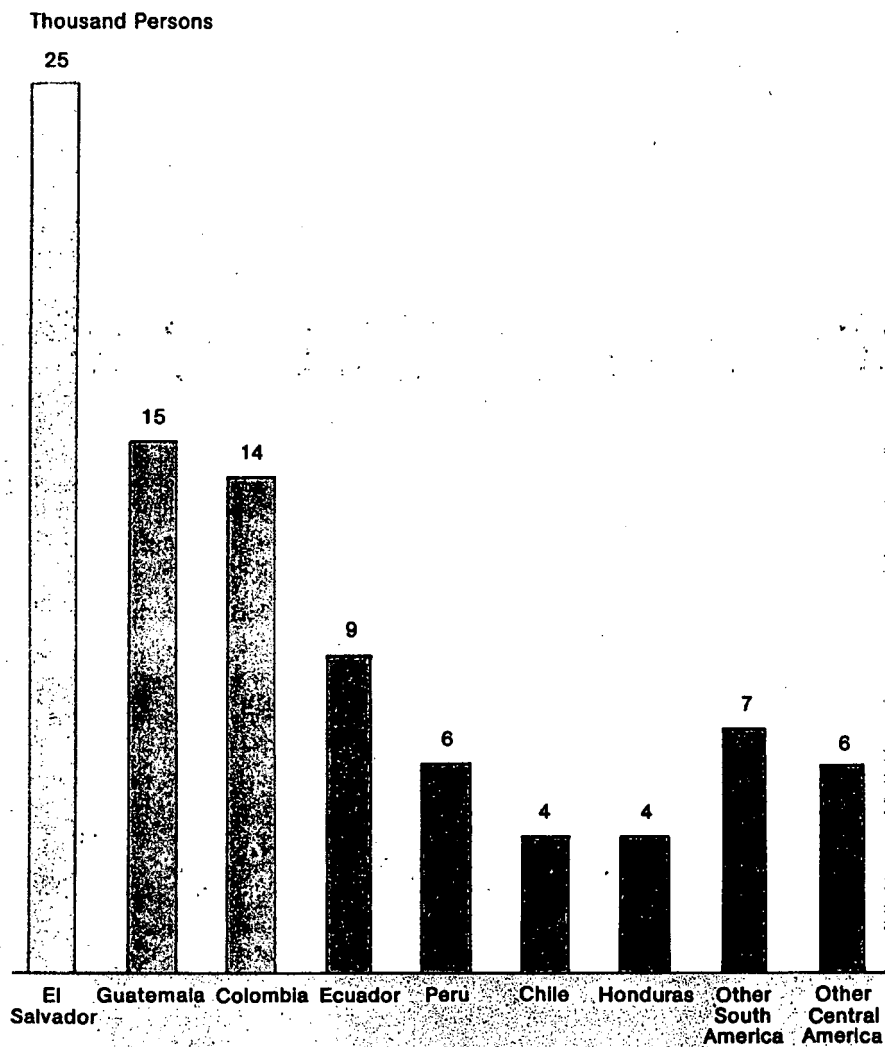
The Salvadoran economy has been growing at about 5 percent per year in this decade. The mid-1970s world recession hit El Salvador hard because of the country's heavy dependence on foreign trade. Nevertheless, because of increased sales of coffee and cotton, the current account, which was in deficit in 1974 and 1975, regained equilibrium by 1976 and 1977. Despite this

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Figure 2

Central and South America: Sources of Illegal Migration



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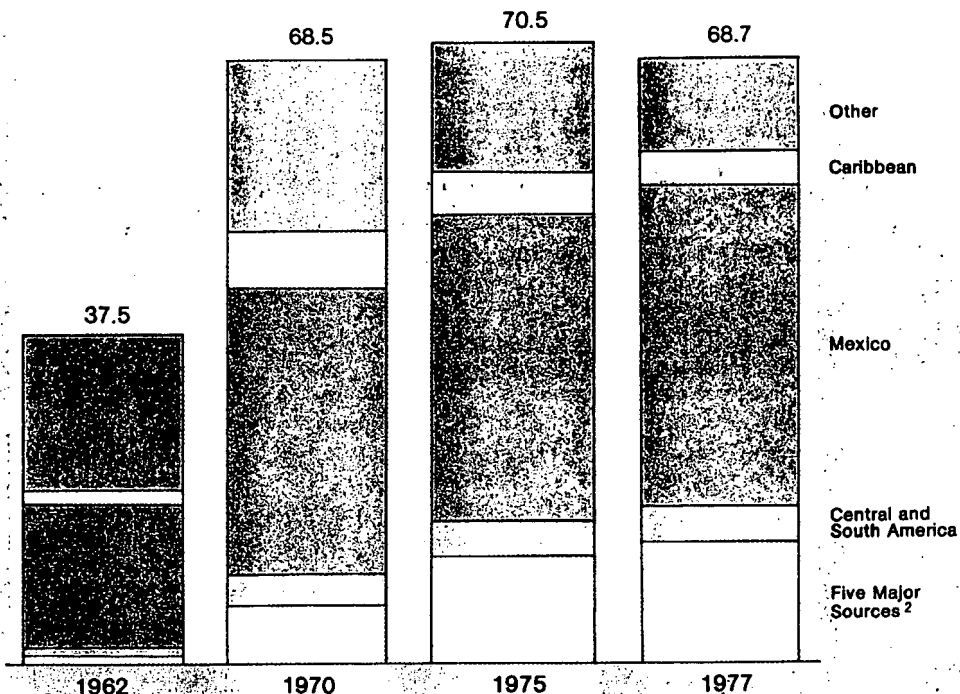
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Figure 1

United States: Aliens Deported and Required to Depart¹

Thousand Persons



1. Data understate Mexican and Caribbean illegal migration. Data exclude persons apprehended at the US border, the vast majority of whom are Mexican. Moreover, many Caribbean illegals evade detection largely because they speak English as their native tongue.
 2. El Salvador, Guatemala, Colombia, Ecuador, and Peru.

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These intraregional movements were supplemented by some legal migration, mainly relatively well-educated urbanities going to the United States. This flow has stagnated at just under 30,000 persons annually during the past decade, while illegal immigration has picked up speed (see table 1). In fact, three times as many aliens

from Central and South America now enter illegally as do through legal channels. Legal migration to countries other than the United States has been occurring with some regularity, but the numbers involved are fairly small.

For a long time, legal migration to the United States from independent countries in the West-

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Peru				
	1950	1960	1970	1977
Population (thousand persons)	7,832 (100%)	10,162 (100%)	13,504 (100%)	16,362 (100%)
Rural	4,699 (60%)	5,589 (55%)	5,672 (42%)	6,054 (37%)
Urban	3,133 (40%)	4,573 (45%)	7,832 (58%)	10,308 (63%)
	1951-60	1961-70	1971-77	
Average annual population growth (percent) ...	2.6	2.9	2.8	
Rural	1.7	0.1	0.9	
Urban	3.9	5.5	4.0	
	1960		1975	
Labor force (thousand persons)	3,127 (100%)		4,700 (100%)	
Agriculture	1,643 (53%)		2,070 (44%)	
Manufacturing and mining	506 (16%)		660 (14%)	
Services	978 (31%)		1,970 (42%)	
	1977			
Daily wages (US \$)				
Urban minimum	1.90			
Rural average	1.20			
	1977			
Annual per capita income (US \$)	830			
	1973-77			
Average annual real GDP growth (percent) ...	3.8			
	1960		1975	
Gross domestic product (million US \$)	2,770 (100%)		15,020 (100%)	
Agriculture	620 (22%)		2,210 (15%)	
Manufacturing and mining	660 (24%)		5,450 (36%)	
Services	1,490 (54%)		7,360 (49%)	
	1960		1975	
Value added per worker (US \$)	886		3,196	
Agriculture	377		1,070	
Manufacturing and mining	1,304		8,260	
Services	1,524		3,740	
	1975			
Real GDP (Index: 1960=100)	235			
Agriculture	155			
Manufacturing and mining	356			
Services	214			
Labor productivity (Index: 1960=100)	157			
Agriculture	123			
Manufacturing and mining	275			
Services	106			
Major products				
Agriculture: sugar, coffee, cotton				
Manufacturing: fishmeal, foodstuffs, textiles, chemicals				
Mining: copper, zinc, silver, iron, lead				
	1960		1975	
Cultivated land (thousand hectares)	1,612		1,900	
Cultivated hectares per agricultural worker	1.0		0.9	

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Central and South America: Sources of Illegal Migration

Central Intelligence Agency
National Foreign Assessment Center

August 1978

Key Judgments

Illegal migration to the United States from Central and South America is growing more rapidly than from any other area. Such migration—almost nonexistent two decades ago—is now estimated at 90,000 persons annually, and the region may soon overtake the Caribbean area, as the second, to Mexico, most important source of illegal aliens in this country. At any one time, roughly 15 percent of the 3 million to 5 million illegal migrants residing in the United States are of Central or South American origin.

Most of the illegal flow comes from a few countries in Central America and on the west coast of South America. The five most important source nations—El Salvador (25,000 illegals per year), Guatemala (15,000), Colombia (14,000), Ecuador (9,000), and Peru (6,000)—account for three-fourths of the flow with only one-fourth of the region's population. If Honduras (4,000) and Chile (4,000) are added to the list, we find that seven countries with 30 percent of the area's population supply 85 percent of the illegal migrants.

In a typical year, the six countries of Central America are the source of more than one-half of the illegal flow. The average Central American illegal resembles his Mexican counterpart in many important respects.

- He is likely to have a rural background.
- He probably entered the United States by land, without use of real or forged documents.

- He often sees migration to the United States as an alternative to migration to a large city in his own country.
- Although relatively uneducated by the standards of his country, he is not from among the poorest of his society.
- He has friends or relatives who have already migrated to the United States legally or illegally.
- He has been recently employed and is more likely to be seeking greater economic opportunity than fleeing unemployment.

In other respects, however, he differs from his Mexican counterpart. Most importantly, he plans on staying in this country for an extended period, whereas the Mexican illegal typically works only a few months before returning to Mexico. Some Central Americans, nonetheless, work only long enough to save the money needed to start a small business in their home country.

The South American illegal differs markedly from the typical Central American. The South American tends to be a relatively well educated skilled worker or semiprofessional. He may speak fair to excellent English, comes from an urban

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States is likely to remain a preferred destination for urban workers, who will probably make up the majority of emigrants for the foreseeable future. With the improvement of relations with Honduras, movement of rural residents into that country may resume on a small scale, as Tegucigalpa may be inclined, as in the 1960s, to overlook small incursions of farmers while opposing the entry of skilled or semiskilled urban workers.

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Ecuador

	1950	1960	1970	1977
Population (thousand persons)	3,307 (100%)	4,422 (100%)	5,958 (100%)	7,323 (100%)
Rural	2,365 (72%)	2,826 (64%)	3,515 (59%)	4,137 (56%)
Urban	942 (28%)	1,596 (36%)	2,443 (41%)	3,186 (44%)
	1951-60	1961-70	1971-77	
Average annual population growth (percent) ...	2.9	3.0	3.0	
Rural	1.8	2.2	2.4	
Urban	5.4	4.3	3.9	
	1960		1975	
Labor force (thousand persons)	1,437 (100%)		2,242 (100%)	
Agriculture	830 (58%)		1,250 (56%)	
Manufacturing and mining	206 (14%)		330 (15%)	
Services	401 (28%)		662 (30%)	
	1976			
Daily wages (US \$)				
Urban minimum	2.50			
Rural average	1.70			
	1977			
Annual per capita income (US \$)	750			
	1973-77			
Average annual real GDP growth (percent) ...	11.1			
	1960		1975	
Gross domestic product (million US \$)	857 (100%)		4,230 (100%)	
Agriculture	315 (37%)		922 (22%)	
Manufacturing and mining	198 (23%)		1,159 (27%)	
Services	344 (40%)		2,149 (51%)	
	1960		1975	
Value added per worker (US \$)	596		1,887	
Agriculture	380		738	
Manufacturing and mining	961		3,512	
Services	858		3,246	
	1975			
Real GDP (Index: 1960=100)	278			
Agriculture	159			
Manufacturing and mining	338			
Services	351			
Labor productivity (Index: 1960=100)	178			
Agriculture	106			
Manufacturing and mining	211			
Services	213			
Major products				
Agriculture: bananas, coffee, cocoa, sugar-cane, cotton				
Manufacturing: food processing, textiles, chemicals				
Mining: petroleum				
	1960		1975	
Cultivated land (thousand hectares)	1,024		1,650	
Cultivated hectares per agricultural worker	1.2		1.3	

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Unlike Mexico and the Caribbean, outmigration has done little to reduce rapid population growth in Central and South America. Even in the five main source countries, the outflow of legal and illegal migrants to the United States offsets less than 5 percent of the natural increase in these countries' total population. One major exception is El Salvador, where this outflow currently is reducing overall population growth by nearly 20 percent per annum leaving the country with a still high growth rate of 2.9 percent.

Development Potential

While most of the main source countries enjoy reasonably good growth prospects, economic development is unlikely to have much effect on migration during the next decade. Agriculture will remain the single largest source of employment over the foreseeable future. However, it will not expand fast enough to absorb the growing number of entrants to the rural labor force thus keeping rural wages depressed. Because the industrial bases in most of these countries are relatively small, expansion of industry and associated services almost certainly will not be rapid enough to fully absorb rural migrants as well as those already living in urban areas. Moreover, the most dynamic growth will probably be in capital-intensive industries—particularly in the petroleum and other mineral sectors of South America source countries—that produce relatively few direct jobs.

El Salvador and Guatemala

Despite their predominantly rural populations, strong dependence on coffee earnings, and low literacy rates, El Salvador and Guatemala face somewhat different development prospects. Only moderate economic growth at best may be expected in El Salvador over the next few years because of shortages of available land, necessary infrastructure, and investment capital. Public efforts to attract foreign capital are hampered by the country's inability to control terrorism; not only are foreigners reluctant to invest, but El Salvador is finding it more difficult to secure

infrastructure loans from multilateral agencies because of the government's poor human rights record coming out of its antiterrorist efforts.

Although Guatemala's growth potential is better, even here underutilization of labor will likely persist indefinitely. Promising exploitation of mineral and forest resources will produce few direct jobs. While Guatemala has experienced industrial growth of roughly 9 percent yearly since 1960 along with concomitant employment gains of 4 percent, this expansion falls short of absorbing new entrants to the urban labor force because of the small size of the industrial base. Even continued rapid industrial expansion will not have much impact on job creation during the next decade.

Colombia and Peru

Colombia and Peru are grappling with tight austerity measures that will restrain economic development over the next few years. In the case of Peru, its struggle to restore economic balance will especially hurt its economic growth prospects until the early 1980s. Additionally, strong population growth will slow per capita income gains and divert limited public funds to social welfare programs that could otherwise be spent on investment to create needed jobs.

Although Colombia and Peru are the only major source countries in the group to emerge as essentially urban societies over the past 15 years, they are likely to retain many of the hierarchical and paternalistic features of agrarian societies that restrain upward mobility for some time. Moreover, structural features will likely cause job creation to continue lagging labor force growth in the years ahead. Labor-intensive agriculture—still the single largest employer—is not expanding fast enough and industrialization will continue to be spurred by mining and other relatively capital-intensive enterprises. The result may well be a widening wage gap with the United States.

Ecuador

Despite Ecuador's good economic growth prospects, the country faces longstanding develop-

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ment constraints that will hamper improving the lot of most Ecuadoreans in the years ahead. In particular, dynamic oil-led economic expansion is highly capital intensive and produces few direct linkages to the rest of the economy. To the extent that oil reserves boost public investment in infrastructure and manufacturing projects in urban areas, rural-to-urban migration probably will increase without significantly reducing urban unemployment. Moreover, any sharp drop in world prices or adverse weather conditions affecting Ecuador's narrowly based agricultural sector would only heighten urban labor absorption problems, particularly since underemployment in agriculture already is extremely high.

Danger Points

Despite an apparent slowing in the rate of growth of illegal migration from Central and South America since 1975, this flow is still expanding more rapidly than that from other areas. A high probability exists that it will surpass the flow from the Caribbean during the next few years.

Many in the under-20 age bulge that emerged in the early 1970s are now entering the large, migration-prone 20- to 30-year age group. Their numbers alone almost certainly will cause illegal migration to increase over the next decade. Based solely on demographic characteristics, illegal migration would jump to nearly 120,000 persons annually by the late 1980s. Moreover, the demonstration effect of past successful migration and the establishment of Central and South American colonies in many US cities will encourage the potential migrant.

Economic development in the source countries—during the next decade at least—is unlikely to greatly reduce the flow and under some circumstances could increase it. Even very rapid economic growth would not cut the absolute numbers of unemployed or more than slightly reduce the huge differential between US and Latin American wages. To the extent that it is successful, development might only increase the pool of potential migrants with the financial means to make the trip. On the other hand, slow economic growth could greatly increase migratory pressures, especially in Central America. Only the type of economic growth that opens up the social structure and allows greater economic opportunities for talented and ambitious members of all classes could have a major effect. [redacted]

The shares of the individual source countries in the illegal flow are not likely to change much over the next decade. El Salvador, given its demographic and economic characteristics, may become somewhat more important. Current political, social, and economic difficulties in Peru, Colombia, and Guatemala could increase pressures in these countries if not soon resolved, while marginal improvements in Chile's economic and political situation should have the opposite effect. We do not expect any country in the area that is currently not a major source of illegal migrants to become one during this period.

This paper is a joint effort of many analysts of the Developing Nations Division, Office of Economic Research. Comments and queries are welcome and should be directed to the principal author, [redacted]

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Central and South America: Sources of Illegal Migration

Introduction

Central and South American countries¹ are the third-largest source of illegal aliens in the United States (after Mexico and the Caribbean region), and the problem is growing particularly fast (see figure 1). One indication of this growth is the fact that illegal aliens from Central and South America as a share of those who are deported have jumped from less than 5 percent in the mid-1960s to 26 percent in 1977. Moreover, like his Caribbean counterpart, the illegal from this area is much more likely to remain permanently in the United States and eventually bring in other family members. Given the age structure, the archaic social order that severely limits upward mobility in a number of countries, and the large and growing gap between US and Latin America wage rates, the problem will likely worsen.

We estimate that roughly 90,000 illegals from Central and South America have entered the United States annually in recent years, compared with about 50,000 illegals from the region in 1970. Although most enter with nonimmigrant visas which are subsequently abused, a large minority surreptitiously cross the Mexican border. The area supplies only about one-sixth as many illegals as does Mexico. Nonetheless, their tendency to stay indefinitely means that at any one time roughly 15 percent of the 3 million to 5 million illegal migrants of all nationalities residing in the United States are of Central or South American origin.²

¹ For purposes of this report, Central and South America excludes Belize, Guyana, and French Guiana.

Dynamics of Migration

Large-scale Central and South American migration—both legal and illegal—is more recent and less pervasive than that experienced in Mexico and the Caribbean. The largest single migration pattern has been from rural to urban areas, where minimum wages exceed rural pay by at least 50 percent. This internal migration, usually covering relatively short distances, has been more restrained in Central America where transportation and communication links are especially backward and fewer employment opportunities are offered even in the larger cities. Even so, the share of Central and South American people living in urban areas has climbed from 50 percent in 1960 to 65 percent at present, reaching an estimated 155 million people in 1977.

Until the late 1960s, to the extent that outmigration occurred, it focused on illegal border crossings by agricultural workers fleeing to neighboring countries to escape depressed economic conditions at home. For example, large numbers from Bolivia, Paraguay, and Chile have gone to nearby areas in Argentina to engage in farm work or to look for employment in urban areas. There is a similar pattern of migration from Colombia and El Salvador to Venezuela and Honduras, respectively. Much of this migration has been seasonal, however. In addition, during the 1960 growing numbers of relatively skilled Salvadoran urbanites migrated to Honduras, where roughly 300,000 Salvadorans—equivalent 12 percent of El Salvador's 1960 population—were living. This migration fueled national animosities that culminated in the expulsion of Salvadoran agricultural workers and a war between the two nations in 1969.

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APPENDIX B

Guatemala

Guatemala ranks second as a source of Central and South American illegal migration to the United States. An estimated 15,000 persons make the trip annually, compared with the legal flow of 2,000 persons. Most illegals come from rural areas by way of Guatemala City, where unemployment is high, housing is scarce, and minimum wages extremely low. The huge wage gap between the United States and Guatemala and the existence in Guatemala City of ready links to the Mexican connection for illegal overland immigration are the principal stimulants to emigration. Over the next decade, the number of illegal immigrants to the United States is expected to grow steadily in line with the increase in the share of the population in the migration-prone years.

Economy at a Glance

The economy is basically agrarian with agriculture absorbing 55 percent of the labor force. Alongside the agricultural base, however, is a developed manufacturing sector—the largest in Central America. On the strength of the growth of plantation agriculture as well as industry, real GDP growth averaged 5.7 percent annually between 1970 and 1975, when adverse weather retarded expansion. In 1976-77, real growth averaged 7.5 percent annually, in part because of reconstruction programs that followed the devastating February 1976 earthquake. High coffee prices in the past several years gave an added push to growth.

Benefits of the country's solid economic performance have been poorly distributed. For three-fourths of the population, annual per capita income is still less than one-half the national average. Worst off are the indigenous Indians whose principal activity is subsistence agriculture. They have been unaffected by recent increases in agricultural production on new lands dedicated to capital-intensive industrial crops such as cotton and sugar. In manufacturing, as well, labor has benefited little from the largely capital intensive new enterprises in the food processing and beverage industries.

Population Patterns

Guatemala's population is divided into two ethnic groups, each with its own language and culture. The Indian group makes up 43 percent of the total population and remains culturally and linguistically separate from the larger Spanish-speaking group. Assimilation of the Indian population has been extremely slow and limited largely to use of Indians as plantation workers.

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APPENDIX E

Peru

Peru ranks as the region's fifth largest source of illegal immigrants to the United States. About 6,000 Peruvians annually enter the United States illegally, double the number of legal immigrants. During this decade, illegal immigration from Peru has increased sharply because of the slow rate of job creation at home, particularly in the urban areas around Lima which incorporate roughly one-fifth of the country's 16.4 million population. Pressures to migrate legally or illegally promise to intensify in the years immediately ahead because of recently imposed economic austerity measures and continued rapid growth of the population in the migration-prone ages.

The Economy at a Glance

During the past two decades, the Peruvian economy has experienced several phases of stop-go growth, largely reflecting shifts in government policies. During much of the late 1960s and early 1970s, for example, expropriation of foreign-owned business and ill-conceived social reform programs greatly reduced foreign and domestic investment and hampered growth of agricultural and industrial output. Thanks to a mining sector which generates the bulk of export earnings, however, Peru managed to average real growth of 5 to 6 percent annually during the first half of this decade. Despite its importance as a foreign exchange earner, the mining sector employs only a small share of the labor force. Even the relatively large manufacturing sector provides employment for only about 15 percent of the labor force.

Serious overspending by the government put the economy into a tailspin in early 1977. Austerity measures designed to redress the payments deficit and avoid debt default caused real GNP to fall 1.2 percent last year and a 5-percent decline is likely in 1978. The outlook for next year is also grim in view of tough measures the International Monetary Fund is requiring the government to adopt in exchange for a standby credit agreement. Substantial rioting has already occurred in urban areas as a result of sharp price increases on basic commodities; unemployment can also be expected to rise sharply as the latest round of austerity measures takes hold.

In addition to these problems, Peru is plagued with some of the worst poverty in South America. Its agricultural resource base is extremely limited. The arid coastal strip where many Peruvians live requires costly irrigation systems to produce crops while the fertile intermountain valleys of the Andes are densely crowded and largely devoted to subsistence crops. The inaccessibility of the Amazon region east of the Andes has precluded development and thus any easing of population pressures in the coastal and Andean regions.

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unchanged. Overcrowding in agricultural areas of the altiplano has fomented internal migration to the major urban centers—Quito and Guayaquil—and to new agricultural regions in the coastal and eastern provinces.

Although rural-to-urban migration continues, the differing regional impact of birth control and medical programs has narrowed the gap between urban and rural population growth rates. During the 1970s urban population growth has averaged 3.9 percent annually, raising the share of the total population in urban areas to 44 percent last year, compared with 41 percent in 1970. Rural population growth has been averaging 2.4 percent annually, a slight increase from the 1960s. In 1970, 57 percent of the population was under 20 years old.

Employment and Labor Force

The jump in population growth has engendered increasing labor force growth rates since the mid-1960s. The sectoral distribution of Ecuador's labor force virtually remained unchanged between 1960 and 1975, however, despite huge differences in productivity between agriculture and the nonagricultural sector. Relatively strong labor unions and import incentives for capital equipment restrained the growth of nonfarm employment but boosted productivity in this sector to nearly five times the level of agricultural workers. To some extent, this has held down the rate of rural-to-urban migration by limiting job creation. In any event underemployment affects three-fifths of the country's agricultural workers—35 percent of Ecuador's total labor force.

Outlook

Continued public investment of oil revenues should maintain annual economic growth to 8 to 10 percent in the medium term, but illegal migration to the United States probably will not diminish much and might even increase. Even if job creation doubled from the recent rate, a decade would pass before Ecuador's surplus agricultural workers would be fully employed. During the next 10 years accelerating growth of the work force will add 35 percent to the labor supply. Employment pressures together with continuing large wage differentials between United States and Ecuador will attract the more industrious workers. Ironically, growth in urban employment opportunities will allow a greater number of Ecuadorians to afford the trip to the US border.

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and mining output, per capita income should again be rising. Nevertheless, the continuing large gap between Peruvian and US wages and the increase in the number of people in the migration-prone years should keep the number of illegal emigrants from Peru growing.

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Central American illegal mirrors the typical Mexican illegal alien in many important respects. For example, he is likely to have a rural background and to be poorly educated. He also opts for migration to the United States rather than settling permanently in a large city in his native country. Evidence indicates, however, that the Central American illegal may well make his way to a city in his own country for a temporary stay to help pick up the necessary funds and a modicum of skills to ease his transition into urban life in the United States. Most importantly, perhaps, he probably has surreptitiously entered the United States across the Mexican border.

At the same time, the Central American illegal has certain traits that differentiate him from his Mexican counterpart. Most notably, he plans to stay in the United States indefinitely, whereas the Mexican illegal usually works only a few months before returning home. As a result, the Central American illegal, if married, is usually followed by the immediate family. He may well return home, however, but this would only be after staying here for several years and would usually be for a short visit to renew ties with relatives and friends before again illegally entering the United States. His commitment to moving up the ladder once in the United States generally keeps the Central American illegal from taking an agricultural job. Instead, he usually seeks employment as an unskilled factory worker or as a low-paid employee in the construction or other service sectors where his meager English-speaking ability is not a serious handicap.

The South American

The typical South American illegal tends to be a relatively well-educated urbanite with at least a fair knowledge of the English language. Moreover, he probably has attained middle-class status at home and has some job experience as either an office worker, shopkeeper, skilled laborer, or semiprofessional. Against this background, he has little difficulty obtaining a valid nonresident visa to enter the United States. Once

in this country, however, he almost always must take a position that—while higher paying—is a notch or two below that which he had secured at home. He views this merely as a stepping stone to a higher position.

There are exceptions to this pattern, however. Some South American illegals come to the United States on legitimate student visas and drift into illegal status as they gain social contacts and become more aware of the economic benefits from staying here. Other South American illegals, particularly from Ecuador and Colombia, more closely match the Central American pattern in terms of having a basically rural background with little in the way of formal school training.

Both Central and South American illegals have tended to settle in cities throughout the United States, but particularly on the east and west coast. By comparison, Caribbean illegals are mainly concentrated in the New York - New Jersey area. Usage of the Mexican smuggling network, geared to entries through the southwestern United States, partly explains this dispersion. Even many of those Central Americans who settle in major east coast cities apparently enter the United States from as far west as California.

Economics of Migration

The economic incentives for migration are substantial. As shown in table 2, wage differentials between the United States and the Central and South American countries are huge. For example, the average manufacturing wage in these countries is less than 40 percent of the US average wage for private household workers, 15 percent of that for nonfarm laborers, and roughly 10 percent of that for craftsmen. The prospect of higher wages thus largely explains why these illegals are drawn toward the United States. Another factor is the limited opportunity at home for upward economic mobility, compounded by a rigid social structure based on family connections and wealth that can impede even the most talented members of the middle class in a number of Central and South American countries.

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al gains in the major source countries have added about 1 million new jobs—an increase of 55 percent—between 1960 and 1975, this expansion fell well below the 85-percent increase in the urban labor force. Industrial jobs in Peru grew by only 30 percent during this period because especially rapid expansion in the manufacturing and mining sectors relied on capital intensive production methods. As a result, the share of industrial workers dropped slightly to just 14 percent of the total Peruvian labor force. Even in Guatemala and Ecuador, the only major source countries in which industrial employment was nearly able to match the growth of the urban labor force, the industrial sectors were too small to have much impact on labor absorption. In fact, industrial workers in 1975 accounted for only 3.2 million persons or less than 20 percent of the total labor force in the five countries combined, less than 2 percentage points higher than the 1960 share.

Although employment in the service sectors of the five major sending countries has risen sharply over the years, these gains mask substantial underemployment. In the mid-1970s, service workers in these countries taken together numbered 6.4 million persons, double the 1960 level. In the case of Colombia, Ecuador, and Peru, the service sector accounts for roughly two-thirds or more of total nonagricultural employment. Much of this employment, however, has been in marginal jobs, and earnings are frequently below the government-sponsored minimum for urban workers. Nonetheless, earnings in many instances are

enough to accumulate the funds needed to make the trip north.

Demographic Characteristics

The demographic characteristics of the main source countries generally are similar to those of other Latin American LDCs in the same stage of economic and social development. In particular, urban population growth since 1960 has been rapid, averaging 4.4 annually. Rural population growth by comparison has averaged 1.1 percent annually, largely reflecting rapid outmigration to urban areas. The availability of large tracts of unused arable land in most major sending countries, however, has helped to keep the rural exodus below that experienced in the Caribbean.

Because of rapid population growth the age distribution of the sending states is heavily skewed in the younger ages. As may be seen in table 5, at least 45 percent of the 1970 population in the main source countries was below the age of 15—about the same as in Mexico and the Caribbean. The population was even younger than the Central and South American norm in El Salvador, Colombia, and Ecuador. Strong cultural resistance to family planning programs has resulted in meager government efforts to cut population growth; only in Colombia have government-sponsored population programs had much impact since the start of the 1970s. Nonetheless, population growth for Colombia averages 2.3 percent compared with the 2.6 percent average for all sending countries in the area.

Table 5

Central and South America: Age Distribution, 1970

	Central and South America	El Salvador	Guatemala	Colombia	Ecuador	Peru	Other	Percent
Total	100	100	100	100	100	100	100	
0-9	30	35	32	34	34	32	29	
10-14	13	13	13	13	13	13	9	
15-19	11	10	10	11	10	10	8	
20-24	8	8	9	8	8	9	7	
25-29	8	7	8	7	7	8	10	
30 and older	30	27	28	27	28	28	37	

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Table 1

Legal Immigration to the United States

	1960	1965	1970	1975	1976
Total	265,398	296,697	373,326	386,194	398,613
of which:					
Central and South America	19,709	43,385	29,057	28,977	28,786
Central America	6,661	12,423	8,847	9,162	9,413
El Salvador	1,091	1,768	1,698	2,416	2,363
Guatemala	627	1,613	2,130	1,859	1,970
Other	4,943	9,042	5,019	4,887	5,080
South America	13,048	30,962	20,210	19,815	19,373
Colombia	2,989	10,885	6,724	6,434	5,742
Ecuador	1,576	4,392	4,410	4,727	4,504
Peru	1,607	1,670	909	2,256	2,640
Other	6,876	14,015	8,167	6,398	6,487

ern Hemisphere was unrestricted by national origin quotas. The 1965 amendments to the Immigration and Nationality Act restricted immigration to (a) aliens with US family ties, (b) aliens with needed job skills, and (c) political refugees. The amendments also established an annual ceiling of 120,000 for all Western Hemisphere natives. As a result of the changes, growing numbers of South and Central Americans most likely to seek entry to the United States increasingly are unable to do so legally.

The Illegal Migrant

Despite the surge in illegal migration to the United States, the impact on overall demographic patterns in Central and South America has been slight. Together with legal migration, this outflow offsets less than 2 percent of the annual growth in the region's population and only 5 percent of the increase in the area's labor force. This contrasts sharply with the significant slowing of labor force expansion in Mexico and the Caribbean prompted by outmigration to the United States.

Illegal migration to the United States is facilitated by several factors. The well-developed smuggling network in Mexico to transport illegals across the US border has spread to nearby Central America, where entrants from as far away as South America pick up contacts to help

in their journey. Moreover, a growing minority are using the Caribbean countries—particularly the Bahamas—as way stations to the United States. Entering the Caribbean region under valid documents, these migrants then pay smugglers to transport them illegally to the US mainland. The illegal migrant also finds material and psychological support among legal and illegal residents from his own country in the United States; this support becomes even stronger as their numbers increase here.

Key Characteristics

Like other illegals, the typical Central or South American migrant tends to be relatively young—usually in his twenties—and not from among the poorest of the poor since he usually has held down a job immediately before coming to the United States. Rather than fleeing unemployment, he almost always is seeking greater economic opportunity. Moreover, he usually has friends or relatives who have already migrated to the United States legally or illegally.

The Central American

Nonetheless, despite their common Spanish-speaking background, the Central American illegal differs substantially from his South American counterpart. In particular, the average

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Table 3

Central and South America: Population ¹

	1950	1960	1970	1977	Average Annual Growth Rate		
					1951-60	1961-70	1971-77
	Thousand Persons				Percent		
Total	121,553	158,883	207,877	249,370	2.7	2.7	2.6
Central America	9,148	12,251	16,623	20,394	3.0	3.1	3.0
Costa Rica	867	1,248	1,736	2,071	3.7	3.4	2.6
El Salvador	1,940	2,574	3,582	4,387	2.9	3.4	2.9
Guatemala	3,024	3,969	5,262	6,437	2.8	2.9	2.9
Honduras	1,431	1,952	2,682	3,399	3.2	3.2	3.4
Nicaragua	1,084	1,438	1,908	2,336	2.9	2.9	2.9
Panama	802	1,070	1,453	1,764	2.9	3.1	2.8
South America	112,405	146,632	191,254	228,976	2.7	2.7	2.6
Argentina	17,150	20,611	23,758	26,150	1.9	1.4	1.4
Bolivia	2,814	3,366	4,140	4,950	1.8	2.1	2.6
Brazil	54,615	72,199	96,800	118,789	2.8	3.0	3.0
Chile	6,091	7,585	9,360	10,531	2.2	2.1	1.7
Colombia	11,592	15,953	21,373	25,014	3.2	3.0	2.3
Ecuador	3,307	4,422	5,958	7,323	2.9	3.0	3.0
Paraguay	1,457	1,886	2,446	3,001	2.6	2.6	3.0
Peru	7,832	10,162	13,504	16,362	2.6	2.9	2.8
Surinam	208	285	373	382	3.2	2.7	0.3
Uruguay	2,194	2,531	2,824	2,876	1.4	1.1	0.3
Venezuela	5,145	7,632	10,709	13,598	4.0	3.4	3.5

¹ Population data from US Department of Commerce, Bureau of the Census.

Table 4

Central and South America: Selected Economic and Social Indicators

	El Salvador	Guatemala	Other Central America	Colombia	Ecuador	Peru	Other South America
Midyear 1977							
Population per square kilometer	205.0	59.1	24.7	22.0	27.1	12.7	12.3
Population per cultivated hectare	6.1	3.5	4.1	6.0	4.3	9.0	2.9
US \$							
Per capita income, 1977	605	730	760	760	750	830	1,330
Value added per agricultural worker, 1975	680	1,021	1,150	1,450	738	1,070	1,400
Industrial wages ¹ , 1975	19	18	20	16	18	30	28
Percent							
Industrial employment, 1975	20	18	11	23	15	14	26
Urbanization, 1975	42	36	44	63	42	62	65
Literacy, 1970	58	47	70	74	68	72	73
Hectares							
Cultivated land per agricultural worker, 1975	1.1	1.8	1.7	1.6	1.3	0.9	3.4

¹ Average weekly remuneration in manufacturing and mining, including wages and fringe benefits.

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El Salvador

	1950	1960	1970	1977
Population (thousand persons)	1,940 (100%)	2,574 (100%)	3,582 (100%)	4,387 (100%)
Rural	1,242 (64%)	1,596 (62%)	2,167 (60%)	2,501 (57%)
Urban	698 (36%)	978 (38%)	1,415 (40%)	1,886 (43%)
	1951-60	1961-70	1971-77	
Average annual population growth (percent)....	2.9	3.4	2.9	
Rural	2.5	3.1	2.1	
Urban	3.4	3.8	4.2	
	1960	1975		
Labor force (thousand persons)	815 (100%)	1,270 (100%)		
Agriculture	502 (62%)	650 (51%)		
Manufacturing and mining	140 (17%)	260 (20%)		
Services	173 (21%)	360 (28%)		
	1977			
Daily wages (US \$)				
Urban minimum	2.60			
Rural average	1.60			
	1977			
Annual per capita income (US \$)	605			
	1973-77			
Average annual real GDP growth (percent)	5.1			
	1960	1975		
Gross domestic product (million US \$)	491 (100%)	1,826 (100%)		
Agriculture	170 (35%)	442 (24%)		
Manufacturing and mining	55 (11%)	317 (17%)		
Services	266 (54%)	1,067 (58%)		
Value added per worker (US \$)	602	1,438		
Agriculture	339	680		
Manufacturing and mining	393	1,219		
Services	1,536	2,964		
	1975			
Real GDP (Index: 1960=100)	221			
Agriculture	181			
Manufacturing and mining	282			
Services	226			
Labor productivity (Index: 1960=100)	141			
Agriculture	140			
Manufacturing and mining	152			
Services	109			
Major products				
Agriculture: corn, coffee, sorghum, cotton				
Manufacturing: processing, textiles, clothing, chemicals				
Mining: negligible				
	1960	1975		
Cultivated land (thousand hectares)	585	700		
Cultivated hectares per agricultural worker	1.2	1.1		

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area, and definitely considers himself a part of the middle class. Indeed, his annual earnings before migration, while very low by US standards, probably place him among the upper 20 percent of wage earners in his country of origin. The South American illegal usually enters the United States by air. Given his education and financial position, he has little trouble obtaining a nonresident visa, which he subsequently abuses. Even more than the Central American or Caribbean migrant, the South American illegal has come to this country to stay.

There are some exceptions to the above description. A fairly large minority of Ecuadorean illegals, for example, follow the Central rather than the South American pattern—they are relatively uneducated, have rural backgrounds, and probably make almost all of their trip to the US border by land. A smaller minority of Colombian migrants also fall into this category. In the case of Colombia, a few cocaine-smuggling “mules”—individuals hired by narcotics traffickers to bodily carry a kilo or two of cocaine into this country in return for air fare and a small fee—apparently cash in their return tickets and remain here as illegals.

It is difficult to say why some countries are major sources of illegal migration and others are not. Almost all South American illegals come from the Andean nations of the west coast: Colombia, Ecuador, Peru, and Chile, with 25 percent of the continent's population, provide more than 80 percent of South American illegals. The relatively rigid social structure of the Andean countries—with its sharp division between the middle and upper classes—appears to be a major factor. The ambitious and educated member of the middle class in these countries has less “headroom” than his counterpart in the more

fluid societies of the east coast. Headroom is further increased in those countries such as Brazil, Venezuela, and Argentina where there is rapid economic growth and/or already high per capita incomes. Population densities also tend to be lower in the east coast countries. Distance, small populations, and poverty sharply limit the source potential of Bolivia and Paraguay.

The case is simpler in Central America. Here illegal migration is roughly proportional to population, once distance is factored in. El Salvador is the only exception to this rule: with 20 percent of Central American population, it supplies 50 percent of the area's illegal flow. Explanatory factors, aside from distance, include population density (more than six times the average in other Central American countries) and per capita income (80 percent of the average elsewhere in Central America). Relatively slow economic growth and a more rigid social structure than in most Central American nations act as added incentives for migration.

On balance, we believe that illegal migration from Central and South America will continue to grow over the next two decades. The pool of potential migrants is large and expanding. Many in the under-20 population bulge that emerge in the early 1970s are now entering the migration-prone 20- to 30-year age group. Of equal importance, the demonstration effect of past successful illegal migration will be increasingly felt. In both Mexico and the Caribbean a tradition of illegal migration and the existence of friends or relatives in the United States are major factors in an individual's decision to migrate. In 1960 these factors were almost nonexistent as far as Central and South America were concerned; now they are strong.

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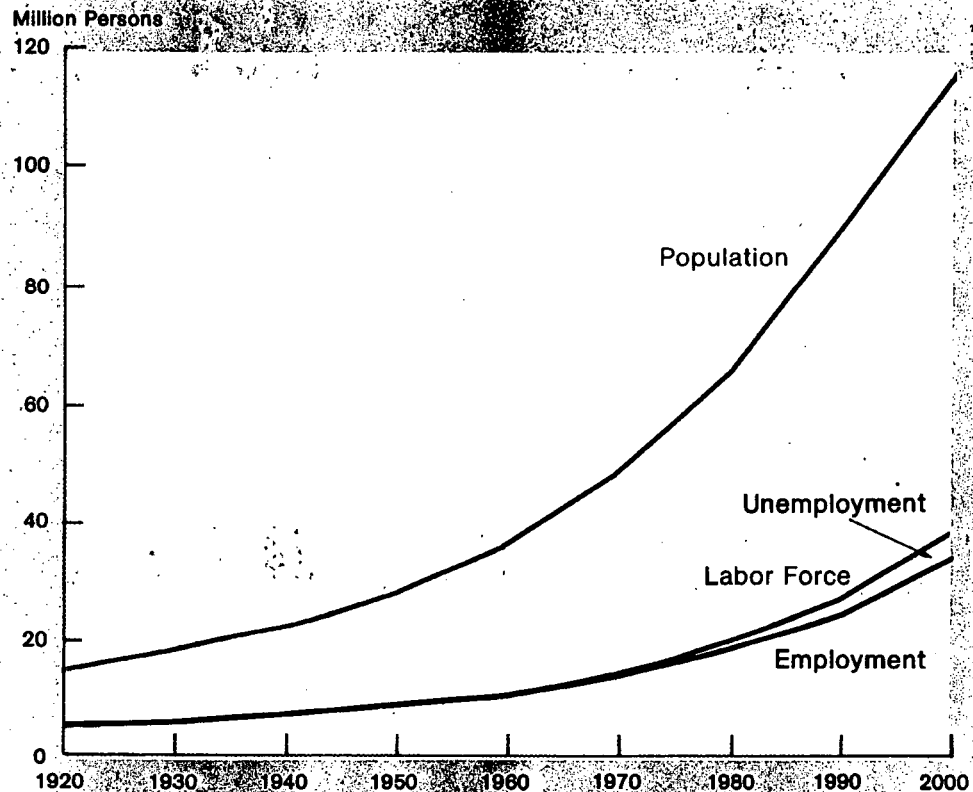
In most cases the economies of the major source countries are based on agriculture, although the industrial bases in Guatemala and El Salvador are by far the largest in Central America. Moreover, despite stepped up outmigration since the start of the 1970s, and relatively good growth performance, the major source countries have become increasingly unable to absorb labor supply growth (see figure 3). This is especially true in the rural sector, where population pressures are particularly strong, despite substantial

rural migration over the past 20 years. Because of overcrowding, agricultural productivity—with the exception of Colombia—is well below other countries in the region. Even in Colombia, above average productivity largely reflects a slowing of the growth in the agricultural work force to a virtual standstill since 1960.

Growth outside the farm sector has not been sufficient to absorb the expansion in the urban labor force. While generally impressive industri-

Central and South American Five Major Source Countries Population, Labor Force, and Employment

Figure 3



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APPENDIX C

Colombia

Colombia ranks as the area's third largest source of illegal migrants to the United States and the largest South American source. Except for the illegal flow of large numbers of Colombian agricultural workers to neighboring Venezuela, the United States is the main destination for most Colombians escaping the rigid social order and crowded urban labor market at home. About 14,000 Colombians have illegally entered this country each recent year. Despite fairly good economic growth prospects and slower population expansion, the large backlog of those already born will continue to fuel illegal migration over the next decade. Ironically, any success in curbing Colombia's lucrative drug traffic would heighten local pressures that encourage illegal migration.

The Economy at a Glance

Coffee is the mainstay of Colombia's economy, although large clandestine operations, mainly narcotics traffic, account for a growing share of the nation's output. Despite expanded credit and extension services that spurred coffee production during the late 1960s and early 1970s, agriculture's share of GDP continued falling, reaching 29 percent in 1975. Nonetheless, agriculture still employs more than one-third of the labor force and supplies raw materials to the important food processing industry. Marijuana cultivation is a major source of income for rural workers; high profits from narcotics have helped to finance urban construction, legitimate business ventures, and have significantly supplemented legitimate private capital markets.

Bogota's shift from import substitution to export promotion policies in the mid-1960s helped to spur industrial expansion. The result was real economic growth averaging 6.2 percent annually between 1967 and 1975. Booming coffee exports boosted economic growth to an average of 7 percent annually during 1976-77. The rapid expansion of demand and serious food shortages spurred price hikes that eroded real wages, making inflation Colombia's chief economic problem.

Recent austerity measures to reduce cost-of-living increases have been especially harsh to compensate for the strong illegal economy that dilutes the impact of official economic policies. Real economic growth is expected to slow over the next few years, perhaps, to 5 percent or less annually because of continuing austerity and lower coffee prices. While more successful drug interdiction would create serious problems, it would improve the government's ability to manage austerity without so severely hurting the legitimate economy.

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APPENDIX D

Ecuador

The pull of high wages causes a steady stream of ambitious urban workers to illegally migrate from Ecuador to the United States. Rising growth rates of the labor force since the mid-1960s have increased pressures to migrate, making Ecuador the region's fourth largest sending country. Although the current migration of an estimated 9,000 Ecuadorean illegals annually has little impact on unemployment and population growth, it has drained off some of the more ambitious and skilled workers. Despite large areas of untapped agricultural lands and prospects for a strong petroleum-financed growth, Ecuador's massive surplus labor supply should continue to encourage illegal migration near current levels.

The Economy at a Glance

Agriculture dominates Ecuador's economy, employing more than one-half the labor force, generating one-fifth of GDP, supplying the raw materials needed for most of industry. Expansion of export crop production—mainly cocoa, coffee, and bananas—into unexploited lands in the coastal provinces spurred moderate 3.1-percent agricultural growth during 1960-75. Consumer price controls have discouraged production for domestic markets, however, forcing Quito to import large quantities of wheat, vegetable oil, and dairy products.

Agriculture dominates, but oil from Ecuador's remote eastern provinces has led the economy's rapid growth in recent years: in fact, this growth has averaged 11 percent annually—the highest in Latin America since 1972. Total exports quadrupled to \$1.4 billion in 1977 from \$325 million in 1972, and oil generated more than one-half of the increase. The boom has boosted consumer demand and allowed Quito to rapidly increase public investment for electric power, petroleum refining, and agricultural production and processing. Growth in oil output beyond the current 230,000 barrels per day will be slow; nationalistic policies virtually halted exploration during 1972-77 and uncertainty over the return to civilian government should inhibit the response of foreign companies to recent tax concessions offered by Quito.

Population Patterns

Ecuador's annual population growth jumped to 3 percent around 1950 and has remained there ever since. During the 1950s and early 1960s, birth and death rates stabilized at 4.5 percent and 1.5 percent, respectively. Birth control and improved medical programs have expanded since the mid-1960s, but their simultaneous impact has left the natural population increase

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Table 2
Wage Rates

	Index: US Craftsmen Wages=100		
	1960	1970	1975
Average US daily earnings			
Craftsmen	100	100	100
Nonfarm laborers	69	70	69
Agricultural workers	29	45	50
Private household workers	24	24	24
Average daily manufacturing wages			
El Salvador	10	10	9
Guatemala	12	11	8
Colombia	9	9	7
Ecuador	6	8	8
Peru	8	10	14
Other Central and South American countries	10	12	11
Average daily agricultural wages			
El Salvador	6	6	6
Guatemala	7	7	6
Colombia	6	6	5
Ecuador	5	5	5
Peru	6	6	8
Other Central and South American countries	7	7	7

At the same time, certain psychological and economic costs must be weighed by persons thinking about pulling up roots to come to the United States. The psychological costs of permanently changing culture and language are especially high for rural Central and South Americans. The need to renew ties to their antecedents explains why so many illegal aliens apparently are willing to risk apprehension to return to their homeland for short visits.

The financial cost of migration is of even greater importance. While the illegal from central Mexico may pay up to \$300 for transportation and smuggling fees, the typical Central American pays \$300 to \$1,500 in similar fees to reach the US east coast. US rules add to the costs for those migrants who enter with nonimmigrant visas. For example, the visitor must purchase a round-trip ticket, which costs at least \$550 between most South American countries and the United States. These costs effectively keep the poorest persons from migrating.

Sources of Illegal Migration

it appears that El Salvador is the origin of nearly 30 percent of the illegal migrants from Central and South America. Guatemala and Colombia rank second and third, respectively, with about 15 percent each, followed by Ecuador, Peru, Chile, and Honduras (see figure 2). Together these seven countries—with 30 percent of the region's population—contribute 85 percent of the illegal aliens from the region (see table 3). As might be expected, these countries also supply most of the legal immigrants from the region.

Population size alone cannot explain why some countries supply large numbers of illegals and others do not. Only Central American countries, with the important exception of El Salvador, appear to supply illegal migrants in rough proportion to their population. Similarly, geographic distances only partly explain why relatively few illegal migrants come from the east coast of South America. More importantly, it seems that fewer illegals come from countries such as Brazil, Venezuela, and Argentina because relatively high social mobility favors economic advancement that has resulted in a strong middle class.

Economic Characteristics

Despite the world oil shock, the five major sending countries since the early 1970s generally have experienced impressive economic growth—averaging 6.5 percent in real terms compared with 3.8 percent for overall Latin America. Moreover, annual per capita incomes in these countries, ranging from \$830 in Peru to \$605 in El Salvador, are equivalent to that of middle-income less developed countries (see table 4). By itself, however, income levels do not correlate well with the flow of illegals. For example, relatively few illegals come from Bolivia, the poorest country in South America, in part because few Bolivians can afford the cost of emigrating to the United States. Higher income countries, on the other hand, are not source states because of their broader capacity to absorb labor growth.

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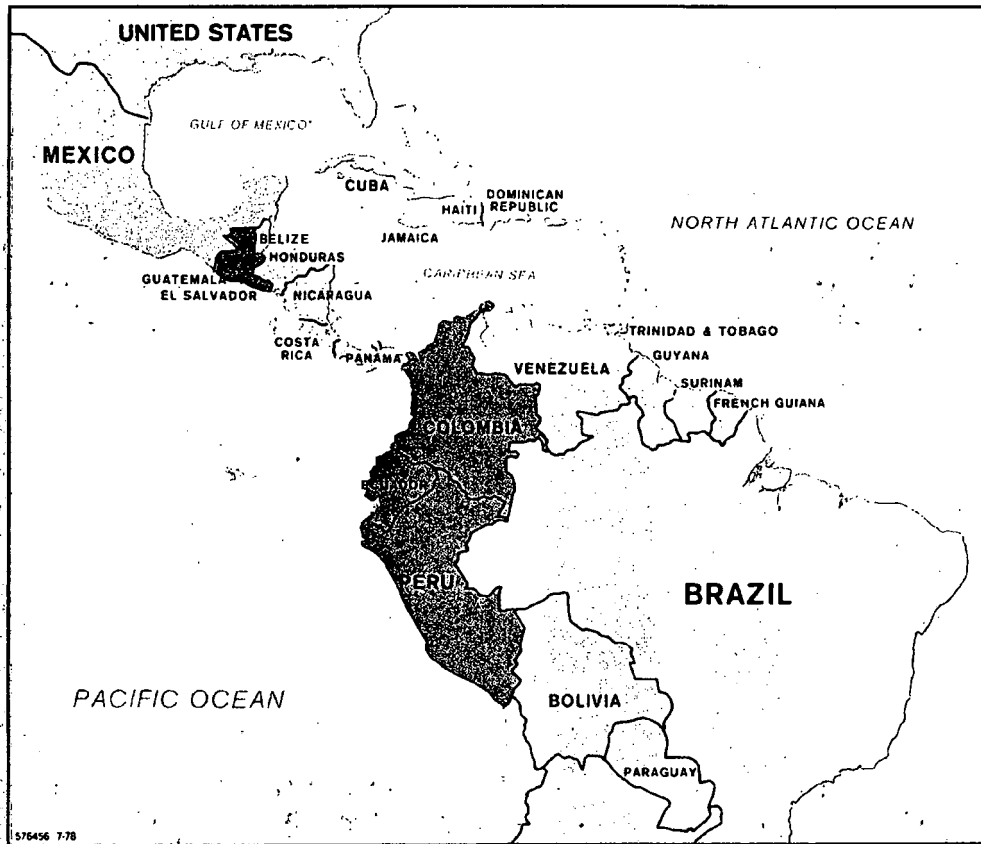
Guatemala				
	1950	1960	1970	1977
Population (thousand persons)	3,024 (100%)	3,969 (100%)	5,262 (100%)	6,437 (100%)
Rural	2,268 (75%)	2,778 (70%)	3,480 (66%)	4,023 (62%)
Urban	756 (25%)	1,191 (30%)	1,782 (34%)	2,414 (38%)
	1951-60	1961-70	1971-77	
Average annual population growth (percent)	2.8	2.9	2.9	
Rural	2.0	2.3	2.1	
Urban	4.6	4.1	4.4	
	1960	1975		
Labor force (thousand persons)	1,256 (100%)	1,837 (100%)		
Agriculture	837 (67%)	1,035 (55%)		
Manufacturing and mining	180 (14%)	345 (18%)		
Services	238 (19%)	493 (26%)		
	1977			
Daily wages (US \$)				
Urban minimum	1.56			
Rural average	1.12			
	1977			
Annual per capita income (US \$)	730			
	1973-77			
Average annual real GDP growth (percent)	6.1			
	1960	1975		
Gross domestic product (million US \$)	1,049 (100%)	3,646 (100%)		
Agriculture	318 (30%)	1,021 (28%)		
Manufacturing and mining	165 (16%)	656 (18%)		
Services	566 (54%)	1,969 (54%)		
Value added per worker (US \$)	835	1,947		
Agriculture	380	986		
Manufacturing and mining	917	1,901		
Services	2,378	3,994		
	1975			
Real GDP (Index: 1960=100)	348			
Agriculture	321			
Manufacturing and mining	398			
Services	348			
Labor productivity (Index: 1960=100)	233			
Agriculture	259			
Manufacturing and mining	207			
Services	168			
Major products				
Agriculture: coffee, bananas, sugarcane, cotton, corn, beans, potatoes				
Manufacturing: foodstuffs, textiles, clothing, cement				
Mining: nickel sinter, copper matte, petroleum				
	1960	1975		
Cultivated land (thousand hectares)	1,257	1,850		
Cultivated hectares per agricultural worker	1.5	1.8		

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**Central and South America:
Main Sources of Illegal Migration to the United States**

Figure 4



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