"SHOULD I STAY OR SHOULD I GO?": PREVENTING ILLEGAL IMMIGRATION BY CREATING OPPORTUNITY IN MEXICO THROUGH MICROCREDIT LENDING

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1. “Should I Stay or Should I Go” by THE CLASH appeared on their 1982 Epic Records release, COMBAT ROCK. THE CLASH, COMBAT ROCK (Epic Records 1982). In the song, singer Joe Strummer says, “If I go there will be trouble; if I stay it will be double.” Id. Although the lyrics seem to describe a tumultuous relationship, this song is easily analogized to the mental struggle faced by Mexican citizens who see illegal immigration to the United States as the better of two hardships. See id.
I. INTRODUCTION

Drops of sweat began to bead into larger and more noticeable perspiration as I walked up the dirt path. To my right, I looked over an improvised Mexican village that nearly filled the valley below, complete with a grid of dirt roads, restaurants and even a pirate, or illegal, bus system. To my left, heat emanated from a rusty steel wall that blocked fresh air. Once I reached the top of the hill, I took one more step, and the wall ended. A cool breeze washed over me. I was now standing in the United States. The nearby empty water bottles and rusty cans on the ground indicated human presence.2

I was standing at the staging area where thousands of Mexicans who enter the United States illegally each year begin their trek. From here, it is a three-day walk through the desert to make it safely past the U.S. Border Patrol. Every year hundreds of people die trying to cross.3 All of this, just to stand in front of Home Depot and fight for a job making eight dollars an hour.4

The current debate over immigration is fueled by concerns that illegal immigrants cause a loss of U.S. citizens’ jobs and a decrease in U.S. citizens’ salaries.5 Additionally, the cost of providing services to immigrants, both legal and undocumented, exceeds the amount immigrants pay in state taxes.6 Illegal immigration is also a problem

2. The described experience is from a 2007 visit I took to Tijuana, Mexico and surrounding areas as part of the Fair Trade Academy, a summer program through California Western School of Law.


because the fact that millions of people circumvent the legal immigration system contradicts and challenges the ideals of this nation of laws.\textsuperscript{7} While the American public is aware of the domestic problems associated with illegal immigration, the flow of people from Mexico to the United States has devastating effects on Mexico as well.\textsuperscript{8}

A majority of Americans feel that illegal immigration is a very serious problem.\textsuperscript{9} Although the immigration debate divides people along pro-immigration and anti-immigration lines, most Americans agree reforms are needed.\textsuperscript{10} It was widely believed that 2006 would bring immigration reform, but this simply was not the case.\textsuperscript{11} Instead, on the national level, the only major accomplishment was the passage of an initiative that expanded border fences.\textsuperscript{12} Many felt that 2007 would be the last chance to pass immigration reform before 2008 election politics took over the national debate.\textsuperscript{13} In recent years, as a

health care for illegal immigrants. \textit{Id.} at 8. It is difficult to figure the exact cost of providing law enforcement protection to illegal immigrants because the same protection is provided to all people in the jurisdiction, but the cost of prosecuting and incarcerating illegal immigrants can be high. \textit{Id.} at 9. For example, in 1999 San Diego County spent fifty million dollars, nine percent of its law enforcement spending for that year, on law enforcement activities involving illegal immigrants. \textit{Id.} at 9.


8. \textit{See infra Part III}.


12. \textit{Id.} (stating that the Secure Fence Act of 2006 required seven hundred miles of new fence along border between the United States and Mexico but did not fund the fences).

13. \textit{Immigration and the Candidates}, \textsc{N.Y. Times}, Dec. 30, 2007, § 4 (Magazine), at 7 ("One of the strong arguments for passing immigration reform last summer was that it was a last chance.").
reaction to the U.S. government’s inability to control illegal immigration, there has been a trend toward strict state and municipal laws.14

The current conversation about immigration does not consider that when people have access to employment and economic opportunity in their home country, they do not need to emigrate to another country.15 The purpose of this Comment is to explore the use of microcredit in Mexico as a means of preventing emigration from Mexico and illegal immigration to the United States by creating opportunity. Additionally, the Comment proposes that the U.S. government can use the profits from microcredit lending in Mexico to offset some of the financial burden created by illegal immigrants in the United States.

Microcredit is a concept that began in Bangladesh with a man named Mohammad Yunus.16 In 1976, while teaching economics at Chittagong University in Jobrah, Bangladesh, Yunus was struck by the poverty that surrounded the university.17 In speaking with some of the villagers, Yunus discovered that because the villagers lacked access to credit, they were forced to rely on local moneylenders to buy the products they needed to make a living.18 The moneylenders charged high rates, and many poor borrowers who were unable to repay became, effectively, bonded slaves.19 Some worked to pay off a debt of as little as twenty-two cents.20 Realizing the impact that he

14. Stock, supra note 11, at 562; Allison Retka, Valley Park Ordinance Fuels Further Disagreement, DAILY RECORD, Nov. 20, 2007 (“At the end of the day, what the ordinance is saying is, ‘We think the federal government hasn’t done a good enough job of regulating illegal immigration . . . .’”).


16. Jane Kaufman Winn, How to Make Poor Countries Rich and How to Enrich Our Poor, 77 IOWA L. REV. 899, 932 (1992); Fresh Air: Grameen Bank (NPR radio broadcast June 22, 1999) [hereinafter Fresh Air] (“Yunus was an economics professor in Bangladesh when he first conceived of micro-credit.”).

17. MUHAMMAD YUNUS, BANKER TO THE POOR 45 (PublicAffairs ed., 2003) (1997); Fresh Air, supra note 16.

18. YUNUS, supra note 17, at 50.

19. Id. at 49.

20. Id. at 47.
could have with what amounted to pocket change.\textsuperscript{21} Yunus compiled a list of villagers who owed money and how much they owed.\textsuperscript{22} The list indicated forty-two people were living in bondage because they borrowed a total of less than twenty-seven dollars.\textsuperscript{23} Yunus loaned the villagers twenty-seven dollars, and, in doing so, birthed the concept of microcredit—small loans extended to people with no access to credit.\textsuperscript{24}

In 1977, Yunus established the Grameen Bank in Bangladesh to extend microcredit loans to the poor.\textsuperscript{25} Since its inception, Grameen Bank has issued over $2.5 billion in microcredit loans.\textsuperscript{26} It has also become a model for microcredit lending which has been replicated around the world.\textsuperscript{27} The success of microfinance institutions (MFIs) has caught the attention of private investors, who see it as a way to promote social goals and to also earn a guaranteed rate of return.\textsuperscript{28}

\begin{itemize}
  \item \textsuperscript{21} \textit{Id.} at 48 ("[Yunus] had never heard of anyone suffering for the lack of twenty-two cents.").
  \item \textsuperscript{22} \textit{Id.} at 49 ("Within one week, [Yunus] had a list prepared.").
  \item \textsuperscript{23} \textit{Id.}
  \item \textsuperscript{24} \textit{Id.} at 50-51 ("Now I needed to create an institutional answer that these people could rely on.").
  \item \textsuperscript{25} \textit{See id.} at 61. Yunus explains his approach: "In structuring our credit program, I decided to do exactly the opposite of traditional banks. To overcome the psychological barrier of parting with large sums, I decided to institute a daily payment program. I made the loan payments so small that borrowers would barely miss the money." \textit{Id.}
  \item \textsuperscript{26} \textit{Fresh Air, supra} note 16. Grameen Bank has provided over $2.5 billion in micro-loans, and Mohammad Yunus won the Nobel Peace Prize in 2006 for his work with the Grameen Bank. \textit{Id.}
  \item \textsuperscript{27} \textit{YUNUS, supra} note 17, at 155-56.
  \item \textsuperscript{28} \textit{All Things Considered: Beyond Charity} (NPR radio broadcast Dec. 26, 2006) [hereinafter \textit{All Things Considered}]. Another emerging microcredit investment model uses U.S. investors as guarantors for microcredit loans made in the third world. Jeff Benjamin, A ‘Very Businesslike Way’ to Reduce World Poverty, Social-Investment Opportunity Uses Client Assets not for Donations but as Microfinance Collateral, \textit{INVESTMENT NEWS}, Oct. 29, 2007. The investors sign an eighteen-month collateral agreement. \textit{Id.} If there is a default, all investors pay a tax deductible pro rata amount. \textit{Id.} For individuals who are not interested in microcredit as an investment, but want to help those in need, an organization called Kiva can connect them with an entrepreneur in need of start-up capital. \textit{See generally} Kiva, www.kiva.org (last visited Mar. 14, 2008) ("Kiva lets you connect with and loan money to unique small businesses in the developing world."). Under
This Comment will show how the U.S. government should systematically use microcredit based on the Grameen Bank principles as a tool to prevent illegal immigration from Mexico. Part II will give a historical background of immigration law in the United States and illustrate how the current laws fail to address the true causes of illegal immigration. Part III will explain why legislation aimed at preventing illegal immigration should include provisions that will create opportunity in Mexico. Part IV will explain how microcredit works and why it is a viable method to prevent illegal immigration to the United States from Mexico by creating opportunity.

II. CURRENT IMMIGRATION LEGISLATION IS UNSUCCESSFUL BECAUSE IT FAILS TO ADDRESS THE ROOT CAUSES OF ILLEGAL IMMIGRATION

Immigration law in the United States reflects a long history of government attempts to control the market-driven forces of the supply and demand of labor. With regards to Mexican workers, the U.S. tendency has been to bring workers in when they are needed and send them back when they are not. This approach does not consider the natural causes of human migration.

A. Root Causes of Immigration

Upon surveying the underlying causes of immigration, it becomes clear that comprehensive immigration reform must begin in Mexico for reform to be successful. The immigrant’s decision to migrate is

the Kiva model, lenders can pick the entrepreneur they want to help, make a loan, monitor the borrower’s progress through journal entries, and when the entrepreneur repays the lender, the lender can choose to withdraw the money, or re-loan to another borrower. Kiva, www.kiva.org/about (last visited Mar. 14, 2008).

29. See generally Thinking Small, supra note 15 (proposing the idea generally). This Comment will look into what a U.S. commitment to microcredit would look like in U.S. policy and legislation as a specific tool to combat illegal immigration.


31. Id.


33. Tyche Hendricks, Mexico’s Ambassador to the U.S. Discusses Major
determined by a combination of "pull" and "push" forces.\(^{34}\) In order to be effective, immigration policy must address both forces.\(^{35}\) Past and present attempts to curb illegal immigration have failed because they address only the "pull" forces and neglect the "push" forces; they do not give Mexican citizens a reason not to leave home.\(^{36}\)

I. "Pull" Forces

A major force that attracts immigrants to the United States is the higher wage paid to laborers in the United States.\(^{37}\) In a survey of 600 Mexican migrants, eighty-two percent said that it was the opportunity in the United States and not poor conditions in Mexico that caused them to leave home.\(^{38}\) A worker in the United States can earn up to six times as much money as a person doing the same job in Mexico.\(^{39}\) It is clear that Mexicans immigrate to the United States seeking opportunity.\(^{40}\)

The geography of employment opportunity as a pull force becomes apparent when considering trends in immigration. A recent shift in destination indicates that certain U.S. states constitute a new "pull" of employment opportunity.\(^{41}\) While immigrants have traditionally settled in border states and large metropolitan areas, since the 1990s there has been a discrete shift in destination states for

\(^{34}\)RESTORING CREDIBILITY, supra note 32, at 174. Factors which cause people to leave their homeland in search of a new home are "push" forces, while those factors that draw people to a new place are "pull" forces. See Roy L. Prosterman & Tim Hanstad, Land Reform in the Twenty-First Century: New Challenges, New Responses, 4 SEATTLE J. SOC. JUST. 763, 772 (2006).

\(^{35}\)Id. Hendricks, supra note 33; Thinking Small, supra note 15.

\(^{36}\)Christina Killion Valdez, America is Still the Land of Opportunity for Immigrants, ROCHESTER MINN. POST BULLETIN, Aug. 11, 2007.

\(^{37}\)Wayne A. Cornelius, There's No Point in Flailing at This Piñata, L.A. TIMES, May 29, 2005, at M3.

\(^{38}\)Valdez, supra note 37.

\(^{39}\)Jason Lee Steorts, Mexico, Heal Thyself: The Mexican Economy is a Sick Man, and Could Use Several Doses of Reaganism, NAT’L REV., July 17, 2006, at 25; Thinking Small, supra note 15.

\(^{40}\)Condon & McBride, supra note 10, at 257.
immigrants. Prior to the 1990s, immigrant populations were mostly concentrated in California, New York, New Jersey, Illinois, Florida, and Texas. Recent studies, however, show an increase in Mexican immigrant populations in non-traditional, immigrant-attracting states and indicate new employment “pull” forces in states such as Arizona, Georgia, North Carolina, Tennessee, Nevada, Colorado, Utah, Idaho, Iowa, and Nebraska.

Family reunification is another force that draws Mexicans to the United States. It is estimated that sixty percent of Mexicans living in Mexico have relatives living in the United States. Stricter border enforcement has made it more difficult for Mexicans working in the United States illegally to return to the United States after traveling to Mexico. This is especially problematic when the worker is the head of household who is unable to visit his or her family. As a result, there is a greater incentive for the whole family to move to the United States in order to be together. Though family reunification is not, in itself, an economic motive for illegal immigration, it is often a result of immigration for economic reasons.

42. CONG. BUDGET OFFICE, supra note 6, at 4-5; Condon & McBride, supra note 10, at 257.
43. See CONG. BUDGET OFFICE, supra note 6, at 4-5; Condon & McBride, supra note 10, at 257.
44. CONG. BUDGET OFFICE, supra note 6, at 5-6; Condon & McBride, supra note 10, at 258-60; Tamar Jacoby, Is Anyone Listening?: Voters Want Real Answers on Immigration, L.A. TIMES, Jan. 2, 2008, at A15 (“[I]mmigration has loomed large in Iowa, once a state with virtually no immigrants, now full of foreigners seeking work in new meatpacking plants.”).
45. Megan L. Capasso, Article, An Attempt at a “12 Step Program”: President Bush’s Comprehensive Strategy to Rehabilitate California and Mexico’s Addiction to Illegal Immigration: Does It Strike the Correct Societal Balance?, 34 W. ST. U. L. REV. 87, 97 (2006); Pia Orrenius & Madeline Zavodny, What Are the Consequences of an Amnesty for Undocumented Immigrants?, 9 GEO. PUB. POL’Y REV. 21, 24 (2004); see also Valdez, supra note 37.
46. Capasso, supra note 45, at 97-98.
47. Cornelius, supra note 38; Valdez, supra note 37; Morning Edition: Mexican Migrants Leave Kids, Problems Back Home (NPR radio broadcast May 9, 2006) [hereinafter Morning Edition].
48. Cornelius, supra note 38; Valdez, supra note 37.
49. Cornelius, supra note 38; Valdez, supra note 37.
50. See Cornelius, supra note 38; see Valdez, supra note 37.
The aforementioned "pull" forces, which draw illegal immigrants to the United States, can be summarized generally as opportunity.\textsuperscript{51} This overarching idea of opportunity includes more than the opportunity of employment. It is the opportunity to receive a higher wage, to support a family back home, or to reunify with family members who have already crossed the border.\textsuperscript{52} To prevent illegal immigration from Mexico, this strong "pull" force must be counteracted by the creation of opportunity in Mexico.\textsuperscript{53}

2. "Push" Forces

The U.S. immigration policy has not addressed the "push" forces that cause illegal immigration.\textsuperscript{54} These forces include poverty, economic informality, the failing ejido system and the waning success of the maquiladoras.\textsuperscript{55} With per capita income in Mexico at one sixth of that in the United States,\textsuperscript{56} it is the lack of opportunity that is causing people to make the dangerous trek across the desert.\textsuperscript{57}

\textsuperscript{51} Success stories of people who left for the United States, as well as television and Hollywood depictions of those accounts, perpetuate a belief in the "American Dream." Valdez, supra note 37. This belief causes many in Mexico to see the United States as the land of opportunity. Id.

\textsuperscript{52} See Valdez, supra note 37; Steorts, supra note 40, at 25; Capasso, supra note 45, at 97-99.

\textsuperscript{53} Thinking Small, supra note 15.

\textsuperscript{54} See generally Stock, supra note 11 (surveying current immigration law).


\textsuperscript{56} Immigration Crisis, supra note 7, at 1749.

\textsuperscript{57} Id. at 1750-51. The Cornelius study found that a majority of people who immigrated to the United States did so because of opportunity and not because of bad conditions in Mexico. Cornelius, supra note 38. Other sources show, however, that in the case of the rural poor, flight to cities and immigration to the United States result from the "push" force of poverty rather than the "pull" force of job opportunity. Prosterman & Hanstad, supra note 34, at 772 (2006); see David D. Spencer & Fernando Rivadeneyra, Some Case Studies of Joint Ventures with Mexican Ejidos, 6 U.S. MEX. L.J. 99, 101 (1998).
Poverty in rural areas fuels the migration of poor to urban areas.\textsuperscript{58} The crowding this causes in urban centers forces people into informality,\textsuperscript{59} which is defined as any type of economic activity not in compliance with economic regulations and taxation requirements.\textsuperscript{60} A major source of rural poverty and urban crowding in Mexico is the failure of its \textit{ejido} system.\textsuperscript{61} This system of communal farms, known as \textit{ejidos}, came into existence in 1917 under Article 27 of the Constitution of Mexico.\textsuperscript{62} Under this system, large pieces of federal land were granted to groups of rural farmers, known as \textit{ejidatarios}.\textsuperscript{63} These large communal land holdings comprised forty-eight percent of Mexico's territory in 1990.\textsuperscript{64} The \textit{ejido} system was discontinued in 1992 by constitutional amendment, a move generally believed to have been a precondition to Mexico's entry to the North America Free Trade Agreement (NAFTA).\textsuperscript{65} By the time the program ended, the size of new plots given to individual farmers was just 1.4 hectares—not nearly enough land to grow crops at competitive prices.\textsuperscript{66} When economic conditions forced farmers to leave the \textit{ejidos}, they either moved to an urban center or immigrated to the United States.\textsuperscript{67}

\textsuperscript{58} Prosterman & Hanstad, supra note 34, at 772; See also YUNUS, supra note 17, at 94; see also Jorge A. Vargas, NAFTA, the Chiapas Rebellion, and the Emergence of Mexican Ethnic Law, 25 CAL. W. INT'L L.J. 1, 21 (1994).


\textsuperscript{60} Winn, supra note 16, at 912-13.

\textsuperscript{61} Steorts, supra note 40, at 25 ("This poverty is the predictable byproduct of the communal farms, known as ejidos . . . .").

\textsuperscript{62} Spencer & Rivadeneyra, supra note 57, at 101.

\textsuperscript{63} Vargas, supra note 58, at 20.

\textsuperscript{64} Spencer & Rivadeneyra, supra note 57, at 99.


\textsuperscript{66} Steorts, supra note 40, at 25 ("Such small tracts are incapable of growing crops at competitive prices.").

\textsuperscript{67} Spencer & Rivadeneyra, supra note 57, at 101.
The other factor that drives Mexicans from rural areas is employment in maquiladoras.\textsuperscript{68} Maquiladoras are foreign-owned factories on the Mexico side of the United States – Mexico border that assemble products, starting from product components, to be consumed in other countries.\textsuperscript{69} The rise of the maquiladora began with the termination of the Bracero Program in 1964.\textsuperscript{70} The program left the border towns—once the bases for hiring Mexican laborers—struggling with severe shortages due to the overcrowding of displaced workers.\textsuperscript{71} To relieve the pressure on the border towns, Mexico created the Programa Nacional Fronterizo (PRONAF), which gave foreign companies licenses to import parts to Mexico and to then export the completed product.\textsuperscript{72} The corporations that owned the maquiladoras could pay very low wages, and the corporations benefited from favorable tariffs that only applied to the value added to products in Mexico.\textsuperscript{73}

Maquiladoras have come under scrutiny for their unfair labor practices, workplace discrimination, and low wages.\textsuperscript{74} There have been some wage increases in recent years, however these wage increases have outpaced productivity increases in Mexico's manufacturing sector.\textsuperscript{75} The result is that Mexican maquiladoras are moving their operations to Asia, where wages are even lower.\textsuperscript{76} Because over one million Mexican workers were at one time

\textsuperscript{68} See Kagan, supra note 55, at 154.


\textsuperscript{70} See infra Part II.B.1.

\textsuperscript{71} Kagan, supra note 55, at 155; see also Lucy A. Williams, Property, Wealth and Inequality through the Lens of Globalization: Lessons from the United States and Mexico, 34 IND. L. REV. 1234, 1246 (2001).

\textsuperscript{72} Kagan, supra note 55, at 155-56; Plumtree, supra note 69, at 181-82 (1999); L. Williams, supra note 71, at 1246-47.

\textsuperscript{73} Kagan, supra note 55, at 156; L. Williams, supra note 71, at 1246-47.

\textsuperscript{74} See generally Kagan, supra note 55; see generally Plumtree, supra note 69.

\textsuperscript{75} Condon \\& McBride, supra note 10, at 271.

\textsuperscript{76} Id.
employed in *maquiladoras*, the gap left in their wake is contributing to Mexico’s rising unemployment.

The influx of people from rural areas to urban centers, caused by the failure of the *ejido* system and the rise of *maquiladoras* in border towns, has forced many of the newcomers into informality. Many of these people live in *colonias*—small villages built illegally on government land out of scrap wood, tarpaper and other found materials. These urban slums are known for their lack of drinking water or sewage systems and their staggering levels of poverty and disease. The diseases found in these *colonias* include many diseases that are considered eradicated in the United States: tuberculosis, hepatitis, cholera, gastroenteritis, lead poisoning, dysentery, leprosy, dengue fever, encephalitis, typhoid, *Helicobacter pylori*, and shigellosis.

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77. See Kagan, supra note 55, at 156 (“Between 1966 and 2004, the number of Mexicans employed in the maquiladora sector grew from 3000 to approximately 1.14 million.”).

78. See Capasso, supra note 45, at 97.


80. See Miller, supra note 59, ¶ 46; Lourdes Medrano, *Micro-lending Effort in Mexico Helps Poor Families Stay Home*, Arizona Daily Star, June 17, 2007, at A1. On a trip to Mexico during 2007 with the FTA, I visited Colectivo Chilpancingo, a typical *colonía* in Tijuana. Chilpancingo lies in a valley below the *maquiladoras* that employ most of its residents and pollute the river that flows through the *colonía*. Children are left unattended while parents work.

81. R. Williams, supra note 79, at 705. These informal communities are found on both sides of the U.S.-Mexico border. Id. at 706. The U.S. state with the most serious *colonía* problem is Texas, where it is estimated that more than 360,000 people live in over 1,400 *colonias*. Id.

82. Id. at 710. *Helicobacter pylori* is a bacterium that lives in the stomach and causes ulcers. See id. at 710 n.47; see also The Helicobacter Foundation, H. Pylori, http://www.helico.com/h_general.html (last visited Apr. 15, 2008). Shigellosis causes diarrhea, fever, and cramps. R. Williams, supra note 79, at 710 n.48.
Informal housing is accompanied by informal economic activity.\textsuperscript{83} Mexico is home to a vibrant informal economy.\textsuperscript{84} A 2005 study found that Mexico’s informal economy is the third greatest perceived obstacle to the growth of business in Mexico, falling just behind personal security and piracy.\textsuperscript{85} Informal businesses have a negative impact on the local economies in which they operate because the government must raise taxes to compensate for the untaxed transactions that take place.\textsuperscript{86} Further, because informal businesses are unable to rely on the legal system, they do not have the benefit of contracts to protect them when doing business with strangers.\textsuperscript{87} As a result, informal businesses rely on an improvised legal system based on a social contract that the community enforces.\textsuperscript{88} Productivity suffers because the would-be entrepreneurs are forced to deal in smaller circles with people in their communities.\textsuperscript{89} Informal businesses must also incur the additional cost of bribing officials so the officials will continue to allow the businesses to operate illegally.\textsuperscript{90} These ongoing struggles with the informal housing and the

\textsuperscript{83} David Asp, \textit{Argentina's Mystery of Capital: Why the International Monetary Fund Needs Hernando de Soto}, 12 MINN. J. GLOBAL TRADE 383, 397 (2003). “[W]ealthy countries and strong economies depend on legal structures that convert general wealth into capital.” \textit{Id.} In countries like Mexico, entrepreneurs operate informally through illegal titles and land ownership. \textit{Id.} Economy remains informal because of two barriers to converting wealth into capital: “government bureaucracy” and “the disconnect between the existence of formal property rights and public benefit from those systems.” \textit{Id.}

\textsuperscript{84} \textit{Id.} (estimating that twenty-eight to thirty-nine percent of Mexico’s GDP resides in its informal economy).


\textsuperscript{86} Capasso, \textit{supra} note 45, at 100.

\textsuperscript{87} DE SOTO, \textit{supra} note 79, at 71.

\textsuperscript{88} \textit{Id.} at 87.

\textsuperscript{89} \textit{Id.} at 71.

\textsuperscript{90} \textit{Id.} at 83.
informal economy in Mexico raise serious questions about the future of Mexico’s democratic system.\footnote{91}{See Winn, supra note 16, at 938.}

The aforementioned “push” forces can be summarized as an overall lack of opportunity. To prevent illegal immigration from Mexico the “push” forces must be counteracted by greater “pull” forces that keep people from leaving home. To create this “pull” in Mexico, opportunity must be created in Mexico.\footnote{92}{Thinking Small, supra note 15.}

\textbf{B. The Evolution of Immigration Law}

Immigration in the Americas as a political issue predates the inception of the United States.\footnote{93}{See THE DECLARATION OF INDEPENDENCE para. 8 (U.S. 1776) (["The King of Great Britain] has endeavoured to prevent the population of these States; for that purpose obstructing the Laws for Naturalization of Foreigners; refusing to pass others to encourage their migrations hither, and raising the conditions of new Appropriations of Lands.").} As such, it should come as no surprise that, more than two hundred years after that inception, immigration is still a source of conflict.

\textit{1. Historical Background of U.S. Immigration Law}

In the Declaration of Independence, among other enumerations of “causes which impelle[d]” the separation from England, was the King’s obstruction of naturalization laws and failure to pass new laws that would encourage people to migrate to the Americas.\footnote{94}{Id. at para. 7.} Once the United States gained its independence, the Framers empowered Congress to establish rules of naturalization.\footnote{95}{U.S. CONST. art. I, § 8, cl. 4. The Constitution also deals with immigration related issues in Article I, section 9, clause 1, where it prevents Congress from prohibiting the “importation” of people prior to 1808, but it does allow those people to be taxed at a rate no more than ten dollars. U.S. CONST. art. I, § 9, cl. 1. While this does relate somewhat to immigration, the Constitution is clearly addressing the regulation of the slave trade. See id.}

The first legislative bars to the employment of aliens were the Anti-Peonage Act of 1867 and Alien Contract Labor Law of 1885.\footnote{96}{Karen Fleshman, Abrazando Mexicanos: The United States Should...
These laws, passed in the years following the Civil War, were mainly concerned with the prevention of involuntary servitude.\textsuperscript{97} At the same time that Congress was passing laws to prevent involuntary servitude, it passed the first laws aimed at the exclusion of an entire group.\textsuperscript{98} Chinese laborers, who were invaluable during the construction of the transcontinental railroad, fell into great disfavor during the 1873 to 1878 depression.\textsuperscript{99} The willingness of Chinese laborers to do work at low wages led to extreme anti-Chinese sentiment which prompted Congress to pass a law in 1882 that suspended the immigration of all Chinese laborers for ten years.\textsuperscript{100} In 1884, the Act was strengthened to prohibit Chinese laborers from entering the United States from any country, not just China.\textsuperscript{101} In 1888, the Scott Act excluded all people of the Chinese race who were not members of an exempt class with proper identification.\textsuperscript{102}

The next major immigration law passed was the Immigration and Nationality Act (INA) of 1917.\textsuperscript{103} This Act was passed to allow foreign workers to enter the United States from Mexico and work temporarily during World War I.\textsuperscript{104} Due to lax enforcement of immigration laws, many of the workers remained in the United States after the war ended.\textsuperscript{105} These workers would become the subject of hostility in the years to come.\textsuperscript{106} Just as Congress reacted to the


\textsuperscript{97} See id.

\textsuperscript{98} Emily Ryo, Through the Back Door: Applying Theories of Legal Compliance to Illegal Immigration During the Chinese Exclusion Era, 31 LAW & SOC. INQUIRY 109, 115-16 (2006).

\textsuperscript{99} Id. at 116.

\textsuperscript{100} Id. at 116-18.

\textsuperscript{101} Id. at 118.

\textsuperscript{102} Id.

\textsuperscript{103} Immigration and Nationality Act of 1917, Pub. L. No. 64-301, 39 Stat. 874 (1917).

\textsuperscript{104} Alice J. Baker, Agricultural Guestworker Programs in the United States, 10 TEX. HISP. J. L. & POL’Y 79, 82 (2004) ("The Immigration and Nationality Act of 1917 allowed the Commissioner General of Immigration to admit agricultural laborers for temporary employment during World War I.").

\textsuperscript{105} Id. at 83.

\textsuperscript{106} See id. at 83; Smith, supra note 30, at 243.
depression of the 1870s by passing strict Chinese exclusion laws, the government reacted to the depression years of the 1920s and 1930s by deporting Mexican workers. As times changed, so did the labor needs of the United States. In 1942 the United States implemented the Bracero Program to meet those needs. Similar in objective to the INA of 1917, the Bracero Program was implemented to alleviate the manpower shortages caused by World War II. It differed, however, in that it was a bilateral agreement between the United States and Mexico. The program was originally intended to last only until the war’s end, but it remained in place until the early 1960s. At its height in the late 1950s, the Bracero Program was responsible for the legal employment of an estimated 2.5 million Mexicans in the United States. Also at this time, Congress passed the Immigration and Nationality Act (INA) of 1952. This Act consolidated previous immigration law into a comprehensive statute, which has become the foundation for U.S. immigration law. The INA of 1952 established the procedures that

107. Compare Ryo, supra note 98, at 116 (describing the extreme anti-Chinese sentiment during the 1873-1878 depression) with Baker, supra note 104, at 83 (describing anti-Mexican sentiment during the Great Depression) and Smith, supra note 30, at 243 (discussing repatriation of Mexican workers in the 1920s and 1930s).

108. Smith, supra note 30, at 243.

109. Cornelius, supra note 38; see also Baker, supra note 98, at 83-84.

110. Kristi L. Morgan, Evaluating Guest Worker Programs in the U.S.: A Comparison Of The Bracero Program and President Bush’s Proposed Immigration Reform Plan, 15 BERKELEY LA RAZA L.J. 125, 127 (2004) (“Allowing growers to contract with Mexican immigrants during World War I was the precedent growers used to demand foreign workers again.”); R. Williams, supra note 79, at 707; see also Cornelius, supra note 38.

111. Baker, supra note 98, at 83-84; Morgan, supra note 110, at 127; Smith, supra note 30, at 244; Cornelius, supra note 38.

112. Morgan, supra note 110, at 127.

113. Id. at 127, 129.

114. Id. at 129.


116. Id.
govern non-citizens with regard to admission and expulsion. In 1964, the Bracero Program ended, leaving Mexico's border towns overcrowded with people trying to find work in the United States.

In 1986, Congress enacted the Immigration Reform and Control Act (IRCA). This bill granted amnesty to 2.7 million undocumented immigrants with the belief that amnesty, along with stricter workplace enforcement and more Border Patrol officers, would prevent future inflows of illegal immigrants. Under IRCA, employer sanctions increased exponentially every time the employer was caught employing undocumented workers. The burden of enforcement fell largely on employers while the Federal Government focused on border enforcement. Employers who made a good faith effort to verify the authenticity of the documents presented by the employee were exempt from penalty. These new regulations created a vibrant market for fraudulent employment documents. Partially in response to the widespread use of fraudulent documents that followed the IRCA, Congress enacted the Immigration Act of 1990, which increased the penalties for immigrants caught using false documents. The most significant provisions of this act made it easier to deport criminal aliens and to increase the size of the Border Patrol.

2. Current Efforts

In recent years, a trend toward strict state and municipal laws has sprung out of frustration toward the federal government's inability to control the flow of illegal immigrants. In October 2006, the city of

117. Id. at 737.
120. Orrenius & Zavodny, supra note 45, at 21.
121. Fleshman, supra note 96, at 248 (explaining that employer sanctions can range from $250 for first offense to $10,000 for third offense).
123. Fleshman, supra note 96, at 247.
124. Id. at 248.
125. Id.
126. Capasso, supra note 45, at 91.
127. ARIZ. REV. STAT. ANN. § 23-212, Governor's Transmittal Message
Escondido, California put itself on the map when it passed Ordinance No. 200638R, which required landlords to check the immigration status of their tenants.128 Also in 2006, Hazleton, Pennsylvania passed an ordinance that imposed a $1000 per day fine on landlords who rented to illegal immigrants.129 The Hazleton ordinance went further by also threatening to revoke the business licenses of businesses that employ illegal immigrants.130 An ordinance based on Hazleton's passed in Valley Park, a suburb of St. Louis, Missouri.131 What made the Valley Park ordinance different was that, unlike the Hazleton ordinance, it was actually enforced; landlords were required to evict tenants they knew to be illegally present in the United States.132 Presently, however, court challenges are preventing the enforcement of all three ordinances.133 In December 2006, the City of Escondido stipulated to the entry of a final judgment that made permanent the temporary restraining order blocking Ordinance No. 200638R.134 Ordinances like those in Escondido and Hazleton have prompted California's legislature to pass a bill that prohibits cities from requiring a landlord to check the immigration status of his tenants.135

(2008); Stock, supra note 11, at 562; Retka, supra note 14; Day to Day: Town Outlaws Renting to Illegal Immigrants (NPR radio broadcast Oct. 5, 2006) [hereinafter Day to Day] ("Whittaker says he decided to make immigration a local issue because of what he called inaction by the federal government."). Over one hundred states and municipalities have "taken the law into their own hands" to prevent illegal immigration. Jane Sasseen, Hire an Illegal Worker, Lose Your Business: Arizona's Tough New Immigration Law Has Companies Running Scared, BUSINESSWEEK, Dec. 24, 2007.


129. Leyva, supra note 128.


131. Day to Day, supra note 127.

132. Id.

133. Leyva, supra note 128; Day to Day, supra note 127.

134. Leyva, supra note 128.

135. Id.
Echoing the frustration of Hazleton, Escondido, and Valley Park, the state of Arizona has passed the most aggressive law in the country that prevents businesses from employing illegal immigrants. 136 Under the statute, which took effect January 1, 2008, 137 a business that knowingly employs illegal immigrants may lose its license for up to ten days, and a business that intentionally employs illegal immigrants automatically loses its business license for at least ten days. 138 If a business is caught in violation of the statute a second time during a probationary period following the first violation, the business license is permanently revoked. 139 Though the penalty is extreme, it is what Arizona considers necessary to stop the flow of illegal immigrants to the state. 140

On a national level, illegal immigration is unique because it tends to divide people regionally and ethnically, rather than by party affiliation. 141 For a vast majority of Americans, illegal immigration will be important in their decision in the upcoming presidential election. 142 The current immigration debate centers on stricter border enforcement and guest worker programs. 143 In terms of enforcement, the most recent efforts would thwart illegal immigration by extending

136. ARIZ. REV. STAT. ANN. § 23-212, Governor’s Transmittal Message (2008); Sasseen, supra note 127.
137. The law was challenged in court by a coalition of business groups, but the case was thrown out by the judge for technical reasons. Sasseen, supra note 127. The plaintiffs subsequently filed a new suit seeking a preliminary injunction which they did not receive. Id.
138. ARIZ. REV. STAT. ANN. § 23-212(F)(1)(d), (2)(c) (2008); Sasseen, supra note 127.
139. ARIZ. REV. STAT. ANN. § 23-212(F)(3) (2008); Sasseen, supra note 127.
140. ARIZ. REV. STAT. ANN. § 23-212(F) (2008); Sasseen, supra note 127.
142. L.A. TIMES/BLOOMBERG POLL, June 7-10, 2007, available at http://www.pollingreport.com/immigration.htm. When asked how important a primary candidate’s stance on illegal immigration was to their decision to support that candidate, fifteen percent said it was the most important issue, and sixty-six percent said it was an important issue. Id.
143. Immigration and the Candidates, supra note 13.
the border fence.\textsuperscript{144} The creation of a guest worker program is much more contentious.\textsuperscript{145}

In September 2007, the Department of Homeland Security announced that it had completed its goal of adding seventy more miles of fence on the border with Mexico, bringing the total length of barriers to 145 miles.\textsuperscript{146} This goal comes as part of the Secure Fence Act of 2006, which calls for 700 miles of fence along the border.\textsuperscript{147} The Act sets an eighteen-month period for the Secretary of Homeland Security to take necessary actions to "achieve and maintain operational control over the entire international land and maritime borders of the United States . . . ."\textsuperscript{148} To gain this level of control, the Act calls for the installation of two layers of reinforced fencing along with physical barriers, lights, cameras, and sensors.\textsuperscript{149} While this fence does have the effect of making it harder for immigrants to illegally cross the border, its unilateral nature has created tension between the United States and Mexico.\textsuperscript{150}

Mexico would like to see a U.S. immigration policy that allows undocumented workers to achieve legal status and a procedure for future workers to enter and work legally.\textsuperscript{151} President George W. Bush's immigration plan satisfies both of these objectives, with a path


\textsuperscript{145} \textit{See Immigration and the Candidates, supra} note 13.

\textsuperscript{146} \textit{Id.} An estimated one-half of the current population of illegal immigrants in the United States entered the country legally. \textit{CONG. BUDGET OFFICE, supra note 6}, at 4. This raises some questions as to how effective a border fence will be at preventing illegal immigration. \textit{See id.}

\textsuperscript{147} Marosi, \textit{supra} note 144.


\textsuperscript{150} Ayelet Shachar, \emph{The Shifting Border of Immigration Regulation}, 3 STAN. J.C.R. & C.L. 165, 190 (2007).

\textsuperscript{151} Cornelius, \textit{supra} note 38 ("Mexico is eager for the United States to liberalize its immigration policy but sees no reason to change its own."); Hendricks, \textit{supra} note 33 ("Mexico badly wants the United States to . . . let the country's . . . undocumented immigrants . . . obtain legal status, and to create a legal avenue for future foreign workers . . . .").
to citizenship for immigrants currently in this country as well as a guest worker program.\textsuperscript{152} The guest worker program matches foreign workers with U.S. employers who are unable to fill positions with domestic workers.\textsuperscript{153} Proponents believe that giving workers already in the United States the option to become guest workers will bring illegal immigrants out of the margins and into society.\textsuperscript{154} Opponents argue that illegal immigrants will not come forward because in doing so they would be putting themselves "on the radar," exposing themselves to possible deportation.\textsuperscript{155} Still to others, the Bush plan will bring consequences similar to those of the Bracero Program.\textsuperscript{156}

III. ILLEGAL IMMIGRATION HURTS THE UNITED STATES AND MEXICO

A. Strain on the United States

While it is true that illegal immigrants provide labor that is important to the U.S. economy, they also bring a financial burden to the communities in which they settle.\textsuperscript{157} Mainly, this strain results from illegal immigrants using public services,\textsuperscript{158} living in informal or unconventional housing, and sending remittances.\textsuperscript{159} It is the responsibility of the federal government “to mitigate the impacts of unlawful immigration on states and localities.”\textsuperscript{160} Although there are federal programs that assist states with the additional costs associated

\begin{itemize}
  \item \textsuperscript{152} Capasso, \textit{supra} note 45, at 102.
  \item \textsuperscript{153} Morgan, \textit{supra} note 110, at 125.
  \item \textsuperscript{154} Capasso, \textit{supra} note 45, at 104.
  \item \textsuperscript{155} \textit{Id.} at 105.
  \item \textsuperscript{156} See Morgan, \textit{supra} note 110, at 134 (evaluating President Bush’s guest worker proposal in the context of the Bracero Program and finding that it, like the Bracero Program, would provide cheap labor and monitor illegal immigration).
  \item \textsuperscript{157} CONG. BUDGET OFFICE, \textit{supra} note 6, at 1; Gabor & Rosenquest, \textit{supra} note 3, at 287.
  \item \textsuperscript{158} State and local governments are bound by federal programs and court decisions to provide certain services to illegal immigrants. CONG. BUDGET OFFICE, \textit{supra} note 6, at 3. States, for example, may not exclude children from public education based on their immigration status. \textit{Id.} at 7.
  \item \textsuperscript{159} See Capasso, \textit{supra} note 45, at 99; see also Bridges, \textit{supra} note 5.
  \item \textsuperscript{160} RESTORING CREDIBILITY, \textit{supra} note 32, at xxii.
\end{itemize}
with illegal immigration, these programs do not fully offset the costs.\textsuperscript{161}

One problem associated with illegal immigration that must be dealt with on a local level is informal housing.\textsuperscript{162} Illegal immigrants to the United States are forced into informality because their immigration status puts them outside the mainstream.\textsuperscript{163} Some illegal immigrants, unable to afford conventional housing, are forced to live in shantytowns, much like the colonias in Mexican border towns, or in overcrowded houses and apartments.\textsuperscript{164} Efforts to remove the shantytowns prove to be only a temporary fix to an ongoing problem.\textsuperscript{165}

Strains on the local economy are exacerbated by the fact that much of the money earned by illegal immigrants is not re-circulated in the community.\textsuperscript{166} Remittance is the action of sending money to another place.\textsuperscript{167} In immigration discussions, remittances refer specifically to the money earned in the United States that is sent back to the country of origin.\textsuperscript{168} Of the 10.4 million Mexican immigrant adults, it is estimated that 6.6 million send remittances.\textsuperscript{169} Remittances to Mexico were expected to reach $23.4 billion in 2007.\textsuperscript{170} This money, supporting one in five Mexican households, is the third largest source of revenue for Mexico’s faltering economy.\textsuperscript{171}

\textsuperscript{161} CONG. BUDGET OFFICE, supra note 6, at 10.
\textsuperscript{162} See R. Williams, supra note 79, at 705 (stating that the rampant spread of colonias is a major concern for border-states).
\textsuperscript{163} See Miller, supra note 59, ¶ 9.
\textsuperscript{164} Leslie Berestein, Ousting of Migrants is Short-Term Fix: Laborers Find Other Places to Camp, SAN DIEGO UNION-TRIBUNE, Feb. 17, 2007; R. Williams, supra note 79, at 705.
\textsuperscript{165} See R. Williams, supra note 79, at 726.
\textsuperscript{167} BLACK'S LAW DICTIONARY 1321 (8th ed. 2004).
\textsuperscript{168} See Deanna Ford, Tapping the Development Potential of Migration Through MFIs, 12 GEO. PUB. POL'Y REV. 11, 11 (2007).
\textsuperscript{169} IDB SURVEY, supra note 166, at 12.
\textsuperscript{170} Id.
\textsuperscript{171} Capasso, supra note 45, at 96-97; Cornelius, supra note 38.
While a great benefit to Mexico, these remittances pull money away from recirculation in the communities where it is earned. 172

Though the problem affects the country as a whole, the burden of illegal immigration falls mainly on state and municipal governments. 173 The federal government’s response to illegal immigration fails to adequately offset this burden. 174 A comprehensive solution to the illegal immigration crisis must include financial support to compensate local governments for the added expenses associated with immigration issues. 175 If a microcredit program is in place, it will generate profit to be used in just such a way—mitigating the burden on states caused by illegal immigration.

B. Strain on Mexico

Contrary to some popular sentiment, preventing illegal immigration is not anti-Mexican. 176 In addition to creating problems in the United States, illegal immigration creates problems in Mexico as well. 177 As a result of mass emigration, Mexico is suffering from a “brain drain,” a loss of human capital, and is facing the threat of losing a generation of youth. 178

Historically, Mexico’s economy has relied on its cheap and plentiful labor to compete in the global marketplace. 179 This reliance

172. Deanna Ford suggests the use of microcredit to allow the receiving parties in the home countries to make the best use of remittance money. Ford, supra note 165. Her article proposes that using microfinance institutions to channel funds will cause immigrants to return home sooner. Id. at 15. This approach does not curb the problem of illegal immigration, but rather presupposes the continuation of illegal immigration instead of looking to prevent it from occurring in the first place. See id.

173. CONG. BUDGET OFFICE, supra note 6, at 10; see also Gabor & Rosenquest, supra note 3, at 287 (“In addition, the financial burden that illegal immigration imposes on the United States falls predominantly on the local and state governments, rather than the federal level, and exacerbates populist anti-immigration pressure.”).

174. CONG. BUDGET OFFICE, supra note 6, at 10.

175. See RESTORING CREDIBILITY, supra note 32, at xxii; see CONG. BUDGET OFFICE, supra note 6, at 10; see Gabor & Rosenquest, supra note 3, at 287.

176. Steorts, supra note 40, at 25.

177. See Ford, supra note 165, at 12.

178. Id.; Morning Edition, supra note 47.

is threatened by the mass exodus of immigrants seeking higher wages in the United States.\textsuperscript{180} The problem created by the number of workers being lost to immigration is exacerbated by the quality of workers being lost.\textsuperscript{181} Currently, there is a widespread misconception that the people who immigrate illegally to the United States are the poorest and least skilled of the population.\textsuperscript{182} On the contrary, the level of education of migrants coming from Mexico has risen in recent decades.\textsuperscript{183} According to one study, Mexican immigrants to the United States have higher education levels than the mean level of education of their communities of origin.\textsuperscript{184} The individuals that Mexico is losing to illegal immigration are seeking opportunity because they are both motivated and skilled.\textsuperscript{185} This is evident in the results of a survey showing that ninety-five percent of the Mexican immigrants to the United States were employed in Mexico before they left.\textsuperscript{186} With Mexico’s human capital considered one of its greatest assets, this loss is frightening when considering Mexico’s future.\textsuperscript{187}

The arguments for family reunification emphasize the strain illegal immigration places on families.\textsuperscript{188} Many families have to adjust to a situation where husbands and fathers are away for months

\textsuperscript{180} See id.

\textsuperscript{181} See id. at 256-57; see Morgan, supra note 110, at 131 (describing the economic disadvantage caused by Mexico’s loss of its best workers during the Bracero Program); see Hendricks, supra note 33.

\textsuperscript{182} Valdez, supra note 37.

\textsuperscript{183} Condon & McBride, supra note 10, at 256.

\textsuperscript{184} Id. at 256-57.

\textsuperscript{185} Hendricks, supra note 33 (stating that without comprehensive reform, Mexico will be unable to hold onto its skilled and motivated citizens); Valdez, supra note 37 (“More often the people who come here have some skills but can’t find work at home or want to get ahead.”); see also PEW HISPANIC CENTER, SURVEY OF MEXICAN MIGRANTS: PART THREE ii (Dec. 6, 2005) [hereinafter PEW SURVEY], available at http://pewhispanic.org/files/reports/58.pdf.

\textsuperscript{186} PEW SURVEY, supra note 185, at ii (stating that five percent of Mexican immigrants who have been in the United States for more than two years were unemployed in Mexico).

\textsuperscript{187} See Hendricks, supra note 33.

\textsuperscript{188} See Valdez, supra note 37 (“Santiago last made the illegal border crossing about two years ago, after spending a few cherished months with his wife and daughter in Mexico.”).
or years on end.\textsuperscript{189} An emerging problem in Mexico is the number of children being left with relatives when one or both parents leave for the United States.\textsuperscript{190} These children frequently lack confidence and are plagued by behavioral problems which make them disruptive in school.\textsuperscript{191} Those who finish school take longer than usual, increasing education costs.\textsuperscript{192} There is a fear among educators that these abandoned children will be a lost generation in Mexico.\textsuperscript{193}

A comprehensive solution to Mexico’s problems associated with illegal immigration to the United States would create opportunity in Mexico.\textsuperscript{194} Opportunity in Mexico would keep Mexico’s best and brightest at home working to improve their country.\textsuperscript{195} It would also keep families intact. If a microcredit program is in place, it will create that much needed opportunity—helping Mexico and its citizens to succeed.\textsuperscript{196}

\textbf{IV. MICROCREDIT IS A NECESSARY COMPONENT TO U.S. IMMIGRATION POLICY}

As a sign of desperation, the United States has resorted to sending illegal crossers to their home towns, as opposed to releasing them just over the border, to deter repeat crossing.\textsuperscript{197} While Americans remain divided about a solution to the illegal immigration problem, eighty-five percent feel that sending illegal immigrants back to their country of origin is not a realistic goal.\textsuperscript{198} It is clear that the United States must add a new strategy to its immigration policy. Microcredit is that strategy.

\begin{itemize}
  \item \textsuperscript{189} See id. ("The first time her husband left to work in the United States was the most difficult, she says.").
  \item \textsuperscript{190} Morning Edition, supra note 47; see also Valdez, supra note 37.
  \item \textsuperscript{191} Morning Edition, supra note 47.
  \item \textsuperscript{192} \textit{id}.
  \item \textsuperscript{193} \textit{id}.
  \item \textsuperscript{194} Hendricks, supra note 33; see Thinking Small, supra note 15.
  \item \textsuperscript{195} Thinking Small, supra note 15.
  \item \textsuperscript{196} \textit{id}.
  \item \textsuperscript{197} See Lisa J. Adams, Deported Migrants Will Be Sent Back to Homes, CORPUS CHRISTI CALLER-TIMES, Feb. 21, 2004, at A4.
  \item \textsuperscript{198} USA TODAY/GALLOP POLL, July 6-8, 2007, available at http://www.pollingreport.com/immigration.htm.
\end{itemize}
A. Microcredit is an Effective Means to Create Opportunity

The creation of economic development programs in immigrant-sending regions has been proposed to create an incentive for would-be migrants to stay home. Microcredit programs are superior to other programs directed at helping the poor, many of which fail because capital investment is made, but underlying problems are not addressed. Typically, non-government organizations (NGOs) attempt to alleviate poverty by implementing elaborate training programs that teach new skills to the poor. These well-intentioned programs neglect a fundamental question: how are the poor going to put the new skills to work if they do not have the necessary capital?

The World Bank has been criticized for its focus on large infrastructure projects that are of great benefit to the wealthy but do little to help the poor. Likewise, bringing in American businesses like McDonalds and Blockbuster does not increase wealth for the poor because it does not create capital. Providing the poor with capital allows them to sell their products in the free market. This allows the poor to take full advantage of their own abilities.

B. How Microcredit Works

The form of microcredit pioneered by Mohammad Yunus is referred to as the Grameen Model, named after his Grameen Bank in

199. 22 U.S.C. § 7104(a)(1) (2006); Cornelius, supra note 38; Thinking Small, supra note 15; see Hendricks, supra note 33.
200. See YUNUS, supra note 17, at 38 (explaining why an expensive tube well, a type of water well, was not being used for irrigation).
201. Id. at 141.
202. See id.
203. Id. at 146.
204. DE SOTO, supra note 79, at 66 (“[I]mporting McDonald’s and Blockbuster franchises, is not enough to create wealth.”).
205. See YUNUS, supra note 17, at 49. Another device that is valuable for bringing capital to the poor is land reform. For more about how land reform can empower the poor by allowing people to make use of otherwise “dead capital,” see Prosterman & Hanstad, supra note 34.
206. See YUNUS, supra note 17, at 50 (“They would get the highest possible return for their labor . . . .”); Thinking Small, supra note 15.
Bangladesh. Microcredit, under the Grameen Model, is also referred to as "solidarity lending" because loans are extended based on social collateral instead of physical collateral. Essentially, the loans rely on collective personal responsibility. Microcredit does this by requiring that potential borrowers create a group of five, electing one member as the chairperson. The borrower groups are the key to the success of microcredit because they create a support group for people of similar social and economic backgrounds. Once a group is formed, the members undergo a seven-day training on the bank’s policies and at the end of that training, loans are extended to two members of the group. If those members repay on time for six weeks, two more members receive their loans. Finally, after the four members have consistently repaid on time, the chairperson is given his or her loan. If a member of the group does not pay back the loan, the other members of his or her group will be unable to borrow in the future. This means that the groups put pressure on their members to ensure repayment, and if a member is having trouble, the group members step in to help.

A key to the success of Grameen Model microcredit is its simplicity. Some of the measures that keep the process simple include the following: one year duration on loans, repayment made in weekly installments starting one week after the inception of the loan, a standard interest rate of twenty percent, and repayment at a standard rate of two percent of the loan per week over fifty weeks. This

208. Id. at 186.
210. YUNUS, supra note 17, at 63; Winn, supra note 16, at 932.
211. YUNUS, supra note 17, at 62.
212. Id. at 63; Winn, supra note 16, at 932.
213. YUNUS, supra note 17, at 63; Winn, supra note 16, at 932.
214. YUNUS, supra note 17, at 63; Winn, supra note 16, at 932.
215. YUNUS, supra note 17, at 63-64; Winn, supra note 16, at 932; Thinking Small, supra note 15.
216. YUNUS, supra note 17, at 62-63; Thinking Small, supra note 15.
217. YUNUS, supra note 17, at 68.
218. Id.
simplicity makes it easy for an inexperienced borrower to succeed;\textsuperscript{219} borrowers start with small loans, but as they continue to repay, they become eligible for larger loans.\textsuperscript{220} Each time a new loan is extended, it is considered a new loan cycle.\textsuperscript{221} Studies have shown that between five and fifteen loan cycles are required for a borrower to be completely sustainable.\textsuperscript{222} The sustainability achieved by the borrower is shared by the institution. For example, Grameen Bank in Bangladesh boasts ninety-eight percent repayment.\textsuperscript{223} An additional facet to high repayment is the fact that successful microcredit lenders will not forgive loans, even in the face of natural disasters.\textsuperscript{224} Because microcredit is as much about building up the borrower’s confidence as it is about extending her capital, forgiving loans undermines the pride and self-reliance of the borrowers.\textsuperscript{225} When borrowers are truly unable to pay, repayment periods can be extended and grace periods can be offered, but the integrity of the loan is maintained.\textsuperscript{226}

While microfinance institutions are initially financed by grants or loans, many have since achieved operational self-sufficiency, and yet others have achieved complete financial self-sufficiency.\textsuperscript{227} Microcredit has even been shown to be a profitable endeavor for independent investors.\textsuperscript{228} In September of 2006 TIAA-CREF purchased $43 million of stock in a global microfinance fund.\textsuperscript{229} Microlending funds are even available to individual investors at a

\textsuperscript{219} Id.
\textsuperscript{220} Fresh Air, supra note 16.
\textsuperscript{221} Id.
\textsuperscript{222} Id. Grameen Bank has been criticized for creating perpetual dependence on the part of its borrowers. Gina Neff, Microcredit, Micreresults, LEFT BUSINESS OBSERVER #74, Oct. 1996.
\textsuperscript{223} YUNUS, supra note 17, at 58. Some microcredit organizations have repayment rates of ninety-nine percent. Thinking Small, supra note 15.
\textsuperscript{224} Id. at 137.
\textsuperscript{225} Id.
\textsuperscript{226} Id. at 138.
\textsuperscript{227} Jaffer, supra note 207, at 184.
\textsuperscript{228} Emily Berkman, Note, Microloans as a Community Reinvestment Act Compliance Strategy, 3 N.Y.U. J. L. & BUS. 329 (2006); All Things Considered, supra note 28.
\textsuperscript{229} All Things Considered, supra note 28.
guaranteed rate of return of up to three percent.\textsuperscript{230} Studies suggest that making microloans and larger loans can result in a mixed portfolio that achieves social and profit objectives.\textsuperscript{231}

\textbf{C. Microcredit in U.S. Legislation}

The U.S. Congress has found that microcredit is vital to the economic growth of developing countries.\textsuperscript{232} Congress contends that "[i]t is . . . in the best interest of the United States to facilitate access to financial services and assist the development of microenterprise in developing countries."\textsuperscript{233} This acknowledgment began in 2000, a significant year for microcredit in U.S. legislation.\textsuperscript{234} In two different bills passed that year, Congress endorsed the use of microcredit and recognized its potential to create opportunity for the poor.\textsuperscript{235} These bills are the Microenterprise for Self-Reliance Act of 2000 and the Trafficking Victims Protection Act (TVPA).\textsuperscript{236}

In passing the Microenterprise for Self-Reliance Act of 2000, Congress sought to "make microenterprise development an important element of United States Foreign Policy and assistance . . . ."\textsuperscript{237} The act recognizes the crucial role that microcredit plays in reducing poverty and promoting economic development.\textsuperscript{238} To implement the development goals of the Act, Congress authorized the President to grant assistance to NGOs that provide microcredit loans.\textsuperscript{239} As the

\begin{itemize}
  \item \textsuperscript{230} Id. ("Individual investors . . . can put as little as one thousand dollars into a Calvert Foundation micro-lending fund . . . ").
  \item \textsuperscript{231} Berkman, supra note 228, at 329.
  \item \textsuperscript{233} 22 U.S.C. § 2211(2) (2006).
  \item \textsuperscript{238} See id. § 102(10)(A).
  \item \textsuperscript{239} See id. § 105(b)(1).
\end{itemize}
Act relates to Mexico, it provides that the United States will give grants to Latin American microcredit institutions that provide loans of $400 or less.240

Congress passed the TVPA in 2000 as an attempt to combat and prevent the harsh reality that 600,000 to 800,000 people are trafficked across international borders each year.241 Part of the TVPA charges the President with the establishment and implementation of measures to create opportunity in the sending countries.242 This is intended to decrease the likelihood that people will fall victim to human trafficking.243 A key element of this creation of opportunity is the use of microcredit loans.244

These bills demonstrate that Congress does not need to be educated on microcredit’s power to create opportunity and prevent human migration: it is clear that Congress understands that power. It is unclear, however, why Congress has not yet put that power to use in its general immigration policy.245 The following is an example of how Congress could do just that:

MICROCREDIT TO PREVENT ILLEGAL IMMIGRATION FROM MEXICO—The President shall distribute no less than $5 million per year to Microfinance Institutions (MFIs) extending microcredit loans to Mexican citizens who are likely to illegally immigrate to the United States.246 The factors affecting MFI eligibility for U.S. grant money shall be: (1) the MFI’s record of success at preventing would-be immigrants from leaving home; and (2) the MFI’s financial sustainability and profitability. One-fourth of the profit earned by the MFI through U.S. grant money shall be

240. See id. § 105(3)(A)(i)(II).
243. Id.
244. See id. § 7104(a)(1).
245. See Thinking Small, supra note 15.
246. Five million dollars, if given to MFIs that already have established the necessary infrastructure, would be enough to make 25,000 loans of two hundred dollars. If each two-hundred-dollar loan successfully kept a family of four from illegally immigrating to the United States, 100,000 fewer people would cross the border illegally each year as a direct result of this legislation.
reinvested in the MFI.247 The other three-fourths shall be placed in a general fund and distributed for education, health care, and law enforcement in municipalities most affected by illegal immigration.248

D. Why Microcredit Will Help Mexico

Historically, Mexico lagged behind its Latin American neighbors when it came to microfinance.249 This changed under Mexican President Vicente Fox, elected in 2000, who believes strongly in microcredit.250 In a proposal asking the United States to grant 250,000 work visas a year, Fox included microcredit loans as incentives for prospective immigrants to encourage them to stay home.251 Over a fourteen-year period, the number of Mexicans living on less than one dollar per day decreased from 10.5% to 4.1%, largely due to microcredit lending.252 Despite this improvement, there is still progress to be made.

One of the most significant problems faced by Mexico, for example, is an insufficient investment in physical and human capital.253 Many Mexicans are in poverty because they do not have access to capital.254 This is partially due to the fact that individuals

247. This one-fourth share of profit is meant to reward MFIs that generate a profit from the U.S. grant money.
248. Although it will not fully compensate local governments for the burden created by large illegal immigration populations, the three-fourths share of profit which will go to municipalities is an acknowledgement by the federal government of that burden created by these populations.
251. Fleshman, supra note 96, at 265.
252. Spain's Queen Sofia and President Fox Talk About Microcredit at Conference, EL UNIVERSAL, Apr. 26, 2005.
253. RODARTE, supra note 84, at 7.
254. See YUNUS, supra note 17, at 50.
People... were poor not because they were stupid or lazy. They worked all day long, doing complex physical tasks. They were poor because the financial institutions in the country did not help them widen their
living in informal housing are unable to use their house as collateral to generate capital. Without capital, people are unable to make full use of their excess skills and capacities.

Making capital more readily available to Mexico's poor will have a greater impact because of recent changes to Mexican law. The System for the Rapid Setting-up of Businesses (SARE), which Mexico's President, Felipe Calderon, signed into law in 100 municipalities, makes it easier for individuals to start businesses by reducing cost, paperwork and government discretion. Research performed by the World Bank indicates that Mexico has made serious progress; the time it took to start a business in 2007 was twenty-seven days, down from fifty-eight days just two years before. Microcredit can help the poor of Mexico start their own businesses, and it can also help them bring their extralegal activities into the formal economy. The tax benefit produced would be a great help to Mexico's economy.

One NGO already operating as an MFI in Mexico is Compartamos. Compartamos began operation in 1990 with financing from the Inter-American Development Bank (IDB). By

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Id.

255. DE SOTO, supra note 79, at 149.
256. Fresh Air, supra note 16 ("[C]redit helps because credit immediately creates the facility to use their excess capacity or excess skill.").
258. Id.
260. Miller, supra note 59, ¶ 81.
261. See Capasso, supra note 45, at 100.
263. Fonseca, supra note 262.
1995, Compartamos was completely self-sufficient, and by 1997, it was turning a profit.\textsuperscript{264} In fifteen years, Compartamos extended over $130 million to more than 400,000 people.\textsuperscript{265} Compartamos is currently lending about $315 million to more than 765,000 people.\textsuperscript{266}

In 2002, Compartamos issued $20 million in bonds, mainly to individual investors.\textsuperscript{267} Three years later, in 2005, the bank issued an additional $50 million in bonds; but this time, the bonds were purchased by mutual funds and pension funds, not by individual investors.\textsuperscript{268} This shift in purchasers in the two bond issuances demonstrates the financial viability of microfinance lending as an investment.\textsuperscript{269}

In addition to large MFIs, some small MFIs have seen dramatic success working along the border in Mexico.\textsuperscript{270} EnComún, for example, is a microcredit bank that operates in the towns along Mexico’s border with the United States: Nogales, Sonora; Ciudad Juarez, Chihuahua; and Agua Prieta, Sonora.\textsuperscript{271} EnComún has 1,500 participants with an average loan size of $165.\textsuperscript{272} One of EnComún’s success stories is that of Yadira Marquez.\textsuperscript{273} Yadira was living in Nogales, Sonora with her husband and three children.\textsuperscript{274} The family was struggling to survive on her husband’s earnings of eighty dollars per week from the maquiladora.\textsuperscript{275} In desperation, Yadira was ready to send her husband across the border illegally to find work and send money home.\textsuperscript{276} Instead, Yadira applied for and received a $200

\begin{itemize}
\item \textsuperscript{264} Id.
\item \textsuperscript{265} Id.
\item \textsuperscript{266} Compartamos, http://www.compartamos.com (follow “Investors” hyperlink; then follow “General Results” hyperlink) (last visited Mar. 14, 2008).
\item \textsuperscript{267} Fonseca, supra note 262.
\item \textsuperscript{268} Id.
\item \textsuperscript{269} See id.
\item \textsuperscript{270} See Medrano, supra note 80.
\item \textsuperscript{271} EnComún, Where We Work, http://www.bancomun.org/wherework.html (last visited Mar. 26, 2008).
\item \textsuperscript{273} Medrano, supra note 80.
\item \textsuperscript{274} Id.
\item \textsuperscript{275} Id.
\item \textsuperscript{276} Medrano, supra note 80.
\end{itemize}
microcredit loan from *EnComún*. She used that loan to purchase silver jewelry which she began selling door-to-door. With the additional income generated by Yadira’s jewelry business, she and her husband can now pay the school expenses for their children.

As part of *EnComún*’s lending program, borrowers are required to join a community group responsible for keeping members up-to-date on loan and interest payments. Another success story is that of the treasurer for Yadira’s lending group, Veronica Arizmendi. Before she received her loan from *EnComún*, Veronica was a single mom who supported her two children by crossing the border and working illegally in Nogales, Arizona. Veronica used her loan to start a small market that she runs out of her house, selling sodas, fruit, snacks and school supplies. She plans to use her next loan to tear down walls in her house and expand her store. Working from home means that Veronica does not have to be away from her children all day while she works.

Other small MFIs boast similar stories. Alicia Nieblas Moroyoqui had no business experience and could barely make ends meet before she received her loan from *Grameen de la Frontera*, an MFI working in Etchojoa and Huatabampo, in Sonora, Mexico. With her initial loan, Alicia transformed herself from a field worker with no business experience to an entrepreneur, running a tailor shop from her home. In four years she had expanded her business to include a laundry business with four washing machines, a gold and silver jewelry business, and a computer that she rents by the hour to school children.

277. Id.
278. Id.
279. Id.
280. Id.
281. Id.
282. Id.
283. Id.
284. Id.
285. Id.
287. Id.
for their homework.\textsuperscript{288} The money Alicia earns from her businesses has allowed her to invest in her children's education: her eldest son returned to school to finish high school, her middle son studied law in Mexico, and her youngest son was able to finish high school.\textsuperscript{289}

Yadira's loan has kept her family intact and in Mexico.\textsuperscript{290} Veronica's loan has kept her from working illegally in the United States and has allowed her to play a more active role in the upbringing of her children in Mexico.\textsuperscript{291} Alicia's loan has made it possible for herself and her sons to remain in Mexico and contribute to their community.\textsuperscript{292} All of this was achieved with loans of $200 or less, which were repaid with interest.\textsuperscript{293} The dollar amount of these loans is negligible when compared to the thousands of dollars it costs to provide police protection, emergency health care, and education to just one family of illegal immigrants.\textsuperscript{294}

The examples of \textit{Compartamos}, \textit{EnComún} and \textit{Grameen de la Frontera} demonstrate two important elements of microcredit in Mexico. First, they show that microcredit lending in Mexico can be profitable because lending is already being used profitably in Mexico. Second, they illustrate that microcredit will help prevent illegal

\textsuperscript{288} \textit{Id.}

\textsuperscript{289} \textit{Id.} In many Mexican villages where \textit{Grameen de la Frontera} operates, education is an undervalued and underutilized resource. \textit{See Grameen de la Frontera, Education, http://www.grameendelafrontera.org} (follow "Reports" hyperlink; then follow "Trip Reports" hyperlink; then follow "January 2nd-5th, 2005 Trip Report" hyperlink) (last visited Mar. 26, 2008). Primary school is free and usually within walking distance, and most, but not all children attend. \textit{Id.} Secondary school, for students from eleven to thirteen years of age, is more costly because families have to pay for school supplies and daily bus travel. \textit{Id.} For this reason, fewer students go on to complete secondary school. \textit{Id.} Due to the even higher costs associated with high school, many students never start, and most students never finish. \textit{Id.}

\textsuperscript{290} \textit{See id.}

\textsuperscript{291} \textit{Id.}

\textsuperscript{292} \textit{See Success Stories, supra} note 285.

\textsuperscript{293} \textit{See Medrano, supra} note 80; \textit{see New Funding Needs, http://www.grameendelafrontera.org} (follow "Reports" hyperlink; then follow "Trip Reports" hyperlink; then follow "January 2nd-5th, 2005 Trip Report" hyperlink) (last visited Mar. 14, 2008).

\textsuperscript{294} \textit{See CONG. BUDGET OFFICE, supra} note 6, at 7-9 (calculating the millions of dollars that states spend every year on the education, health care, and incarceration of illegal immigrants).
immigration because, as demonstrated by the examples, it is already doing just that. It is already working to keep individuals in Mexico who would have otherwise illegally crossed into the United States. Additional benefits of microcredit would be realized if the U.S. governments chose to use microcredit as an investment to prevent border infractions, a tool which would generate positive income.

Though Mexico has significantly improved the amount of microcredit available to its citizens, Mexico's current levels of microcredit are dwarfed by the more than $2.5 billion in microcredit the Grameen Bank has provided in Bangladesh. Inclusion of microcredit provisions for Mexico in U.S. immigration law would allow microcredit in Mexico to reach its full potential.

V. CONCLUSION

With a history of unsuccessful immigration policy that addresses only the current levels of supply and demand of labor, it is time for the United States to consider a new approach. Because the United States has already acknowledged the success of microcredit in creating opportunity for the poor and preventing would-be immigrants from leaving home, it is a logical next step to include microcredit in U.S. immigration policy. Unlike traditional economic development programs, whose effect on illegal immigration is slow, microcredit has an immediate impact on would-be immigrants. This cost of microcredit is negligible when compared to the costs of a rising illegal immigrant population. Repayment is in the high ninety percent range, thus investment of money in microcredit is not a loss, as opposed to other immigration spending. U.S. funds invested in

295. See Fresh Air, supra note 16.
296. See Press Release, Inter-Am. Dev. Bank, IDB Calls for Tripling Volume of Microcredit in Latin America and the Caribbean in Five Years (Sept. 14, 2006) (“[M]icrofinance institutions are only meeting about 8 percent of the estimated demand for microcredit in the region.”).
297. See Cornelius, supra note 38 (suggesting it will take ten to fifteen years for economic development programs, as illegal immigration prevention tools, to produce results).
298. See Medrano, supra note 80; Fresh Air, supra note 16.
299. See CONG. BUDGET OFFICE, supra note 6, at 7-9.
300. Grameen Bank, for example, claims a ninety-eight percent repayment rate. YUNUS, supra note 17, at 58.
microcredit can continue to be reinvested in additional microcredit programs, and profit can be used to offset the costs of illegal immigration to local governments.

It is in the best interest of the United States to ensure that democracies in neighboring countries succeed. United States policy in Latin America aims at promoting "an image of U.S. engagement that is focused on linking democracy and development." Meanwhile, the United States struggles to secure its borders and prevent people from entering illegally. An inclusion of microcredit provisions in U.S. immigration laws will achieve these objectives. The creation of opportunity in Mexico will decrease the number of people entering the United States illegally, while promoting a positive image of the United States. At the same time, Mexico will be able to retain the skilled, motivated people upon whom its future depends.

For the future of the United States and Mexico, microcredit as a tool to combat illegal immigration must be an important part of U.S. immigration policy in the twenty-first century.

Devon Roepcke*

301. Remarks, supra note 15.


303. See supra Part II.B.

304. Remarks, supra note 15.

305. See Hendricks, supra note 33. Mexico ambassador to the United States, Arturo Sarukhan, described the current situation in Mexico: “Unless Mexico can trigger economic growth and well-paid, sustainable jobs, even with comprehensive reform [Mexico] won’t be able to hold onto skilled and motivated people. Mexico’s highest edge in the world today is its human capital, and we're losing it.” Id.

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