

Mexican Immigrants: The New Face of the South Carolina Labor Force



Division of Research
IMBA Globalization Project

Directed by
Douglas Woodward
Professor of Economics
Director, Division of Research
Moore School of Business

March 2006

Executive Summary

This study examines the economic and financial characteristics of Mexican immigrants in South Carolina. Workers from Mexico are the new face of the South Carolina labor force. Yet no one has tracked this growing segment of the employment base. South Carolina (like most other states) is surprisingly uninformed about the Latino population trend, even though it is a highly visible demographic shift in many communities—from the Lowcountry to the Upstate. To learn more about this phenomenon and help devise better policy responses to address the challenges posed by Spanish-speaking workers and their families, Moore School of Business researchers surveyed Mexican immigrants during 2005. This report presents the preliminary results from this effort.

South Carolina is a relatively new receiving area for Mexican immigrants. In 1990, only a few thousand immigrants worked in the state, mostly in seasonal agriculture. Since the mid-1990s, that is no longer the case. The new residents, whether temporary or permanent, are pulled by job availability and the opportunity for a better life. Throughout the state, more and more industries seek to hire them. They form a pool of readily available, low-cost, high-productivity workers. In turn, South Carolina is developing informal sister-state economic relationships with communities south of the border. Mexican workers in South Carolina send money to their home communities. In Mexico, many new communities are now the migrant-sending areas. Increasingly, they depend on the United States for income. It can be expected that family ties would wither as immigrants work thousands of miles from their home.

In South Carolina, there are both promising and disquieting implications related to the rapid growth of the Mexican immigrants. One promising feature is that such growth creates new income and buying power—it adds to the burgeoning Latino market of the Southeast. Immigrant labor also provides labor power for numerous industries, particularly construction, business services (including restaurants), and manufacturing. These workers add economic output to the state's economy that might not otherwise be there. The disquieting implications are that state and local governments are not prepared for the challenges and additional costs of serving this new Spanish-speaking population. Moreover, it is conceivable that immigrant workers may lower the wages of workers in some occupations. One unproven allegation is that immigration in the Southeast will displace parts of the existing labor force.

The immediate problem we face is simply a lack of knowledge. This new immigrant labor is not tracked accurately, if at all. So, to better understand the phenomenon, researchers from the Moore School of Business interviewed 381 Mexican immigrants from across the state. The surveys covered all regions of South Carolina, from the Lowcountry to the Midlands and the Upstate.

Among the key findings of the survey are the following:

- About one-third of the Mexican immigrants worked in the construction industry. The rest were spread across landscaping, manufacturing, restaurants, trade, and other industries.
- The average Mexican immigrant surveyed earned approximately \$21,000 annually. This compares with an annual mean wage of \$31,940 for all South Carolina workers at the end of 2004.
- 87 percent of the immigrants say they rent, with 78 percent saying they live in an apartment or mobile home.
- On average, the workers send about 16 percent of their earnings back to their home communities in Mexico.
- The highest percent of respondents came from the state of Veracruz, followed by Guerrero and Hidalgo in Central and Southern Mexico.
- Approximately 34 percent of the respondents claimed that they planned to remain in South Carolina, while some 61 percent said that they plan to return to Mexico.
- 58 percent reported having minors living with them.

With the rise of Mexican immigrant labor, labor costs are potentially lower in the state for the industries that hire significant numbers of workers. Yet economic output in these industries may be higher than it would have been without immigration. With more output and lower wages, it can be assumed that significant economic benefits go to private-sector South Carolina employers in the form of higher profits. In other words, it is profitable to hire Mexican workers. Thus, the trend is likely to continue.

Yet it is not clear what the long-term implications may be. Inevitably, it can be expected that the public sector will bear additional costs associated with importing labor from Mexico. As more families follow immigrant workers and settle in the state, the public sector will have to fund education, health care, and other services. As the complexion of the population changes, the Palmetto State must continue to monitor and assess the implications of Mexican (and Latino) immigrants. Ultimately, it must devise appropriate public policies and fund the necessary programs that will enable the private-sector economy to prosper from immigration.

Preface

This study was conceived during a special course on Latino immigration during the spring 2005 semester at the Moore School of Business. The course was taught by Dr. Douglas Woodward, Director of the Division of Research and Professor of Economics. Dr. Woodward served as the principal investigator for the research activities during 2005 and early 2006. Five International Master of Business Administration students, now graduates, played a key role in advancing the project: Margaret Boyd, Katherine Easterling, Benjamin Gregory, Thomas Moore, and Denning Robinson. They served as both interviewers and analysts. In addition, the surveys conducted at the *consulado mobile* (Mexican mobile consulate) in Lexington, Beaufort, and Greenville counties required additional Spanish-speaking interviewers: Carlos Valbuena, Jose Silva, Marcelo Frias, Mickey Conway, Wright Meyer, Hollie Hilt, and Greg Hilton. Another Moore School student, W. Ford Graham, played a key role in analyzing the data and drafting the report as part of an independent study. Moreover, this study draws on Elizabeth Garby's undergraduate honor thesis at the University of South Carolina. It is also important to recognize Dr. Sandra Teel, Associate Director of the Division of Research, who prepared the study for final publication. Jan Collins, Senior Editor for the Division of Research, helped copy edit the final report. Despite the tremendous effort of all these individuals, only Professor Woodward is responsible for the content of this document.

Funding for the survey research was granted by the Center for International Business Research and Education (CIBER) program at the Moore School of Business. In addition, the research was supported by a grant from the University of South Carolina Research and Productive Scholarship program.

This report was completed in March 2006. It is anticipated that updates and amendments to the report will be available periodically.

Introduction

The South Carolina Latino population has expanded significantly over the past decade. The Palmetto State's Latino population grew by 273 percent between 1990 and 2003, compared with 78 percent for the United States as a whole. The U.S. Census now estimates that more than 130,000 Latinos reside in South Carolina. Yet this figure is widely believed to undercount the true number. In fact, the Latino population may be more than 400,000, according to analysts at the University of South Carolina's Consortium for Latino Immigration Studies. Demographers and geographers working with the Consortium have modeled the true Latino population based on in-migration, school enrollment, birth rates, and death rates. In large part because of surging undocumented immigration, their estimate is almost four times higher than the official U.S. Census figure.¹

Even without an accurate U.S. Census count, it is evident that Latino immigrants have spread rapidly throughout the state's urban and rural counties. In turn, this major demographic shift has engendered a large, but still unknown economic and business impact. To date, only limited research has been done on the Latino population in South Carolina.

The forces pulling Mexican immigrants to South Carolina are employment opportunities and the prospect of higher income. The immigrants are also pushed to travel thousands of miles by unfavorable and declining prospects in many Mexican communities. Like South Carolina, Mexican regions are struggling to adjust to globalization.

This trend is likely to continue since recent immigrants appear to have a strong desire to work. They are also known to have relatively high productivity. That means that unit labor costs, or output per wage cost, is favorable for employers. Kasarda and Johnson (2006) suggest that without Hispanic labor, the output of North Carolina's construction industry would be significantly lower, while the state's total private-sector wage bill would be almost \$2 billion higher. Across the Carolina border, industries like construction, landscaping, and, increasingly, food processing and other manufacturing, eagerly hire this low-cost, high-productivity labor.

As this change is happening rapidly, there is a clear need for dispassionate research. Concerns about Latino immigrants, especially undocumented immigrants, have surfaced in all major areas of settlement, including South Carolina. Among the common complaints is the charge that illegal aliens are taking jobs that should go to native citizens, and that they may cost more in health care, education, and other public services than they contribute. Yet studies conducted elsewhere demonstrate that the overall effect of Latino immigration has been beneficial.² Most relevant to South Carolina, Kasarda and Johnson's (2006) studied the impact in North Carolina and found that "Hispanic workers contribute immensely to the economic output of the state and to the cost competitiveness of a number of key industries." Will this prove to be the case in South Carolina?

Goals and Objectives of the Study

This study focused on the Mexican population in South Carolina, the largest immigrant group from any Latin American country. To foster greater understanding and inform better policy, the goal of the study was to assess the status of Mexicans living in South Carolina—their demographic and family background, earnings, income sent to the home country, housing, education, and future plans. The main objective of the research was to obtain original economic and financial data that could serve as a baseline for future research and scrutiny. This study, however, does not provide a comprehensive economic impact or cost-benefit analysis, which will require additional data and a deeper investigation.

Methodology

After a thorough review of the literature, it was decided that new data would be necessary to understand the economic characteristics of the Mexican population in South Carolina. To obtain a large, accurate sample of Mexicans spread across the state, a team of Spanish-speaking students and associates of the Moore School's International MBA (IMBA) program interviewed 381 Mexican immigrants. To find large numbers of Mexican immigrants, the interviews were conducted when the Mexican Consulate came to three locations between March and August 2005: in the Midlands (Lexington County), in the Lowcountry (Beaufort County, Hilton Head Island), and the Upstate (Greenville). Based in Raleigh, North Carolina, this *consulado movile* (mobile consulate) goes to various locations in South Carolina during the year. It draws thousands of documented and undocumented Mexican immigrants from across the region who pass through during the day to secure certain documents. It is important to emphasize that the Mexicans come to the *consulado movile* from all over the state, not just Lexington, Greenville, and Beaufort counties, where the interviews took place. The Mexican Consulate agreed to allow the research team to conduct the interviews during the day-long events. All interviews were conducted in Spanish, with subjects asked a uniform set of questions. A sample survey questionnaire is given in the appendix. Respondents were chosen randomly as they waited to conduct business with the Consulate. Most agreed to participate without hesitation. (Respondents were offered a \$10 telephone card for responding to the twenty-minute interview, although some declined.) In all cases, the interviews were conducted anonymously.

The data collected from the 381 surveys allow for a detailed economic profile of Mexican immigrants in South Carolina. The findings presented in this report are the first published results to emerge from the survey analysis.

Structure of the Report

The rest of the report is divided into three major sections. The next section provides a context for the survey, covering the major national and state trends in the Latino population, highlighting Mexican immigration and related economic issues. In particular, this section contains a detailed discussion of remittances. These cross-border income flows refer to the immigrant income sent back to the home country. Remittances have accelerated from the United States to Mexico in recent years. As a result, they have major implications for economic development on both sides of the border and merit special consideration in the report. Following the overview of major issues surrounding Latino immigration, the next section presents preliminary findings from the 2005 survey of Mexican immigrants. These results are a first-cut at the survey data obtained during 2005. A more in-depth analysis of the survey is expected in the future. The final section of the report offers a summary and directions for future research.

Background: Latino Immigration Trends

South Carolina, like other Southeastern states, has seen a significant increase in the number of workers and their families arrive from Latin America. This new wave of migration is part of a global trend spurred primarily by globalization and the opening of borders for trade and investment. The stepped-up international movement of labor, along with goods and capital, is a striking feature of the 21st century economy.

Manuel Orozco, a leading researcher on immigration, estimates that 200 million people are migrating across the globe each year Orozco (2003). International migration is especially pronounced from Mexico and Central America. Workers are moving to the United States for economic reasons: for higher income and steadier employment. In immigrant-sending communities of Mexico, the income from employment in the United States is increasingly perceived as a solution to endemic poverty and economic instability. Many are unskilled or semi-skilled, but many are educated as well.

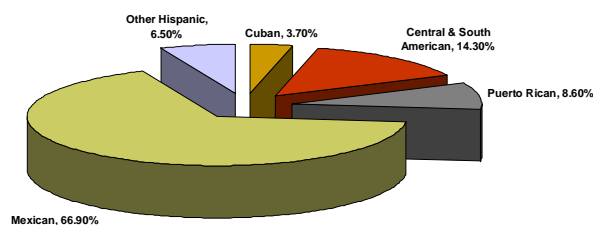
U.S. Immigration and Population Trends

The recent influx of Latin American immigrants (documented and undocumented), along with high fertility rates, have caused unprecedented growth in the Latino population.³ At approximately 14 percent of the population, Latinos now represent the largest ethnic minority in the United States, comprising some 41 million residents (South Carolina Budget and Control Board, Office of Research and Statistics, 2004). Yet this official U.S. Census Bureau figure does not include illegal immigrants (or an estimated 4 million persons in Puerto Rico).

It is certain that the Latino population will rise over time. According to U.S. Census Bureau projections, one out of every four Americans (roughly 24.6 percent) will be Latino by 2050. This statistic can be attributed in part to immigration. Other factors play a role as well. Since 1970, U.S. Census Bureau data reveal that the average size of the U.S. family has declined from 3.1 to 2.6 persons per household. This stands in stark contrast to the size of the average Latino family residing in the United States: 3.4 persons per household. Typically, birth rates in the Latino community are very high. In fact, one of every four births in the U.S. is to a Hispanic household (Montemayor, 2004).

Not surprisingly, Mexican immigrants continue to add significantly to the overall U.S. Latino population. It is hard to classify this population as either migrant or immigrant—so these terms are often used interchangeably. For example, the U.S. Congressional Budget office in Washington defines migrant as someone who “comes to a country and stays, or intends to stay, for a year or more.” Whether migrant or immigrant, the distinguishing feature is that they were born in Mexico. A 2005 study by the Mexican government estimates that 9.5 million people born in Mexico currently reside in the United States (Estados Unidos Mexicanos, 2004). Interestingly, of the millions of Mexican migrants working across the globe, 95 percent (legal or otherwise), representing 15 percent of Mexico’s working population, reside in the United States (Estados Unidos Mexicanos, 2004). At the same time, the overall U.S. Mexican population has exploded. According to U.S. Census Bureau data, recent analysis shows that the number of persons of Mexican descent has doubled in the last ten years.

Figure 1
U.S. Hispanic Population by Ethnic Subgroup



Source: U.S. Bureau of the Census, March 2002.

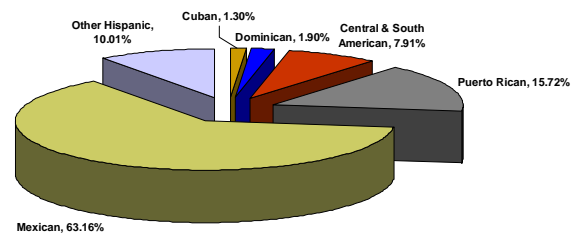
South Carolina's Latino Population Trends

For years, “South of the Border” billboards along Interstate 95 in Dillon, South Carolina, seemed oddly out of place. There was little Latino or Mexican presence in the state that would seem to justify the “Pedro”-themed roadside attraction. Yet the state’s Latino population has expanded significantly over the past fifteen years. As mentioned earlier, South Carolina’s Latino reached 131,000 in 2004.

Even though the U.S. Census data represent an undercount for all states, it is consistent and thus it provides a basis for comparing South Carolina with other areas. For example, between the 1990 and 2000 U.S. Census, the growth rate of the South Carolina Latino population ranked sixth (211 percent), behind North Carolina (394 percent), Arkansas (337 percent), Georgia (300 percent), Tennessee (278 percent), and Nevada (217 percent) (Kochhar, 2005). Note the high Latino growth rate throughout many states in the Southeast. Moreover, while South Carolina experienced an overall population growth of 15.1 percent, the Latino (or Hispanic) population grew by 211 percent (Kochhar, 2005). The U.S. Census data show also that the median age of a South Carolina resident is 36.6 years, while the median age of a Latino resident is considerably younger at 27.4 years. This represents an average age difference of almost ten years. Clearly, the new Latino population counters the trend toward an aging population over the next thirty years (which is in part driven by the graying baby boomer generation and in part by an influx of migrants from other states seeking retirement).

As Figure 2 indicates, the majority of the South Carolina Latino population is made up of Mexicans. While the percentages of the state’s Cuban and Puerto Rican residents are significantly higher than national levels, the overall size remains small.

Figure 2
S.C. Hispanic Population by Ethnic Subgroup



Source: U.S. Bureau of the Census, 2003 American Community Survey.

Undocumented Immigration

It is evident that the mushrooming Latino population has spread into many of South Carolina’s urban and rural counties. There are no reliable county estimates, however, because the trend remains largely unrecorded and undocumented. By its very nature, undocumented immigration is hard to track and accurately assess. One of few comprehensive sources on information on undocumented immigration is compiled by the Pew Hispanic Center, a division of the Pew Research Center, a non-partisan think tank and research organization. The Pew Center estimates that there are currently 10.3 million undocumented persons in the United States. Some 6.3 million of them are either in—or legally old enough to be in—the labor force (Kochhar, 2005).

Roughly 3.5 million of those immigrant workers, more than half, are from Mexico (Kochhar, 2005). Mexican immigrants account for almost 20 percent of the entire U.S. Latino labor force. The Pew Center also estimates that more than a quarter million undocumented Mexican immigrants have entered the United States each year since 2000 (Passel 2005a;b). Family networks play an important role in the economic welfare of undocumented (and legal) immigrants. They assist newcomers in locating employment opportunities and identifying places to live. Eighty percent of respondents in the Pew Center study have a relative other than a child or spouse living in the United States (Kochhar, 2005).

As noted earlier, because of undocumented immigration, the South Carolina Consortium for Latino Immigration Studies believes that the Latino population (about 400,000 to 500,000) is much higher than the official U.S. Census count. According to the official Consortium tally, the majority of Latino residents are of Mexican origin (roughly 80 percent). The counties with the largest Latino populations include Spartanburg, Greenville, Richland, Lexington, Beaufort, Charleston, and Horry counties. The 400,000-to-500,000 estimate has been cited by local Hispanic business organizations and in the press (DuPlessis, 2005). In a March 2005 study, however, Pew Hispanic Center researcher Jeffrey Passel estimated that South Carolina's undocumented population is somewhere between 20,000 and 35,000 persons (Passel, 2005 a; b). The Pew Center estimates that the South Carolina Latino population is between 155,000 and 165,000. This is larger than the official U.S. Census estimate of 131,000 Latinos residing in South Carolina, but smaller than what many local analysts estimate.

In any case, the growth of Latino population, particularly from Mexico, is indisputable. One might attribute Mexican movement into the Palmetto State as stemming from adverse unemployment conditions in the home country. Yet the 2005 report from the Pew Center suggests that a majority of undocumented Mexicans were employed before they immigrated to the United States. According to the Center, only 11 percent of survey respondents were unemployed while in Mexico: 11 percent men and 29 percent women. Even so, many Mexican immigrants were marginally employed before moving, working in agricultural communities that saw declining fortunes with the implementation of the North American Free Trade Agreement and general decline in agricultural commodity prices. In any case, jobs in the United States pay considerably more (up to five times) when compared with similar employment (if available at all) in Mexico.

Remittances

The prospect of sending money (remittances) home to families is likely one of the primary motives for immigration in South Carolina, as elsewhere. To understand the complexities of remittance senders, one must have a basic understanding of remittances. According to the definition established by the International Monetary Fund (IMF) in 1993, remittances are "international transfers of funds sent by migrant workers from the country where they are working to people (typically family members) in the country from which they came (U.S. Congressional Budget Office, 2005). Remittances are usually in the form of small electronic wire transfers, and they are sent primarily by low-income migrants.

The United States and Saudi Arabia are the two largest sources of workers' remittances to developing countries (Ratha, 2003). In fact, the Congressional Budget Office (CBO) estimates that 33 percent of total global remittances originate from the United States (U.S. Congressional Budget Office, 2005). According to the IAD, that percentage equates to over \$30 billion in remittances expected to be sent from the United States to Latin America during 2000 (Inter-American Development Bank, 2004). The number is now larger than official U.S. international development assistance.

IAD estimates show that approximately 60 percent of more than 16.5 million Latin American-born adults currently residing in the United States send money home at least once per quarter (Inter-American Development Bank, 2004). On average, these 10 million immigrants remit 12.6 times a year, typically between \$150 and \$250 each time. The IAD finds that the frequency of sending remittances has steadily increased over the past few years as transaction costs have declined (Orozco, 2003). Improvements in technology and competition from the ever increasing number of businesses that handle remittance transfer should continue to drive down the average fees charged per transaction.

A growing political discussion in Washington over the dynamics of remittances has sparked congressional interest in the international outflow of dollars. The Congressional Budget Office (CBO) recently published its findings in a May 2005 report entitled “Remittances: International Payments by Migrants” (U.S. Congressional Budget Office, 2005). According to the study, the federal government currently does not officially keep track of remittances. However, the Bureau of Economic Analysis (BEA) did create an estimate of the remittance flow based on the United States’ immigrant population. Its calculations employ a number of factors including average family income, national origin, and length of stay in the United States. Unfortunately, some of its factors, namely propensity to remit, are based on surveys conducted 15 years ago (U.S. Congressional Budget Office, 2005).

Despite flaws in the U.S. Bureau of Economic Analysis (BEA) data, the U.S. Congressional Budget Office (2005) reached some interesting conclusions. First, over half the foreign-born population currently residing in the United States is from Latin America. Second, 61 percent of immigrants send roughly \$3,000 home annually. That is approximately \$250 per month. Third, contrary to the public perception that the U.S is hemorrhaging money through remittances, total remittances are relatively small in comparison to the overall U.S economy. They come to slightly over 0.2 percent of GDP. Fourth, immigrants remit less the longer they remain in the United States. In fact, the BEA calculates that for every additional year an immigrant remains, remittances are reduced by 3 percent. Finally, the U.S. Congressional Budget Office (2005) concludes that those who send the most remittances are immigrants who are “recently arrived, young, married men with little education, low earnings, and little familiarity with formal banking systems.”

Researchers have only recently begun publishing findings related to the dynamics of remittances and remittance senders from individual states in the United States. From February to April 2004, the Inter-American Development Bank (IAD) conducted a survey about remittances with 3,800 households (Inter-American Development Bank, 2004). The resulting report, *Sending Money Home: The First State-by-State Analysis of U.S. Remittances to Latin America*, summarizes remittance data for 37 states. South Carolina ranks 25th for total remittances sent to Latin America with \$148 million. South Carolina ranks 11th for the average amount sent per Latino immigrant in 2004 at \$2,261. The study also finds that South Carolina’s immigrant population sends remittances to their home country approximately 12.9 times per year, at an average of \$230 each time. The national average is 12.6 times and \$240 respectively (Inter-American Development Bank, 2004). In South Carolina, remittances are often sent from *tiendas*

Table 1
Average Amount Sent by Each Immigrant, 2004



Top 5 remittance sending states with South Carolina and other Southern states.

Rank	State	Total
1	Maryland	\$2,897
2	North Carolina	\$2,864
3	Alabama	\$2,797
4	Georgia	\$2,743
5	Virginia	\$2,621
11	South Carolina	\$2,261
16	Tennessee	\$2,132

Source: Inter-American Development Bank (2004). *Sending Money Home, The First State-by-State Analysis of US Remittances to Latin America.*

Table 2
Total Amount Sent, 2004



Top 5 remittance sending states with South Carolina and other Southern states.

Rank	State	Total
1	California	\$9,610 million
2	New York	\$3,562 million
3	Texas	\$3,180 million
4	Florida	\$2,450 million
5	Illinois	\$1,528 million
7	Georgia	\$947 million
8	North Carolina	\$833 million
10	Virginia	\$586 million
21	Tennessee	\$162 million
25	South Carolina	\$148 million

Source: *Sending Money Home, The First State-by-State Analysis of US Remittances to Latin America*, Inter-American Development Bank, 2004.

(small local general stores that cater to the Latino community) through one of a host of companies dedicated to sending monies abroad. Note that the IAD (2004) study also calculates that the number of Latin American adult immigrants in South Carolina is 65,465.

It is critical to understand the flow of money across borders through remittances because it has an effect on economic development both in the sending and receiving areas—and the economic bonds being forged between them. Consider the effect on remittance-receiving areas. Remittances have a significant economic impact on developing countries. First, in many regions they exert a significant impact on total economic activity. Every dollar received from workers’ remittances is reported to increase overall economic activity by almost three dollars (Ratha, 2003). Second, remittances provide the receiving country’s economy with a significant source of foreign exchange. In Latin America it is almost always in the form of U.S. dollars; indeed they are known as “migradollars.” Third, the monies received help finance imports and enhance the balance of payments contribution. Fourth, the continual flow of money into households increases per capita income. Finally, remittances are the major source of foreign exchange.

Estimates from 2004 indicate that Mexico received over \$13 billion from Mexicans living abroad in 2003, up 35 percent from 2003. The amount represents over 13 percent of the world’s total remittances, and 34.9 percent of remittances sent to Latin America (Estados Unidos Mexicanos, 2004). This influx of foreign dollars into Mexico from remittances is second only to petroleum, and, since 2003, has even surpassed tourism.

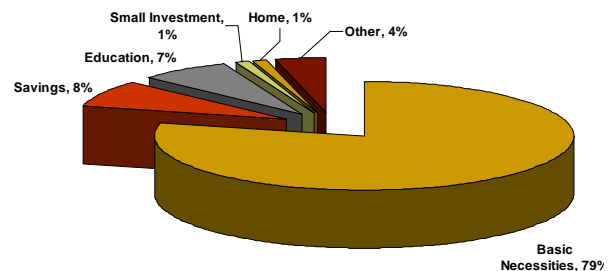
The total inflow from remittances will likely continue to rise. The numbers have climbed from \$8.9 million in 2001 to \$9.8 million in 2002 to \$13.4 million in 2003 to an estimated \$16.6 million in 2004 (Estados Unidos Mexicanos, 2004). Note that these calculations are significantly higher than estimates published by the U.S. government (U.S. Congressional Budget Office, 2005). Total remittances to Mexico in 2003 were 10 times larger than what the country received in foreign aid, and they made up 2.2 percent of Mexican GDP (Orozco, 2003).

According to the Mexican government, 11 million people (18 percent of the adult Mexican population) receive remittances, 95 percent of which originate in the United States (Suro, 2003). Furthermore, a significant percentage of those remittances arrive in rural areas.

While remittances represent between 10 to 25 percent of a typical migrant’s income, the monies sent home constitute approximately 50 to 80 percent of household income in the home country (Orozco, 2003). Moreover, Orozco’s (2003) study estimates that 50 percent of households who receive remittances have “no other source of income.” Typical households on the receiving end are headed by a single female and “approximately 70 percent of remittance recipients are women” (Estados Unidos Mexicanos, 2004).

Studies indicate that nearly 80 percent of remittances are used for household consumption, and on average, more than three-quarters of the funds received are spent on basic necessities. Orozco’s 2003 study suggests that Mexican families spend a significant portion of remittances on income-

Figure 3
How Recipient Households in Mexico Spend Remittances



Source: El Impacto de las Remesas Familiares en México y su Uso Productivo, Centro de Estudios Sociales y de Opinión Pública, Cámara de Diputados, Estados Unidos Mexicanos, December 2004.

producing assets. These items include land, cattle, and agricultural machinery.

Despite the positive effects remittances have on the families that receive them, the influx of these resources can hold negative repercussions for the home countries on both macro and microeconomic levels:

- Higher family incomes can create disincentives for local governments to implement real policies to promote economic growth and social development.
- The quest for remittances can significantly reduce the home country's labor force. This includes unskilled labor as well as skilled labor ("brain drain"). The outflow of workers in turn reduces the number of taxpayers, which can further stunt a country's development.
- Without real reform, home countries and their citizens can develop cultures of dependency on the seemingly endless flow of remittances. This can reduce a family's incentive to work locally.
- Remittances can foster inequitable growth in communities. For example, extremely poor families who do not possess even the minimal resources required to send someone abroad can fall even further behind their migrating counterparts. Further, land purchased from remittances can drive land prices upward, out of the range of poorer families.

Clearly, remittances create massive income flows that ultimately affect the economic development of receiving communities in Mexico. When remittances to Mexico reached \$17 billion in 2004, they became the greatest source of net foreign exchange reserves for the country. More and more, external economic relations and the balance of payments between the United States and Mexico depend on this growing income source. Of course, sending money across the border has implications for the sending areas as well; notably, the United States. Mexican workers, for example, are unlike traditional South Carolina employees in this respect. Overall, their saving behavior, spending patterns, and other economic characteristics are likely to be unique. One of the primary focuses of the 2005 University of South Carolina was to get more accurate information on remittances. Sending money to Mexico and other countries by workers earning income in the state represents a leakage from the state's income stream. Thus, it is important to understand the dimensions of this growing cross-border financial flow.

The 2005 South Carolina Mexican Immigrant Survey

In 2005, faculty, students, and associates of the International Master of International Business (IMBA) program at the Moore School of Business, University of South Carolina, devised a survey instrument intended to capture new information about the Mexican labor force and households in South Carolina. The survey focused on South Carolina's Mexican immigrant population because it represents the largest share of the total Latino immigrant community in South Carolina. The survey instrument is comprehensive, composed of 27 questions (the specific survey questions are given in the appendix). This research was conceived to be part of an ongoing effort to document Mexican immigrants in South Carolina through the University of South Carolina's Consortium for Latino Immigration Studies.

This section presents findings from the initial phase of data analysis, conducted at the Moore School of Business in early 2006. In total there were 381 participants in the study. Not all respondents answered all questions on the survey. In such cases, the summary statistics reported in this section are calculated by omitting the "no response" to the specific question in calculating the percentages. As a result, the number of responses varies slightly from topic to topic. Note that the following discussion only summarizes some of the trends that can be gleaned from the survey. This preliminary report focuses on age and gender, the industries hiring Mexican

immigrants, their weekly and annual income, banking behavior, remittance flows, educational attainment, housing characteristics, and plans for future settlement. The following discussion puts the survey findings in the context of what is known nationally and in the state about the relevant variables.

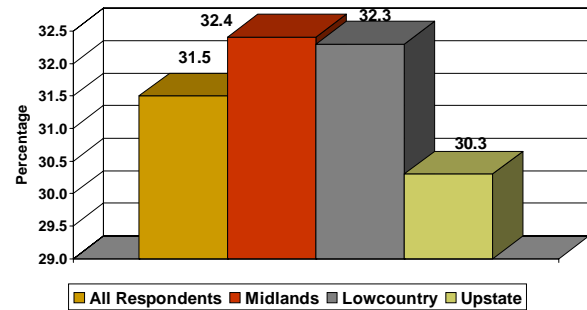
Age and Gender

Preliminary findings show the South Carolina’s Mexican population is young and male. The average age in the survey was 33, while 79 percent of those interviewed were men. This high share of men in part results from the reluctance of women to participate, often deferring to their husband to answer questions about income and other household matters. The gender shares, then, are not considered to reflect the underlying population.

For North Carolina, the Kenan Institute at the University of North Carolina, Chapel Hill, recently released a study showing a gender breakdown that may reflect the trend for South Carolina (Mason, 2005). According to preliminary data, the 2005 estimated population of the Mexican immigrant community in North Carolina was 68.6 percent male and 31.2 percent female. The four-year trend in North Carolina has shown a gradual decrease in the male percentage of the population (down from 76.7 percent in 2002) and a gradual increase in the female percentage (up from 23.3 percent in 2002). The shift could indicate that more female spouses are arriving in North Carolina (arguably directly from Mexico) to live with their husbands now that they have established themselves in the community.

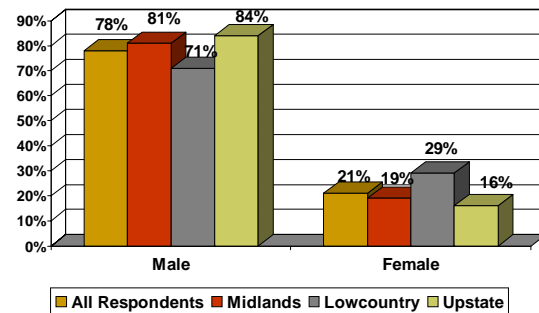
Because North Carolina’s Latino community is larger and relatively older than South Carolina’s community, the gender trend could be an indicator of what lies ahead. It is interesting that more females responded to the survey in the Lowcountry (Hilton Head), which may have a more established Latino community than other regions. Actually, this difference is echoed throughout the data analysis.

Figure 4
Average Age of Respondents



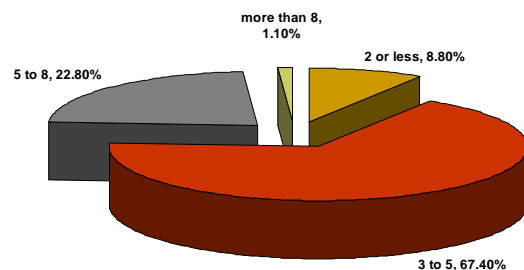
Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Figure 5
Respondent Gender



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Figure 6
Numbers of Persons in Participant Household



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Employment by Industry

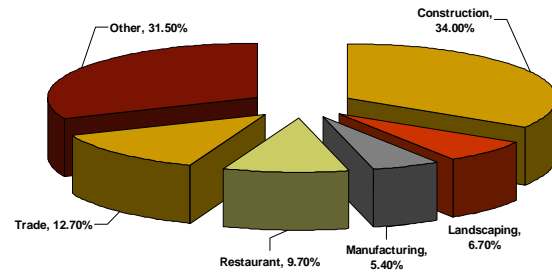
Immigrants find jobs in all realms of U.S. business. Many newcomers arriving in the United States find employment at farms, hotels, restaurants, and small manufacturers. According to some studies, there is little difference between the types of jobs that documented immigrants obtain when compared to jobs of undocumented immigrants (Thunderbird, 2003). Twelve percent of documented immigrants and 18 percent of undocumented immigrants find employment in the agriculture industry. Similarly, 11 percent of documented immigrants and 18 percent of undocumented immigrants work in construction. Slightly more documented immigrants secure jobs in services, with 22 percent employed in this industry. Only 16 percent of undocumented immigrants find jobs in services. However, in the manufacturing and wholesale/retail industries, there is no notable difference in the percentages of documented and undocumented workers. Approximately 23 percent of immigrants are employed in manufacturing and 21 percent in wholesale and retail operations regardless of their legal status to work (Thunderbird, 2003).

Across the United States, four major industries employ immigrants from Mexico: agriculture, hospitality and tourism, construction, and manufacturing. The Pew Center, for example, suggests that 66 percent of respondents in their national survey work in one of these four areas (Kochhar, 2005). This is quite a significant change from even ten years ago when the agricultural sector was by far the dominant employer of Mexican immigrants.

Broadly, the South Carolina survey results reveal a similar pattern. The construction industry is the largest employer, with 33 percent of respondents. This fact reflects growth of the Latino labor force in the South Carolina housing industry, which has been booming since the mid-1990s. New housing permits have risen substantially since 2000. Oddly, official state statistics do not show an increase in construction employment. Mexican workers reporting in the survey may not be counted, or may be categorized as day laborers rather than construction. It is also worth noting in Table 3 that relatively few in the survey worked in agriculture (just 10 of 370 immigrants who responded to the question).

Beyond the survey results for Mexicans in South Carolina, recent U.S. Census employment data shows that Latinos living in the United States exhibit greater occupational diversity and mobility. More and more immigrants are being employed in specific industries such as textile manufacturing and poultry processing. Although rural Latinos still make up the majority of agricultural workers, Latino employment in this industry has fallen from 17 percent in 1990 to 11 percent in 2000. Therefore, the share of non-metro Hispanics

Figure 7
Industries Hiring Mexican Immigrants in South Carolina



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Table 3
Type of Work

	All (370)	Midlands (93)	Lowcountry (130)	Upstate (147)
academic	3	2	1	0
administration	9	1	5	3
agriculture	10	7	0	3
construction	124	28	36	60
consulting	2	1	0	1
equestrian	3	3	0	0
fitness	2	1	1	0
food processing	4	3	1	0
general	22	1	1	20
housekeeping/home making	21	3	11	7
hospitality	5	1	3	1
janitorial	4	1	2	1
landscaping	24	3	13	8
laundry	2	2	0	0
manufacturing	18	6	0	12
nursery	1	1	0	0
poultry processing	13	10	1	2
restaurant	36	6	20	10
textiles	1	1	0	0
trade	62	12	35	15

Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

in sales, services, and manufacturing operations has increased over the last decade. By 2000, 17 percent of the Latino immigrants living outside of metropolitan areas had found employment in general services jobs. Similarly, 14 percent of this demographic segment were working in production jobs, and 11 percent were employed as machine operators. Still, the prevalence of these rural Latino in low-wage jobs is linked to their education levels.

Especially in the South, Latino immigrants are finding jobs in the new economy instead of following the traditional pattern of being concentrated in agriculture. Nevertheless, undocumented immigration status and limited English proficiency still narrow many Latinos' employment options despite often having significant job skills or professional training. Therefore, Latinos working in the southern states tend to mirror the national trend and find work in the low-wage sectors of the economy (Mendoza, Ciscel, and Smith, 2001). Frequently, employers of Latino workers take advantage of immigrants' legal and social statuses. Employers exploit immigrant workers by minimizing obligations to employees, which increases their flexibility as an employer. As employers break down the social obligations traditionally provided for workers, the terms and conditions of work are changing for all workers in the United States. As employers hire a workforce forced by their legal status to accept lower wages and no benefits, other workers used to the social obligations previously enforced through federal laws and collective bargaining are finding themselves out of work or accepting the minimal standards as a member of the flexible workforce. These new flexible work regimes require a social flexibility from the workers and must conform to the will of the employer. Many workers accustomed to the security of long-term employment at living wages plus benefits are resisting the new demands of employers who have been empowered by their ability to hire solely on their own terms. Workers not willing to accept this new flexible employment relationship find themselves replaced by new immigrants. Undocumented immigrants particularly tend to be socially transitory, legally vulnerable, and overwhelmingly motivated to work. Immigrant workers are perceived to be reliable and willing to work nights, weekends, and overtime. Furthermore, Latinos are frequently hired through temporary staffing agencies. Employers increase their flexibility even more when contracting their workforce through these agencies by avoiding liability for wage payment, worker grievances, and proof of immigration (Ciscel, Smith, and Mendoza, 2003).

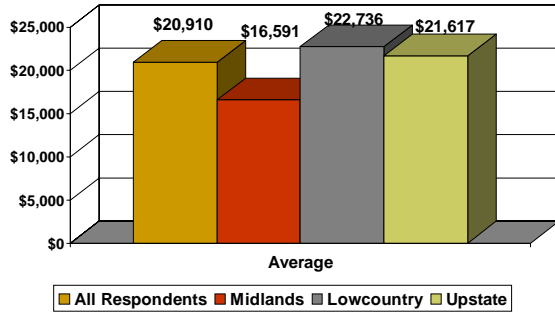
Income

It appears that many U.S. states are importing low-wage labor from Mexico and elsewhere in Latin America. Over time the earnings may rise, but Latino income still falls below the average U.S. worker. According to the U.S. Census, over 40 percent of Latinos residing in the United States earn less than \$20,000 a year. Over 70 percent earn less than \$35,000 annually (Orozco, 2003). This equates to \$400 and \$700 per week, respectively, during a 50-week work year.

The earnings for all Latinos are higher than the earnings of Mexican immigrants. The Pew Center found that the median weekly earnings of Mexican immigrants are roughly \$300. The income is lower for women and those with little or no English language skills. Immigrants with U.S. government-issued identification earn more than those without, but there is no significant difference in unemployment rates for those who have identification (documented) and those who do not (undocumented).

In the South Carolina survey, the average annual income for Mexican immigrants was \$20,910, or \$418 per work week. By comparison, the average South Carolina non-agricultural worker earned \$31,940 (U.S. Department of Labor, 2004). The average construction worker made \$29,840, while production workers earned \$28,790. Among major occupations in the state, only food preparation workers made less (\$16,060) than the average Mexican immigrant. Survey respondents in the Midlands (Lexington) showed the lowest average and the Lowcountry (Hilton Head) showed the highest. The survey indicates a significant difference

Figure 8
Average Annual Income*



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

between the average annual incomes of those in the Lowcountry data set and those in the Midlands data set: approximately \$6,145.

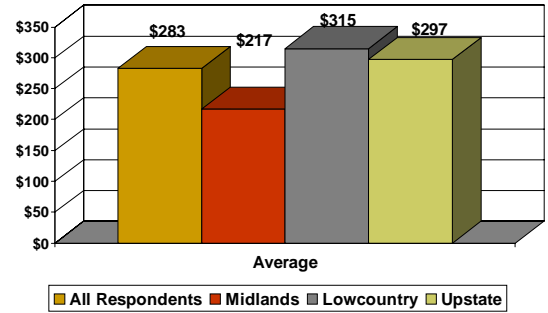
Remittances from South Carolina

On a national level, a Pew Center study by Roberto Suro found that remittances in the Latino community were typically transferred on a monthly basis in amounts of \$100 to \$300 (Suro, 2003). In another recent study, Orozco (2003) concluded that the Mexican immigrant population remitted approximately \$260 on at least seven different occasions annually.

The South Carolina survey findings roughly conform to national trends. Note that the survey found that 44 percent of the respondents sent money to Mexico 12 times per year (see Figure 10). The amount sent was approximately \$283 statewide, with the lowest average in the Midlands (Lexington) with \$217 and the highest in the Lowcountry (Hilton Head) with \$315.

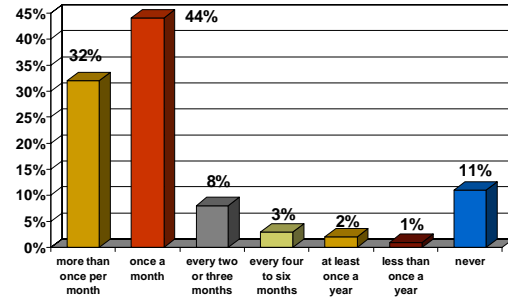
As this study has stressed, remittances represent a special characteristic of Mexican immigration. On average, the money sent back to Mexico represents 16.2 percent of earnings generated in South Carolina. From an economic development perspective, this share measures money not spent locally. These Mexican remittances are no different, however, than earnings (rent and profits) sent by businesses and individuals to other states or other countries.

Figure 9
Average Monthly Remittances



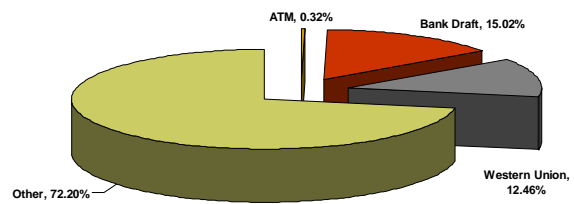
Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Figure 10
Number of Times that Remittances Are Sent



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Figure 11
Medium of Remittance Transfer to Mexico



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Banking

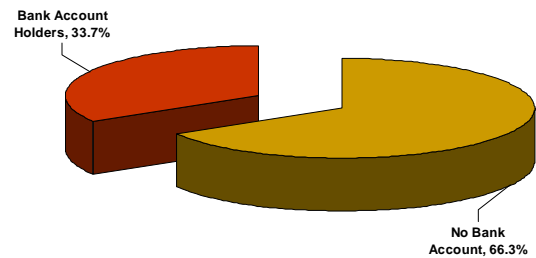
Despite recent advances to bring immigrants into the fold of the established banking system, many still avoid banks. This is true on both the sending end and the receiving end of the remittances pathway. Orozco’s 2003 analysis estimates that only 60 percent of Latin American immigrants “use, or consider themselves to have meaningful access to, bank accounts” (Orozco, 2003) The IAD’s number is even lower at approximately 50 percent.

The South Carolina survey found that nearly two-thirds of Mexican immigrants surveyed do not have bank accounts in South Carolina (see Figure 12). Table 4 gives the main reasons for not having a bank account, according to the survey. Of those two-thirds, 59 percent said that they do not have the proper documentation to open a bank account, 12 percent said that they had no savings therefore did not need a bank account, and almost 8 percent indicated that they were simply not interested in having a bank account.

Many factors contribute to the reluctance of Mexican immigrants to seek services from banks and other financial institutions. Often, immigrants just do not have an interest in opening a bank account. Currently, few banks tailor their services appeal to special financial needs of Latinos. For instance, minimum balance requirements on checking accounts can make keeping an account infeasible for low-wage workers (Inter-American Dialogue Task Force on Remittances, 2004). Low wages and the often large percentages of income they send back to Mexico in the form of remittances may reduce the immigrant’s income to the point that fees charged by financial institutions make checking or savings accounts an unnecessary extravagance (Lee, Tornatzky, and Torres, 2004). Additionally, undocumented immigrants often lack a U.S. driver’s license or other standard forms of identification typically required by U.S. banks and credit unions to open an account (Inter-American Dialogue Task Force on Remittances, 2004).

Furthermore, most Latino immigrants arrive in the United States with little or no banking experience. As seen in the low percentage of remittance receivers who have bank accounts, the phenomenon of “no bank account” is not limited to Latinos living in the United States alone. A major obstacle to encouraging Latino immigrants to take advantage of financial institutions is a broad and underlying mistrust of banks. Formal banks and credit unions are often perceived by Mexican immigrants as unfriendly and inaccessible. Banks can improve their reputation among the immigrant community by increasing their bilingual staff, printing more materials and pamphlets in Spanish, and studying Hispanic market preferences. Finally, few banks currently provide low-cost remittance transfers, one of the few financial services actively sought by Mexican immigrants in the United States. As banks have begun to recognize the importance of providing low-cost international transfers, a large

Figure 12
Percentage of Respondents with Bank Accounts



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Table 4
Top Reasons Indicated For Having No Bank Account

Does not have proper documentation	58.9%
Not enough money to save	12.1%
Not interested	7.6%
Don't need it	5.1%

Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

number of current remittance senders could soon become clients after these services are made widely available. Most transfers made by immigrants are still outside the realm of services provided by the mainstream financial institutions. Money transfer businesses most often serve as the intermediary between the U.S. sender and the Mexican recipient. If banks are able to undercut these intermediaries' fees for remittance services, banks would be able to attract immigrants without bank accounts and their families. By utilizing financial institutions to transfer remittances, Latinos would be introduced into the financial stream and improve their economic stance in U.S. society (Orozco, 2003).

Educating Mexican immigrants about financial services will then link their use of banks for remittance transfers to utilizing the other services provided by the institution. The best way for immigrants to reduce the costs and increase the security of their remittance transfers is for them to have access to financial institutions. This access will open up a range of other opportunities for the remittance senders and recipients. Banks can entice immigrants with services such as interest-bearing savings accounts, free and secure check-cashing services, and checking accounts so they can pay bills and avoid the high fees associated with paying by money order. Furthermore, participation in financial institutions will provide immigrants access to credit cards and loans, which will begin establishing their credit history in the United States (Inter-American Dialogue Taskforce on Remittances, 2004). Lastly, immigrants can improve their personal safety by opening a bank account. Immigrants without bank accounts tend to carry large sums of cash and are frequently robbed. Perpetrators know that there is little chance of suffering consequences for their crimes since illegal immigrants are reluctant to contact the authorities to report crime in fear of deportation. Therefore, opening a bank account will leave the immigrant less vulnerable and lower the crime rate in their communities (Koester, 2005).

The U.S. Government and many businesses are beginning to do their part to encourage Latino participation in the services provided by financial institutions. Two forms of identification have been established by the government to allow illegal immigrants access to banks and credit unions. Foremost, an identification card called a *matrícula consular* can now be obtained by illegal immigrants through the Mexican consulate. As of 2001, the U.S. Treasury began allowing financial institutions to accept the *matrícula* for identification. Secondly, illegal immigrants may apply for an Individual Tax Identification Number (ITIN) through the Internal Revenue Service that allows them to pay taxes. Now, many financial institutions are accepting the *matrícula* consular and ITIN in lieu of a Social Security number to open bank accounts and apply for credit cards and car loans. These financial companies have been among the first to embrace illegal aliens. As of July 2005, 404 banks, thrifts, and credit unions throughout the nation were accepting the *matrícula*, allowing immigrants to pay their bills by check and build up savings (Koester, 2005). So far, companies lending to undocumented immigrants have found that the default rate is not higher among undocumented immigrants' loan portfolios than in any other market the financial institutions serve. These companies believe that providing these services is helping revitalize communities in the United States as borrowers buy more run-down properties and rebuild these districts (Pasha, 2005).

Remittance Receivers

Before the survey, little was known about exactly which communities were developing direct economic ties with South Carolina. The results reveal that remittances from South Carolina are primarily received by households in 7 of the 31 Mexican states

Figure 13. States of Mexico



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

(shown in Figure 13). The highest percentage of the respondents send money to Veracruz (12 percent), followed by Guerrero (10.4 percent) and Hidalgo (8 percent). A complete breakdown of the Mexican states receiving income from South Carolina employment is given in Table 5.

Regarding who receives the remittance money in Mexico, 34 percent of the participants who send remittances answered in the generic sense, saying that they send money to their “family.” Seven percent send money to their fathers, 20 percent send to their mothers, nearly 11 percent send to a spouse, and 5 percent indicated that they sent money to their “parents.” Furthermore, when asked who made the decisions regarding how remittance money is spent upon arrival in Mexico, only 15.6 percent of respondents said that they were the only decision makers.

Housing and Automobiles

Most South Carolinians are home-owners. According to the 2000 U.S. Census, the homeownership rate is 72 percent, above the 66 percent U.S. average. Yet because of a number of factors, including language barriers, proper documentation, income levels, and general access to credit, Mexican immigrants typically do not own the homes in the state or elsewhere. Data from the survey indicate that an astonishing 86.5 percent of those surveyed rent their dwelling. Moreover, as Figure 16 indicates, 78.3 percent live in either an apartment or a mobile home, while just under 20 percent live in a single-family dwelling.

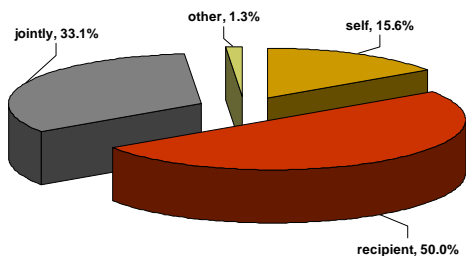
Although respondents were asked, “Do you have a car?” they may have interpreted the question to mean “Do you have access to a car?” As shown in Figure 18, it appears that almost 70 percent of the survey respondents have a car or have access to an automobile.

**Table 5
Respondents’ Home States***

State of Origin	% of respondents
Veracruz	12.0%
Guerrero	10.4%
Hidalgo	8.0%
Oaxaca	7.7%
Mexico	7.4%
Federal District	7.0%
Guanajuato	7.0%
Morelos	5.7%
San Luis Potosi	5.4%
Chiapas	5.0%
Jalisco	5.0%
Michoacan	3.0%
Puebla	2.0%
Tamaulipas	2.0%
Chihuahua	1.7%
Nuevo Leon	1.7%
Queretaro	1.3%
Sinaloa	1.3%
Tabasco	1.3%

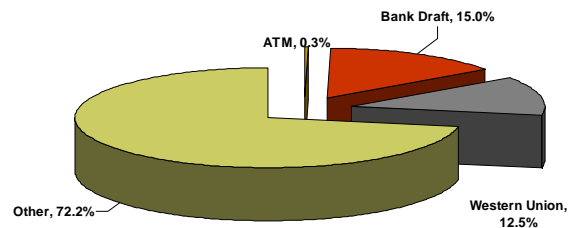
*Only those Mexican states whose aggregate numbers represented more than 1 percent of the respondent population are listed.
Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

**Figure 14
Who Decides How Remittance Money Is Spent?**



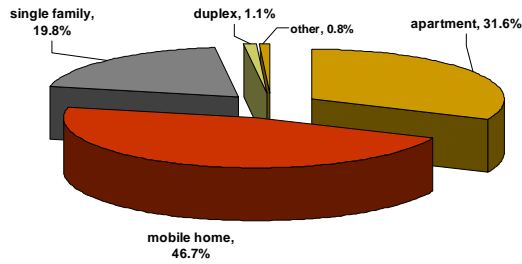
Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

**Figure 15
Medium of Remittance Transfer to Mexico**



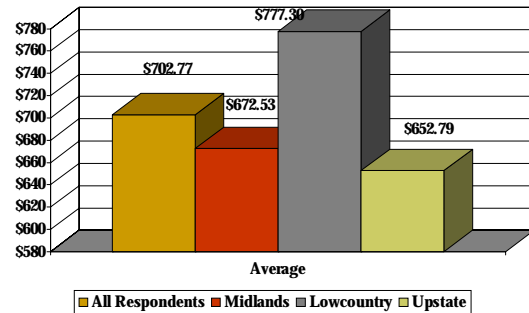
Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

**Figure 16
Housing**



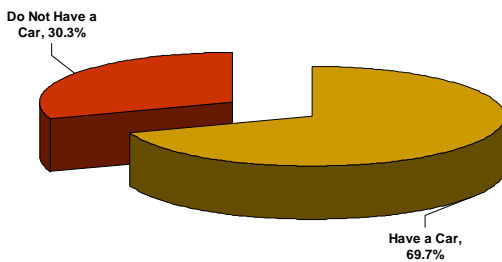
Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

**Figure 17
Average Dollars Spent on Housing Per Month**



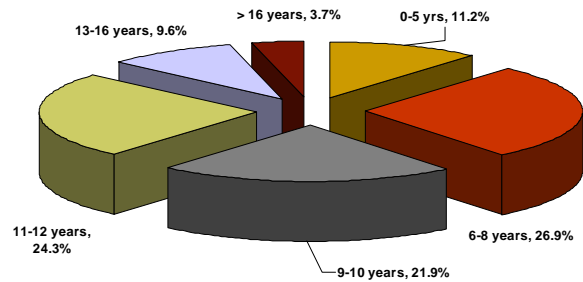
Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

**Figure 18
Percentage of Respondents Who Have Automobiles**



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

**Figure 19
Respondents' Years of Education**



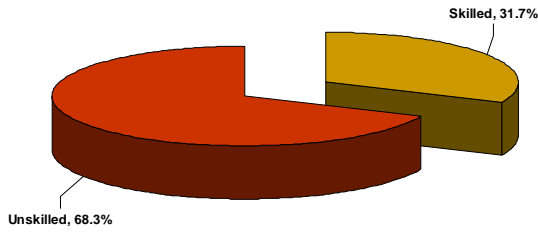
Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Education and Skills

A recent article by the Richmond Federal Reserve on Latinos in the South (Watson, 2004) says that, “A lack of education limits the work choices for many immigrants of Hispanic origin.” The surveys in South Carolina asked, “How many years did you attend school?” Given the nature of the sampling procedure, it may be that more educated Mexican immigrants were willing to respond to the questionnaire. Overall, average years of education were approximately nine years. In response, only 11 percent of the Mexican respondents had five or fewer years of schooling, while 27 percent had six-to-eight years. Across the country, the new immigrants from Mexico appear to be better educated than before, and they are more likely to have work experience in sales or service rather than agriculture (Kochhar, 2005). About 45 percent of the sample had 9-to-12 years of schooling (see Figure 19).

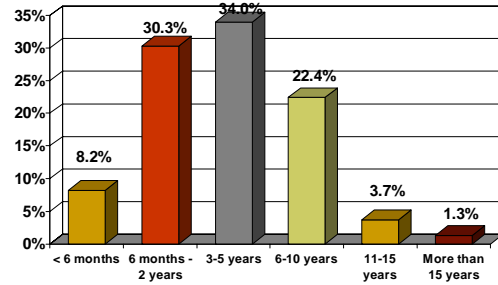
Figure 20 shows the percentage of respondents answering the survey that were employed in skilled and unskilled jobs. Unskilled laborers answering the Division of Research survey outnumbered skilled workers by more than two unskilled workers for every skilled worker.

Figure 20
Labor Skill



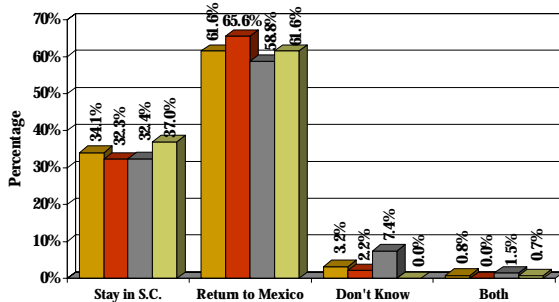
Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Figure 21
Time Living in South Carolina



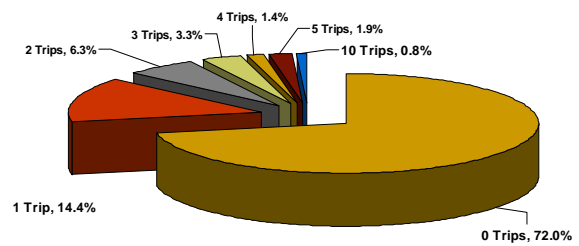
Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Figure 22
Respondent's Future Plans



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Figure 23
Number of Trips Taken to Mexico in the Last Five Years

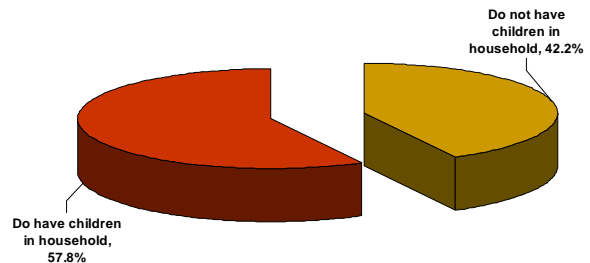


Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Living in South Carolina and Future Plans

Most Mexican immigrants in the sample have not been in South Carolina long (see Figure 21). About 72 percent have resided in the state for five years or less. Next consider Mexican immigrants' intention to return to the home country. The survey asked: Do you plan on staying in this country or would you ultimately prefer return to your home community in Mexico? Across the regional samples, just more than 60 percent of those surveyed stated that they would leave South Carolina (Figure 22). This is surprising, but the respondents' expectations may not be firm. Nationally, most immigrants tend to settle into U.S. communities, even if that was not their original intent. It is telling that 72 percent of the survey respondents have not taken a trip to Mexico in the past five years (see Figure 23). Further, almost 60 percent have children in the household (Figure 24).

Figure 24
Children in Household



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina.

Summary and Conclusion

It is hoped that this study prepares the groundwork for deeper analysis of Latino immigrants in South Carolina. State and local government, private businesses, and citizens generally need to comprehend the characteristics of this expanding segment of the labor force.

The report may help clear up a number of misconceptions about Mexicans working in the state. Many casual observers may believe the immigrants are uneducated. Yet this survey suggests that most arrive with formal education that includes secondary school. Even so, the majority work in what they considered to be unskilled occupations. Recall, however, that this is a convenience sample; the respondents who agreed to take the survey may not reflect the population; and the survey is biased toward men.

The survey does confirm that many immigrants do not fit the typical profile of South Carolina workers and consumers. Most are renters. Only about one-third have bank accounts. That may change as more immigrants decide to reside permanently in South Carolina. Moreover, in the sample, the respondents were not farm workers. Instead, Mexican immigrants were spread across a diverse range of the state's industries. It is surprising how few Mexicans responded that they intend to stay in the state—only about one-third of the 381 respondents. Apparently, the Mexican population is still somewhat unsettled.

At this point, it is difficult to assess the overall economic impact of the Mexican labor force on South Carolina. The survey results indicate that the average Mexican immigrant is indeed a low-wage worker, who earns \$10,000 less than the typical South Carolina employee. Given this average income, then, it could be asked: How much total income is generated by Mexicans working in South Carolina? Without reliable more precise information, it is possible to perform only a rough calculation.

First, it is necessary to know the total working population. Of 400,000 Latinos living in the state, it is considered that 80 percent are Mexican (these are the figures from the Consortium for Latino Immigration Studies, not the U.S. Census). Assume two-thirds of these immigrants are in the South Carolina labor force. This yields 211,200 Mexicans working in South Carolina. Given an average annual income of \$21,910, that means the total earnings of Mexican immigrants in South Carolina amounts to \$4,416,192,000. This \$4.4 billion Mexican “buying power” is much higher than previously reported. For example, an often-cited estimate for all Latinos in South Carolina has been reported to be \$2.1 billion in 2004 by the University of Georgia's Selig Center for Economic Growth (Humphreys, 2004). Latinos accounted for 1.9 percent of the South Carolina's \$103.6 billion in overall total buying power. The Selig Center figures are based on official U.S. government data sources and do not adequately account for undocumented immigrants, so its figure falls below the total for South Carolina's Latino population.

Of the \$4.4 billion in Mexican buying power, it is expected that after remittances to Mexico (16 percent of income) and local savings, about 20 percent is not spent locally. This 20 percent leakage is consistent with Kasarda's and Johnson's (2006) North Carolina economic impact study. In turn, taking 80 percent of the total earnings as the amount spent in South Carolina, it turns out that Mexican immigrant effective local buying power totals \$3.5 billion in 2005.

In any case, the earnings and spending of Mexican immigrants will grow as the labor force expands. It is certain that the work force will expand, given employment opportunities and higher wages not available in Mexico. Moreover, the tendency to hire Mexican workers will no doubt persist as employers hear about the immigrants' strong work ethic, productivity, and favorable unit labor costs.

The market for Latinos will grow accordingly. South Carolina is currently listed ninth in the top ten ranking of U.S. states according to rate of growth in Latino buying power between 1990 and 2004. Between these years, the official buying power in the state increased 456 percent. By the year 2009, the total increase in Hispanic buying power since 1990 is expected to reach 823 percent (Humphreys, 2004). Seven southern states appear on the list of ten states, reflecting the recent shift of the Hispanic population to rural areas. The total disposable income of South Carolina's Hispanics has reached over \$2 billion. Although this is only a small percentage of the \$127 billion of goods and services produced in South Carolina in 2003, one cannot ignore the tremendous growth and future potential (Phillips, 2005). The market share that Hispanic consumers hold in South Carolina has increased from 0.8 percent in 1990 to 2 percent in 2004 (Humphreys, 2004).

The booming Mexican and Latino markets deserve particular attention from businesses because the spending patterns are not the same as the average U.S. consumer. The Latino consumer spent about 84 percent as much as the average non-Hispanic consumer. However, this segment spends 95 percent of their income on goods and services, a much higher proportion than the non-Hispanic consumers (86 percent). These differences can be attributed to dissimilarity in per capita income, wealth demographics, and the Hispanic culture. Compared with the non-Latino population, Latinos spend substantially more on groceries, gas and motor oil, household textiles, men's clothing, children's clothing, and footwear. Goods and services on which Latinos spend substantially smaller proportions of their income and less total money than non-Latino consumers include health care, entertainment, reading, education, life and other personal insurance, and tobacco products. Because the Latino population is relatively young, immigrant purchases will influence the success or failure of many youth-oriented products being developed and launched. The 1.2 million Latino-owned firms in the United States also represent an extremely vital segment of the economy and substantially contribute to the population's increasing buying power (Humphreys, 2004). In sum, there are clear benefits from importing a high-productivity, low-wage labor force.

For the most part, the benefits of Mexican and Latino market opportunities and productivity gains accrue to private-sector enterprises in the form of higher profits. As the population grows and settles in the state, however, there will be incremental costs placed on the public sector. Crucially, public officials need to know more to assess the net economic and fiscal benefits of immigration. Many questions will inevitably arise concerning the state's changing population and work force. Ongoing research is imperative. Particular areas that merit attention in future research involve analyses of immigrants' employment benefits, taxation, schooling for children, and access to health services.

Endnotes

1 For the official government figures, see, for example, U.S. Census Bureau (2004).

2 Local and state economic impact studies of Latinos include Garvey et al. 2002; Kasarda and Johnson, 2006; Kielkopf, 2000; Kandel et al. 1999; Mendoza et al., 2001; Simpson and Brockett, 1999; and Thunderbird, 2003.

3 The terms "Latino" and "Hispanic" are used throughout this report to identify people of Spanish speaking descent, regardless of race.

References

Bernanke, Ben S. 2004. Financial Access for Immigrants: The Case of Remittances. Remarks by Federal Reserve Governor Bernanke at the Financial Access for Immigrants: Learning from Diverse Perspectives Conference, Bank of Chicago, Chicago, Illinois. April 16.

Chong, Nilda, and Francia Baez. 2005. *Latino Culture: A Dynamic Force in the Changing American Workplace*. Intercultural Press.

DuPlessis, Jim. 2005. "Hispanics' Impact on Economy Unclear," *The (Columbia, S.C.) State*, December 4.

Estados Unidos Mexicanos. 2004. *El Impacto de las Remesas Familiares en México y su Uso Productivo*, Centro de Estudios Sociales y de Opinión Pública, Cámara de Diputados, Estados Unidos Mexicanos. December.

Estados Unidos Mexicanos. 2005 *Remesas: un Acercamiento a sus Impactos sobre la Pobreza y el Desarrollo*, Centro de Estudios Sociales y de Opinión Pública, Cámara de Diputados, February.

Kandel, William, and Constance Newman. 2005. "Rural Hispanics: Employment and Residential Trends." *Amber Waves: U.S. Department of Agriculture Economic Research Service*. June. <http://www.ers.usda.gov/AmberWaves/June04/Features/RuralHispanic.htm>

Kasarda, John D., and James H. Johnson, Jr. 2006. *The Economic Impact of the Hispanic Population on the State of North Carolina*. Frank Hawkins Kenan Institute of Private Enterprise. Kenan-Flager Business School. The University of North Carolina. January.

Garvey, Deborah, Thomas Espenshade, and James Scully. 2002. "Are Immigrants a Drain on the Public Fiscal Balance? State and Local Impacts in New Jersey," *Social Science Quarterly*, Volume 83 (2): 537-53.

Humphries, Jeffrey. 2004. "The Multicultural Economy 2004: America's Minority Buying Power," *Georgia Business and Economic Conditions*. Volume 64, number 3. Selig Center for Economic Growth, University of Georgia, Third Quarter.

Inter-American Development Bank. 2003. *Remittances: An International Comparison*. Working paper commissioned by the Multilateral Investment Fund of the Inter-American Development Bank. Washington, D.C.: Inter-American Development Bank. February.

Inter-American Development Bank. 2004. *Sending Money Home, The First State-by-State Analysis of US Remittances to Latin America*, Inter-American Development Bank.

Inter-American Dialogue. 2004. "All in the Family: Latin America's Most Important International Financial Flow." Task Force on Remittances. Washington, D.C.: Inter-American Dialogue. 2004

Kandel, William, and Constance Newman. 2004. "Rural Hispanics: Employment and Residential Trends." *Amber Waves: U.S. Department of Agriculture Economic Research Service*. June. Retrieved 17 Oct 2005. <<http://www.ers.usda.gov/AmberWaves/June04/Features/RuralHispanic.htm>>

- Kielkopf, James J. 2000. *Estimating the Economic Impact of the Latino Workforce in South Central Minnesota*. Center for Rural Development and Policy, Minnesota State University, Mankato, September.
- Kochhar, Rakesh. 2005. *Survey of Mexican Migrants, Part Three: The Economic Transition to America Population Growth*, Washington, D.C.: Pew Hispanic Center, December.
- Kochhar, Rakesh, Roberto Suro, and Sonya Tafoya. 2005. *The New Latino South: The Context and Consequences of Rapid Population Growth*. Washington, DC: Pew Hispanic Center, July.
- Koester, Axel. 2005. "Embracing Illegals." *Business Week*. 18 July: 56-62.
- Korzenny, Felipe, and Betty Ann Korzenny. 2005. *Hispanic Marketing: A Cultural Perspective*. Butterworth-Heinemann. September.
- Lee, Jongho, Louis Tornatzky, and Celina Torres. 2004. *El Sueno de su Casa: The Homeownership Potential of Mexican-Heritage Families*. New York: The Tomas Rivera Policy Institute.
- Loftis, Amy. Role of Hispanic Families and Businesses in the Economy of Washington State, University of Washington, Department of Anthropology.
- Mason, Barbara A. 2005. North Carolina Hispanic Report. Demographic Profile w/ Economic Profile/Impact section. Hispanic Project, University of North Carolina, Chapel Hill, Unofficial/unpublished data.
- Mendoza, Marcela, David Ciscel, and Barbara Ellen Smith. 2001. *Latino Immigrants in Memphis, Tennessee: Their Local Economic Impact*, Working Paper 15, Center for Research on Women, The University of Memphis, January.
- Mey, Brenda J. Vander, and Ashley W Harris. 2004. *Latino Populations in South Carolina, 1990-2002*, Department of Sociology, Clemson University, January.
- Montemayor, Robert. 2004. *Right Before Our Eyes: Latinos Past, Present, and Future*. Scholarly Publishing.
- Orozco, Manuel, 2003. "Worker Remittances, the Rural Sector, and Policy Options in Latin America," Rural Finance Innovation Case Study, Washington, D.C.: Inter-American Dialogue.
- Orozco, Manuel. 2004. *The Remittance Marketplace: Prices, Policy and Financial Institutions*. Pew Hispanic Center Report. Washington, D.C.: Pew Hispanic Center. June.
- Orozco, Manuel, B. Lindsey Lowell, Micah Bump, and Rachel Fedewa. 2005. *Transnational Engagement, Remittances and Their Relationship to Development in Latin America and the Caribbean*, Report submitted to the Rockefeller Foundation.
- Ozden, Caglar, and Maurice Schiff. 2006. *International Migration, Remittances, and the Brain Drain*. World Bank and Palgrave Macmillan. Pg. 55-58.
- Pasha, Shaheen. 2005. "Banking on Illegal Immigrants: Banks Are Seeing an Untapped Resource in Providing Home Loans to Undocumented U.S. Residents." *CNN Money*. 8 Aug. 2005. 7 Oct. 2005. http://money.cnn.com/2005/08/08/news/economy/illegal_immigrants/index.htm
- Passel, Jeffrey S. 2005a. *Estimates of the Size and Characteristics of the Undocumented Population*. Washington, D.C.: Pew Hispanic Center, March.

- Passel, Jeffrey S. 2005b. *Unauthorized Migrants: Numbers and Characteristics*. Washington, D.C.: Pew Hispanic Center, June.
- Ratha, D. 2003. *Workers' Remittances: An Important and Stable Source of External Development Finance*. Washington, D.C.: World Bank.
- Simpson, Malcolm T., Jr., and Richard Brockett. 1999. *Hispanic Economic Impact Study: An Eastern North Carolina Analysis*, East Carolina University Regional Development Institute. Prepared for Catholic Social Ministries Diocese of Raleigh, Inc., January.
- Suro, Roberto. 2004. *Remittance Senders and Receivers: Tracking the Transnational Channels*, Washington, D.C.: Pew Hispanic Center, November.
- Suro, Roberto, Sergio Bendixen, B. Lindsay Lowell and Dulce C. Benavides. 2002. *Billions in Motion: Latino Immigrants, Remittances and Banking*, The Pew Hispanic Center and the Multilateral Investment Fund.
- South Carolina Budget and Control Board, Office of Research and Statistics. 2004. *South Carolina Community Profiles, 2004*. Columbia, S.C. South Carolina Budget and Control Board Office of Research and Statistics. Available at: <http://www.sccommunityprofiles.org/census/scpop04.asp>
- Thunderbird. 2003. *Economic Impact of the Mexico-Arizona Relationship*. The American School of International Management. Glendale, AZ: Thunderbird School of Management.
- U.S. Bureau of the Census. 1990. *Census of Population*. Retrieved 24 February 2006 from <http://www.census.gov/main/www/cen2000.html>.
- U.S. Bureau of the Census. 2000. *Census of Population*. Retrieved 24 February 2006 from <http://www.census.gov/main/www/cen2000.html>.
- U.S. Bureau of the Census. 2004. *Annual Estimates of the Population by Sex, Race and Hispanic or Latino Origin for South Carolina: April 1, 2000 to July 1, 2003* (SC-EST2003-03-45, Table 3) September 30.
- U.S. Congressional Budget Office. 2005. *Remittances: International Payments by Migrants*, Congressional Budget Office, Washington, D.C.: The Congress of the United States. May.
- U.S. Department of Labor, Bureau of Labor Statistics. 2004. *November 2004 State Occupational Employment and Wage Estimates*, South Carolina. http://www.bls.gov/oes/current/oes_sc.htm#b35-0000 , accessed February 20, 2006.
- Watson, Aileen. 2005. "Hispanic Population and Business Trends in the Fifth District" www.richmondfed.org/community_affairs, accessed December 20, 2005.

Appendix

South Carolina Mexican Immigrant Survey

Gender " male " female

How old are you? _____

Section I: The first set of questions concern your employment.

1. How long in years have you been in the United States? _____ years
2. How long have you been in South Carolina? _____ years
3. Who do you work for? _____
4. What do you do? _____
5. How many years did you attend school? _____
6. On average, how much do you make in a week? \$ _____
7. On average, how many weeks do you work in a year? _____
8. How do you get paid? _____

Section II. The next set of questions concern your spending.

9. How much money do you send to your home in Mexico? \$ _____
10. How often do you send money back to Mexico? _____
11. After sending money to Mexico, how much do you save in a (week/month...)?

12. In an average month, how much do you spend in South Carolina on housing? \$ _____
13. Do you have a bank account in South Carolina?
" no ‡ Why not? _____
" yes
14. How do you pay your bills in the United States?
" check " money order " cash " electronic funds transfer
" other, please specify _____

15. Do you have an automobile?
.. yes
.. no

Section III. The next section concerns your relationship with your home community.

16. When you send money to Mexico...
- a. How do you send the money?
.. ATM .. money wire

.. Western Union .. other, please specify _____
- b. What is the name of the community? _____
- c. To whom do you send the money? Please indicate relationship to you, rather than a name.

- i. Does the recipient have a bank account? .. yes .. no
- d. Who decides how this money is spent?

.. self .. recipient .. joint .. other
17. Do you coordinate/communicate with other migrants in your community to fund projects that will benefit your home community in Mexico?
.. yes .. no
18. Does someone in your home village coordinate the projects funded by remittances? .. yes
.. no
19. In the last five years, how many trips have you taken to your home community in Mexico?

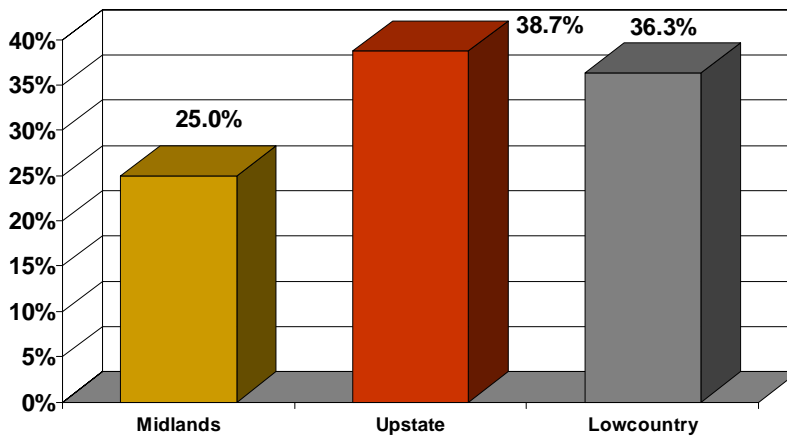
Section IV. The last section of the survey concerns your living arrangements and your relationship with members of your family.

20. In what type of residence do you live?

.. apartment .. mobile home
.. single family dwelling .. duplex (two family dwelling)
.. other, please specify: _____
21. In what city or town do you live? _____
22. In what neighborhood do you live? _____

23. Do you . . . "own OR "rent . . . your home?
24. Do you live . . . "with family or relatives OR "in group quarters provided by employer? [Interviewer: read both response categories.]
25. How many people, including yourself, live in your residence? _____
26. Are there children under 19 years of age living with you?
 "no ‡go to the next question" "yes ‡What type of education do these children receive?
 "attend public schools "attend private schools
 "are home schooled "other
27. Do you plan on staying in this country or would you ultimately prefer return to your home community in Mexico?
 "stay here in South Carolina "return to home community in Mexico?

Regions of Data Collection



Source: Mexican Immigrant Survey, 2005. Division of Research, University of South Carolina, Division of Research.