

Chapter III

In this chapter the main goal is to point out the discrepancies between Nuevo Leon's GDP and its population growth (which is composed both, by natural growth and immigration). Through this we can see the economic capacity (mainly of Monterrey, since the majority of Nuevo Leon's GDP is from Monterrey) which further reflects in labour demand and migration opportunities. At the same time we aim to expose the trends of unemployment, whilst at the same time taking into account other migration numbers which may as a whole result in population growth. In order to do such comparison we will be looking at maps and graphs in Chapters II and I. Finally I will reference some of the non-economic factors, the same way as it was done in Chapter I, in order to remember the complexities behind migration and development.

As we take into consideration the push-pull model and review the data gathered in Chapter II, we can see that regardless of the slight drop in net migration flows into Nuevo Leon (seen on Internal Migration 2006 – 2012), the state, can still be considered a pull state as its numbers continue to be positive. We can see that there are different factors that may result in the "pull-motion" into Monterrey when regarding the migration flows. The different factors may encompass economic elements such as FDI and GDP, which together reflect a connection with unemployment as well as development. In general we can see that as established previously in the work, there is certain predictability to internal migration, since theoretically it is meant to allow economic development for individuals that can eventually reduce disparities. Same idea is presented by Luca, who states that "territorial inequalities are the main trigger for migration" (1997, 9). With this in mind we can see that there are some aspects that seem to be relevant and interactive which may affect the way in which Monterrey has developed to be what we know it today and it will continue to do so. Although there are authors that state that there has been a misconception with the idea that economic growth leads to development, inevitably we can see that there is a relation, since one cannot happen without the other.

Looking at GDP growth through the expenditure approach, method based on the addition four expenditure areas which are: family consumption, government expenditures, new capital investment and net productions of imports and exports. Using this approach to assess the migration flows we can see that the higher the GDP the more capital investment there is within the city, thus appealing to rural migration due to the high labour demand

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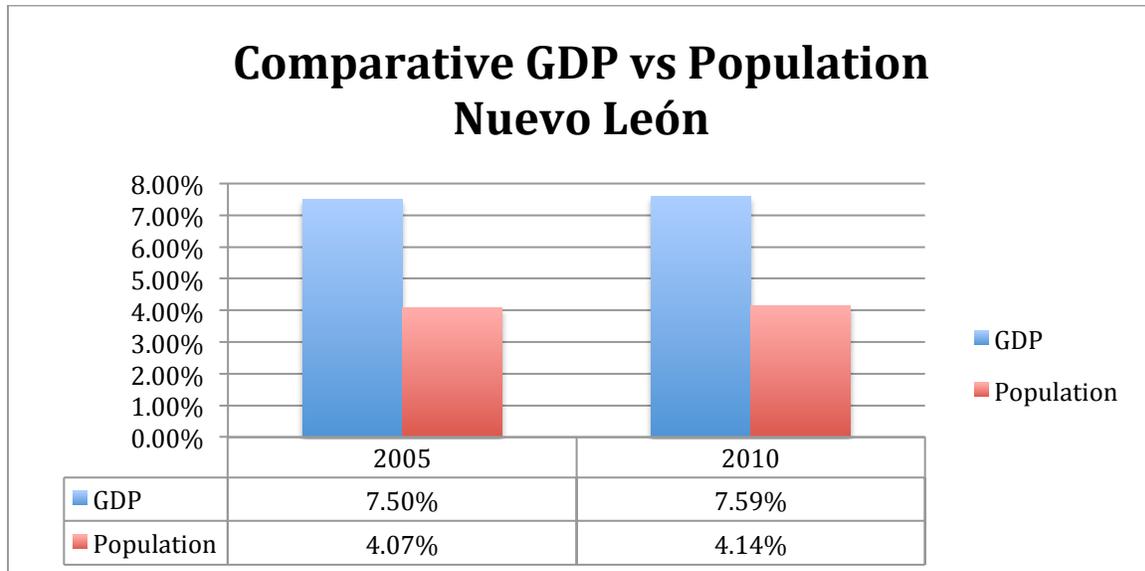
created by the different companies. On the other hand whilst being assessed from the foreign companies point of view the higher growth and inflows of population the higher labour demand there will be, resulting in cheaper labour and higher efficiency.

On the same note we must remember the idea of global division of labour mentioned before in different parts of the work. This is key when assessing Monterrey and its labour opportunities since as it is a globalized city we see a change in the process of the produce; part of this change is attributed to the competitive prices that companies seek. Which means that there are more available jobs to make the process more efficient (O'Brein, Williams, 2010, 275).

To begin, it is important to take into account the GDP growth may to a certain extent reflect the labour demand from the industrial sector. This can demonstrate the way in which "migration from rural to urban areas not only reduces population pressures in the rural areas but can contribute to industrialization by supplying low-cost labour to urban sectors" (Yamauchi, 2014), resulting in a higher GDP growth. In order to place population and GDP into perspective I decided to demonstrate how much percentage of the GDP in Nuevo Leon accounts for the national GDP. Whilst at the same time to see how much of Nuevo Leon's population would account for the national population. This could help demonstrate how a large number of the economically active population receives lower wages, which results in higher outcomes for the companies. A lot of this low wages, if not all, reflect the labour composed of low-skilled labour which as seen on chapter II it is the majority of the internal migration.

As explained by Soloaga, Ibarra, and Wendelsiess migration may be influenced by the labour sector and its shift from a traditional to a modern one, where the GDP ends up concentrating on the modern sector (2010, 180). For this on the following graph we will be exposing the GDP growth that there has been in 2005 and in 2010 all in percentage value in comparison to the national total GDP. Next to it we will see the population growth, as well in percentages in relation to the national population growth.

Comparative GDP vs Population Nuevo León



Source: created with information from INEGI, CONAPO

In graph 7 we can appreciate the way in which the GDP show a high concentration in both years presented. As we can see in 2005 that 4.07% of the national population which is in Nuevo Leon, are able to contribute a 7.50% of the national GDP, the higher outcome with a lower population demonstrates to an extent the way in which cheap labour continues to be an asset of settling industries in Mexico as well as the growing inequalities. Although this may reflect the type of labour that might be required in order to fulfil the development needs of the city by the different companies. In this case once we look at the graph which is demonstrated in chapter II: Percentage of population according to education level, we can see that a higher percentage of the migrant population has not fulfilled their high 4.14% school. Through this we can see due to their school education the migrant population would be more propene to offer low-skilled and cheap labour.

On further research made by CONAPO we can see that in 2010 out of the total recent migrant population in Nuevo Leon 52.83% of it was of individuals with a basic education. Which may be interpreted into the low-skilled labour supply, a lot of this can be seen as well though the implementation of informal labour. In a research conducted by the International Labour Organization we can see that the informal labour has greatly

increased ever since 2009, a proportional relation was seen: as unemployment grew the informal labour grew as well. As a whole we can see that close to a 60% of the economically active population concentrates on informal labour, still in 2015 Nuevo Leon demonstrated to have a lower percentage of the economically active population concentrated on the informal labour sector. This is reflected through the following data: out of the total economically active population in Nuevo Leon 60.7% have a full time job, then 10.3% of the total population have a half time job, finally the population that partake in the informal labour sector is of 36.1% of the economically active population (one of the lowest ones in all of Mexico). Ultimately as it was stated by Mora Rivera, migration flows are selective differing mainly on the economic activities and labour opportunities (156, 2010). Through the idea of a reliable source of income we can see as it is stated that “territorial inequalities are the main trigger for migration” (Lucas, 1997), it is that economic stability would appeal rural migration.

Continuing under the economic aspects the economic activities in which we to see a higher concentration of employment in Nuevo Leon rests on the economic based markets, then on services and finally on commerce (CONCANACO, 2015, 6). Taking into account Graphs 1 and 3 from chapter I we can see that as the GDP and FDI have grown the unemployment numbers have fallen regardless the increase in population that continues to occur in Nuevo Leon. In part this may be due to the diversification of the labour market and as more companies settle in clusters or agglomerations to have higher efficiency the labour demand will continue to grow in the same areas.

At the same time when looking at the budget of Nuevo Leon and a concentration of it on Monterrey’s metropolitan area we can see that the more money is invested in the metropolitan area in diverse projects. Although this aspects may lay under non-economic aspects it is due to the economic power of Monterrey that so much money goes into the same, that way the economic growth may be sustained. Other aspects which may lay on non-economic factors rest on infrastructure like water system, transportation, and availability to resources. This leads to the non-economic aspects which where rapidly mentioned at the end of chapter I augmenting that partial trigger of internal migration may be the local situation of the globalized city and what this one had to offer. As it was stated on a CONAPO research Nuevo Leon has the structure to offer: work opportunities, education institutions, better life quality, higher life expectancy, etc. Under the employment aspect we can see that Nuevo Leon has implemented projects in order to improve the

employment related atmosphere. One project that we can refer to is the “Jornada de Aceleramiento Laboral Especifico” (JALE) under which they aim to capacitate and connect the labour force with companies. Another program that was started was called “Jovenes al Empleo”, meaning young people to work which helped graduates find jobs within the formal sector. All together we can see the way in which Nuevo Leon has invested in the creation of an atmosphere that appeals to migrants in many levels. This are the aspects seen on map A and B showing that although the net migration is now slower it continues to be a positive one. Through these policy implementations as well as the opening of the market as well as the concentration of GDP and FDI in one main city are responsible for the urban clustering and agglomeration in specific cities (Alberts and Villa, 1980). After all when looking at Monterrey ever since the industrialization international companies have settled and created what we know as the metropolitan area of Monterrey. Recently, in 2014 out of the total national FDI, 21% of it came from Nuevo Leon with the majority coming from the USA.

Monterrey has been able to develop its industry and economy through the opening of the market from the very beginning and its advantageous geographical location. The growth of population allows the diversification of economic activities which open way to urbanization and globalization process of cities since they have the capacity to concentrate on other aspects of development. Once all the population reaches the million the economic diversification plateaus, and so the economic activities maintain the same. This to a certain extent has demonstrated the rapid growth and the possible reaching of its close to maximum capacity, for which case there is a slowdown in Nuevo Leon’s population growth and more specifically Monterrey area. As population density has increased in Nuevo Leon, and due to the living availability and living prizes going up, it would appear that less migration occurs directly to the Metropolitan area of Monterrey, instead the population flows are directing to nearby/ surrounding cities. Still due to the transportation facilities and the governments investment of the same allows for the majority of the market to still be concentrated on the main city on Monterrey. Due to prizes and costs within globalized cities we see that there has been higher cost when looking at migration is one of the reasons of which internal migration has showed to be more concentrated on skilled-labour migration. Continuing under the aspects of Monterrey’s globalization we can see that the factor related to better life quality conditions we can see on Nuevo Leon’s budget and the concentration of this on specific sectors. When looking at the budget we can see that most

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of it is concentrated on the transportation sector and as it was mentioned on chapter I it has a good transport system and the government continues to invest on it in order to create efficiency and ease transport. At this point we must not only look at how the services attract migration but also at how they also have resulted in the globalization of Monterrey since as it is explained by Castles and Miller “global cultural interchange, facilitated by improved transport ... can also increase migration aspirations” (2014, 7). With a better transport system there is simplification on labour movement, even though that the intentions of transport development does not necessarily aim to trigger migration.

Continuing with the aspect of migration and the size of the economic activity in Nuevo Leon, may be the high way infrastructure since it shows the connectivity with other medium large cities like the case of Saltillo. The importance of this can be seen through the budget spending a high importance, as well as three projects that have been implemented in the transportation sector. On the budget we can see that the total amount of money that was directed to transportation and communication was a total of 850.08 million pesos. Although that number might not represent a high part of the total budget we can see that by 2005 close to a 77% of highways in Nuevo Leon are newly paved, whilst the other 23% are fixed paved highways. Thus we can see that since in terms of infrastructure Nuevo Leon is already set and developed in terms of transport, facilitating the people to get travel to Nuevo Leon, where as it was mentioned before 95% of the population are in the metropolitan area and only the resting 5% live in rural areas. High ways are very important since Monterrey is the main land exporter to the USA, which means the better the highways are the

Continuing on the aspect of the government’s budget and investments we can see that in comparison to national levels, certain services such as the health service Instituto de Seguridad y Servicios Sociales de los trabajadores del Estado (ISSSTE) was better qualified than the national average. On the same way we can see security reflected in the way in which security works, in a questionnaire they asked the population of Nuevo Leon what they thought about the security. On latest years the population has given better grades to security and in comparison to the national level Nuevo Leon demonstrates a better perspective on security according to its residents. This is specifically important since Mexico has security problems and it does tend to affect the aggregate value of a “pull-state” in which case here we are talking about Nuevo Leon and more specifically Monterrey.

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Over all we can see that Monterrey benefits highly from the investments done by the government which secure its economic stability and growth. Which appeals to both, companies and migrants.