

The Shock Front Has Hit: Remittances Plunge; Millions Will Starve in Mexico

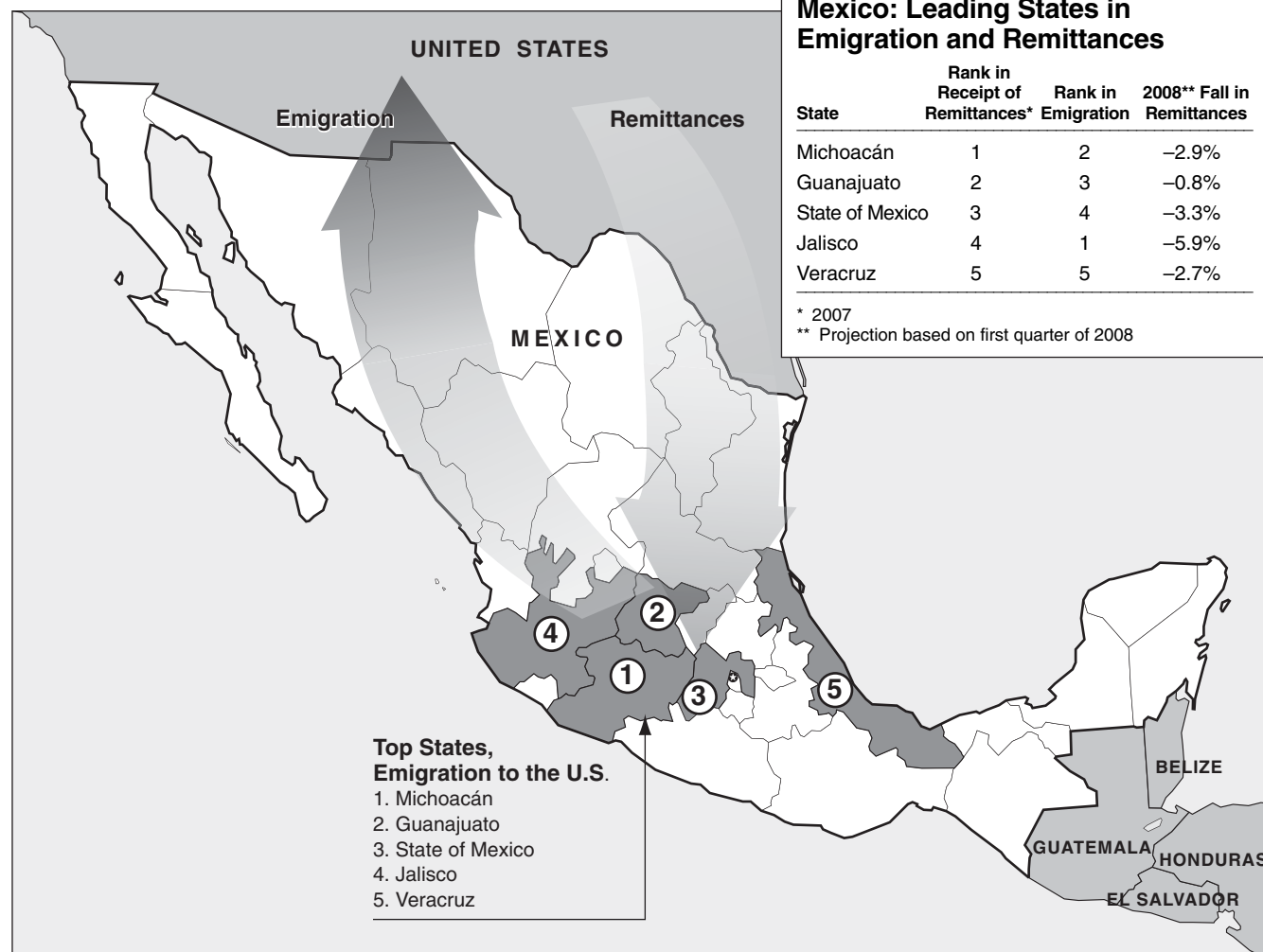
by Dennis Small

Lyndon LaRouche repeatedly stated, during his April 2008 visit to Monterrey, Mexico, that the United States must return to a Franklin Roosevelt-style Good Neighbor policy with Mexico, such as helping with the completion of the PLHINO great water project in the Northwest of Mexico.

With millions of Mexicans about to be expelled from the U.S., with no jobs currently awaiting them at home, and with food prices soaring internationally and putting food out of reach for millions, it is in the vital interest of the U.S. to help create productive jobs for them, with viable projects

FIGURE 1

Mexico: Leading States in Emigration and Remittances

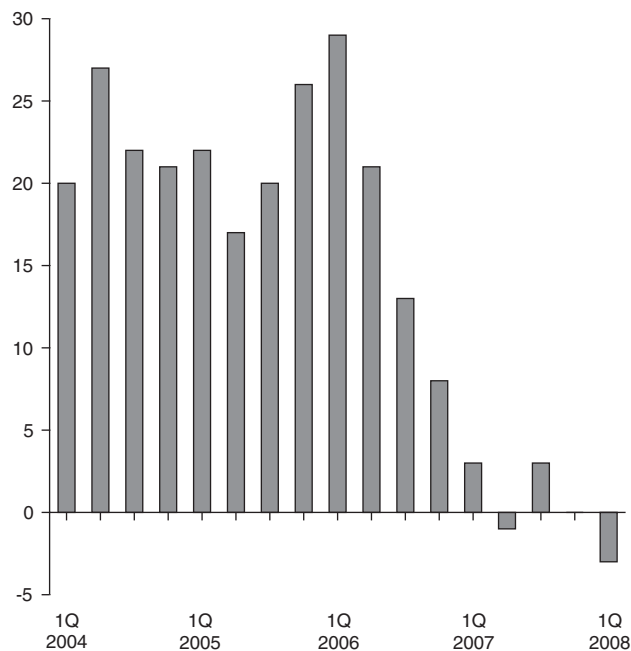


Source: INEGI (Mexico); Banxico (Mexico).

FIGURE 2

Mexico: Growth of Workers Remittances

(\$ change, per quarter)



Source: Banxico (Mexico)

such as the PLHINO (Northwest Hydraulic Plan), which could quickly open up some 800,000 hectares of land to productive farming, producing enough food to feed millions of Mexicans.

The PLHINO alone would, of course, not solve the unemployment and hunger problems of Mexico's 110 million people, but it is exemplary of the method that *will* work to turn around the British Empire's policy of genocide. That is why LaRouche so strongly promotes the project—and it is exactly why the PLHINO is violently resisted by the British Empire's agents, such as Prince Philip's vampire bat-promoting World Wildlife Fund (see *EIR*, May 2, 2008).

But if current policies continue, the U.S.-Mexico border region is going to explode.

The flow of tens of billions of dollars in remittances sent home to Mexico and other Ibero-American countries by migrant workers in the United States, is drying up, according to official statistics provided by Mexico's central bank (Banxico), and a recent study issued by the Inter-American Development Bank (IADB). After rising at the rate of nearly 20% per year from 1994 to 2006, remittances stalled out in 2007, and in the first quarter of 2008, *fell* by 3%, compared to the same period in 2007 (**Figure 1**).

Total remittances to Ibero-America were about \$46 billion in 2007, with a little over half of that amount (\$24 bil-

lion) going to Mexico. Entire communities, states, and even nations, have become dependent on the flow of remittances, as genocidal free trade and globalization policies forced huge numbers of people from these nations (30% in the case of El Salvador; over 10% in the case of Mexico) to flee to the United States in desperate search of survival for themselves and their families back home.

Now, the collapse of the U.S. "importer of last resort" means that starvation and chaos will be visited on the nations of Ibero-America—exactly as LaRouche warned would occur, if the insane British economic policies were not changed. A recent Banxico study reported that 86% of all remittances are used by the families back in Mexico for basic "sustenance," i.e., survival.

The recent quarterly trend in remittances sent to Mexico tells part of the story. As **Figure 2** shows, the quarterly growth rate of remittances plummeted from 21% in the second quarter of 2006, to 3% in the first quarter of 2007, down to a 3% *contraction* in the first quarter of 2008.

But the reality is actually much worse than these *average* figures suggest. According to the IADB, although the total dollar amount of remittances to Ibero-America has stagnated, or fallen somewhat, the *number* of workers who send money back home "regularly" fell dramatically from 12.6 million in 2006, to 9.4 million in the first quarter of 2008—that is, 3.2 million workers *stopped* sending money regularly. In percentage terms, 73% of all Ibero-American-born adults in the United States were sending money home regularly in 2006; but in 2008, that proportion had fallen to only 50%. This is a tectonic shift in economic activity of nearly 25% of the Hispanic migrants in the United States, who have simply stopped sending money home.

According to the IADB, 3.2 million fewer remitters translates into some 10 million people back home who no longer receive support for their "sustenance." The agency estimates that some 2 million families will, as a result, fall below the poverty line, mainly in Mexico.

Ironically, this will lead to more people trying to flee their countries to come to the United States in search of survival—at exactly the point that the economic collapse and vicious anti-immigrant policies in the United States are expected to lead to the expulsion of up to 2 million people in the near term.

The shock front has hit.

Food Hyperinflation Means Starvation

About 20% of all foreign-born Hispanics employed in the U.S.A. were working in the construction sector in 2006; among recent arrivals (since 2000), the percentage was even higher, at 30%. Guess what happened then?

As a result of the global financial blowout, and the resulting U.S. mortgage/housing crisis, about a half-million jobs disappeared in construction between 2006 and the first quarter of 2008. Of those, Hispanics lost 324,000 jobs.

Overall, according to the IADB survey, 40% of Hispanic workers in the U.S. are now earning less than they did in 2007, and another 33% are earning about the same. That means that nearly three-quarters of all Hispanics today earn the same or less than they did in 2007, while the price of food, gasoline, housing, and other essentials has skyrocketed as a result of the hyperinflationary blow-out—meaning that *real wages* have collapsed for 73% of these workers.

Small wonder, then, that 3 million workers can no longer send any money back home.

Heading Home to Hell

Add to this, the rise of fascist anti-immigrant hysteria—and local and state legislation—in the U.S., and you have an explosive mix. The Pew Hispanic Center reports that fully half of the 47 million Hispanics in the U.S. (including foreign-born and U.S.-born) fear deportation, either of themselves, a family member, or a friend. And the IADB says that 28% of Ibero-American-born adults surveyed are thinking of returning to their countries of origin. LaRouche Political Action Committee field organizing across the U.S. indicates that the percentages of those planning to return are probably substantially higher than that, as the crisis worsens.

But what they are heading home to, is utter hell.

A recent study by the UN Economic Commission on Latin America and the Caribbean (ECLAC) found that overall food prices across the region had risen by about 15% in 2007. That resulted in some 15 million people dropping below the poverty line. At the same time, 15.7 million who were already in “poverty,” were reduced to “extreme poverty”—otherwise known as indigence, or the inability to obtain sufficient food for survival.

In other words, every 1% increase in average food prices translates into an additional 1 million extremely poor, hungry people in Ibero-America.

According to Cruz López Aguilar, the head of Mexico’s largest peasant association, the National Peasant Confederation (CNC), “We’re facing a price tsunami” on the food front. Over the last few months, the price of corn in Mexico has risen by 31%, rice by 74%, and wheat by 130%, according to the May 9 daily *La Jornada*.

Lawfully, these figures closely reflect the Chicago Board of Trade figures for March’s speculative price increases of 80% for rice, and 140% for wheat. Mexico, nearly self-sufficient in food 20 years ago, before the policies of free trade and globalization were imposed on the country, today imports 23.6% of its corn, 50.2% of its wheat, and 75% of its rice.

Food price rises translate into starvation, as any idiot—other than perhaps a Harvard economist—ought to be able to figure out. LaRouche put it succinctly, in surveying the shock front: “This is genocide, period.”