3. Trade

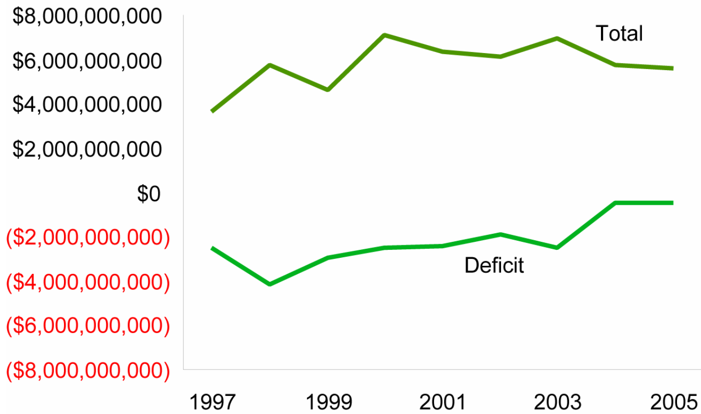
One of the under-told stories in Indiana is the spectacular growth in Hoosier exports to Mexico. While their value dipped slightly from 2004 to 2005, the end result remains spectacular: an increase of 324 percent in the eight years between 1997 and 2005. With respect to imports, total value in 2005 was hardly different than in 1997, albeit after a significant decline since 2003. These trends are shown in Graphic 3-1.

GRAPHIC 3-1 INDIANA EXPORTS TO AND IMPORTS FROM MEXICO, 1997-2005, IN MAY 2006 DOLLARS

Source. U.S. Department of Transportation, U.S. Department of Labor

As a result of these trends, the value of total trade with Mexico has generally increased, as shown in Graphic 3-2. In 1997, total trade value stood at $3.7 billion. By 2005, it had increased to $5.6 billion. Due of the growth in exports, the trade deficit with Mexico has generally decreased over this same time period. The deficit in 1997 was almost $2.5 billion. In 2005, it had shrunk to $0.5 billion.

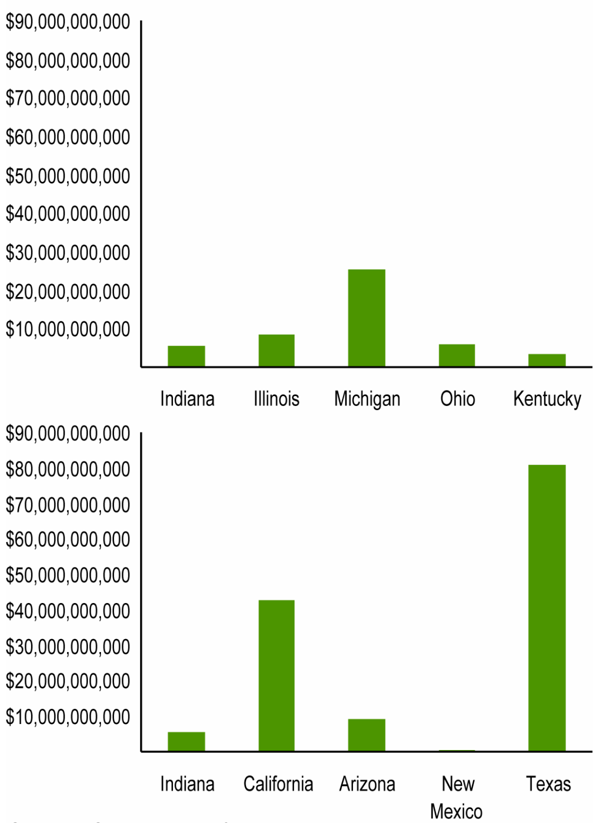
GRAPHIC 3-2. INDIANA TOTAL TRADE AND TRADE DEFICIT WITH MEXICO, 1997-2005, IN MAY 2006 DOLLARS



Source. U.S. Department of Transportation, U.S. Department of Labor

Indiana's economic relationship with Mexico now ranks sixth in the nation in terms of the value of exports. This does not look that impressive in Graphics 3-3a and 3-3b, however, since all five of the states that rank ahead of Indiana are either a surrounding state or a Border State.

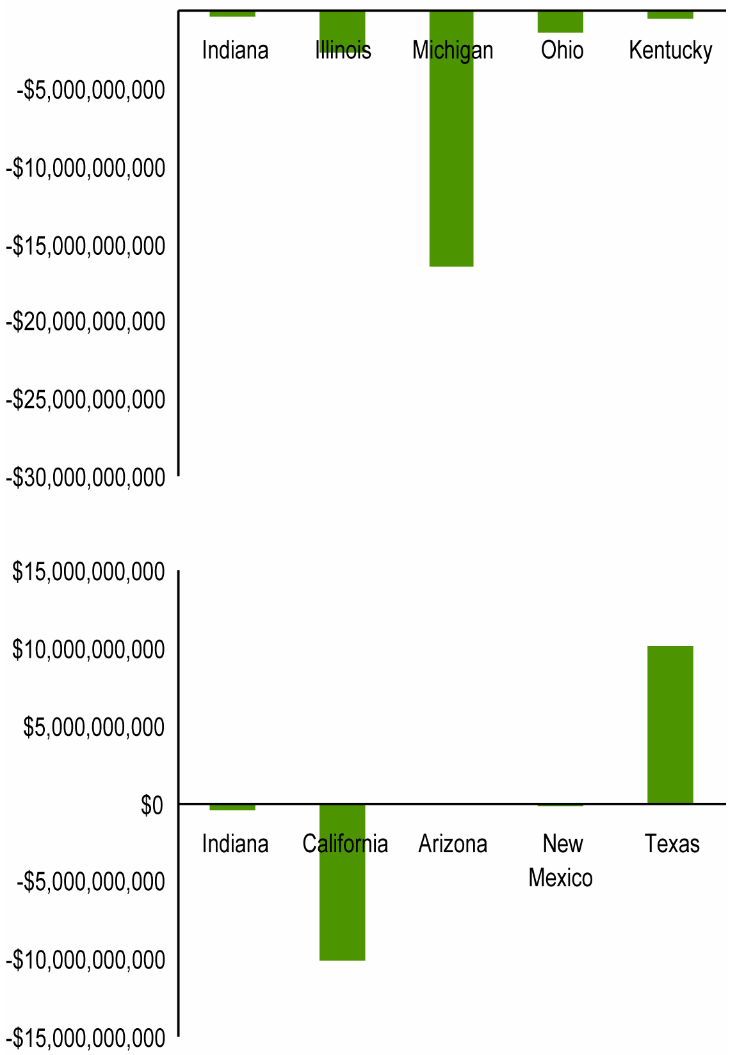
GRAPHIC 3-3. TOTAL APRIL 2005-MARCH 2006 TRADE BETWEEN MEXICO AND INDIANA



Source. U.S. Department of Transportation

Indiana's trade deficit does rank well compared to surrounding states. However, compared to the Border States, only California has a higher trade deficit.

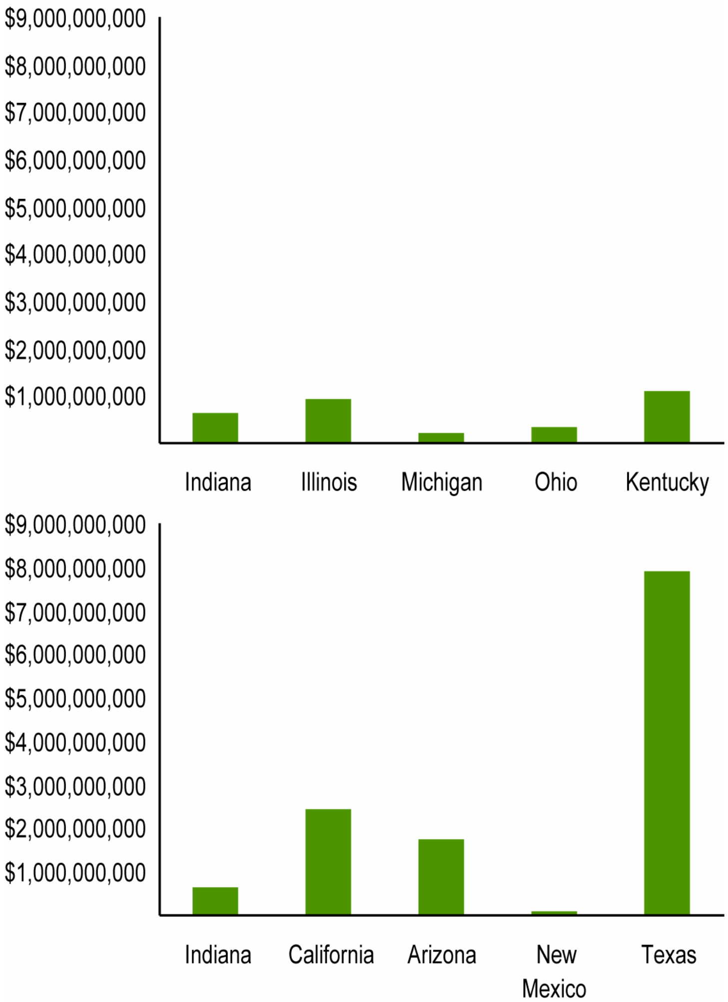
GRAPHIC 3-4. TOTAL APRIL 2005-MARCH 2006 TRADE SURPLUS/DEFICIT WITH MEXICO BY STATE



Source. U.S. Department of Transportation

The strong recent rise in exports has been matched by many of Indiana's surrounding states and the Border States. Both Illinois and Kentucky experienced a larger nominal increase in export value between January-December of 2002 and April 2005-March 2006. The increase in California and Texas was nearly equal to the total value of Indiana exports.

GRAPHIC 3-5. ABSOLUTE NOMINAL GROWTH OF VALUE IN EXPORTS TO MEXICO, JANUARY-DECEMBER, 2002/APRIL 2005-MARCH-2006

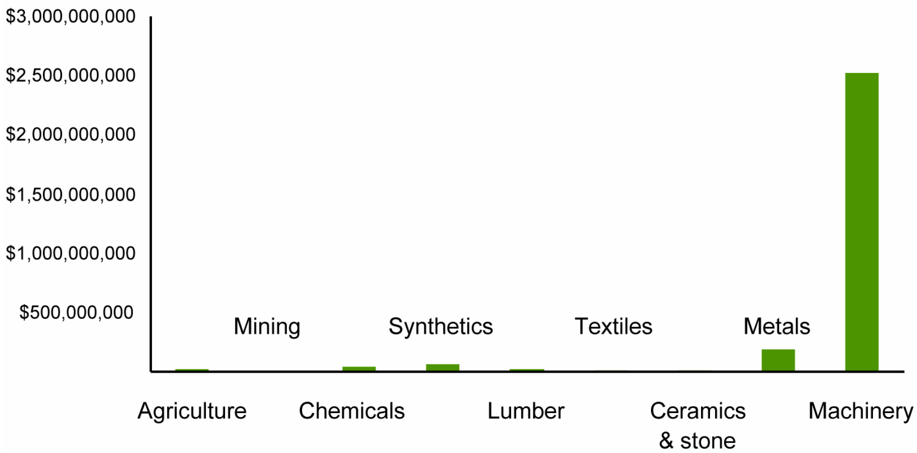


Source. U.S. Department of Transportation

The trade relationship between Indiana and Mexico is dominated by the exchange of machinery, as shown in Graphics 3-6 and 3-7. There is strong bilateral trade in metals, as well. Indiana exports significant amounts of plastic, rubber, and other synthesized products in addition to chemicals. The former drives Indiana's largest surplus of any commodity category, as shown in Graphic 3-8. Indiana also has a slight surplus in chemicals.

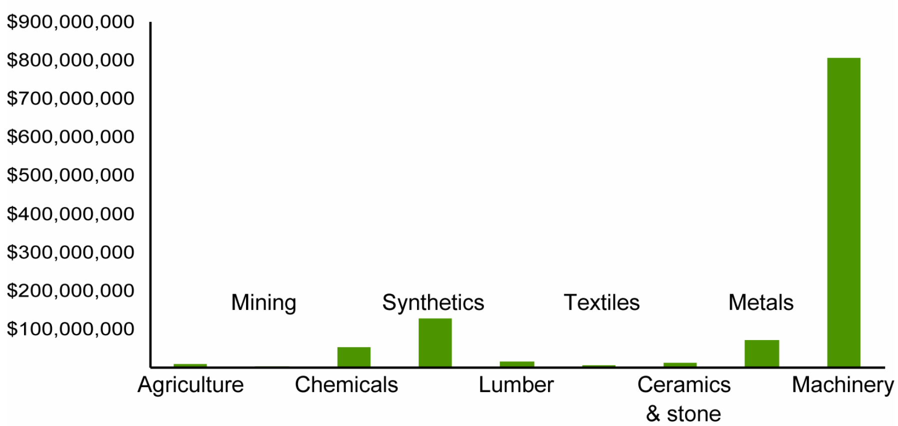
On the other hand, there is a large deficit in metals trade and machinery trade. There are also appreciable deficits in agriculture products and textiles.

GRAPHIC 3-6. APRIL 2005-MARCH 2006 INDIANA IMPORTS FROM MEXICO BY AGGREGATED COMMODITY CATEGORY



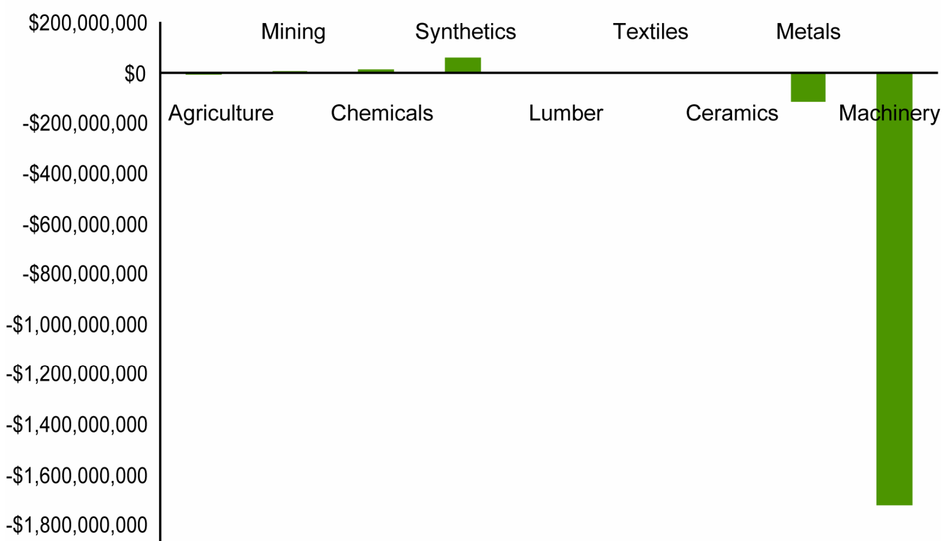
Source. U.S. Department of Transportation

GRAPHIC 3-7. APRIL 2005-MARCH 2006 INDIANA EXPORTS TO MEXICO BY AGGREGATED COMMODITY CATEGORY



Source. U.S. Department of Transportation

GRAPHIC 3-8. APRIL 2005-MARCH 2006 INDIANA SURPLUS/DEFICIT WITH MEXICO BY AGGREGATED COMMODITY CATEGORY



Source. U.S. Department of Transportation

The importance of machinery exports is shown in Table 3, which examines the highest export value specific commodity categories. The top three categories, all of which are in the general machinery category, accounted for over 30 percent of total export value between April 2005 and March 2006.

Table 3-1 Top 5 specific commodity export categories by April 2005 – March 2006 export value

Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	338,922,214
Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	217,654,232
Electrical machinery and equipment and parts thereof; Sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	206,377,675
Plastics and articles thereof	112,978,812
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; Parts and accessories thereof	24,664,065

The destinations of Indiana's exports to Mexico are primarily the industrial belt that extends south by southeast from Coahuila—a large state that runs along the western half of the Texas-Mexico border—to Estado de Mexico and the Distrito Federal in the center the country. In addition, Baja California, across the Californian-Mexican border, receives a significant share of Indiana exports.

Table 3-2 Mexican state destinations of Indiana exports by April 2005 – March 2006 export value

Coahuila	1,239,264,487.00
Edo. Mexico	361,453,845.00
San Luis Potosi	223,608,637.00
Nuevo Leon	173,575,472.00
Baja California	133,146,128.00
Distrito Federal	109,302,317.00
Jalisco	44,275,568.00
Puebla	24,166,902.00
Chihuahua	20,929,192.00
Guanajuato	20,453,256.00
Queratero	20,299,631.00
Tamaulipas	17,451,862.00
Aguascalientes	12,437,447.00
Sonora	4,264,548.00
Quintana Roo	3,009,066.00
Durango	2,808,497.00
Morelos	2,554,844.00
Tlaxcala	1,710,927.00
Veracruz	1,679,084.00
Sinaloa	1,514,534.00
Michoacan	1,067,150.00
Hidalgo	1,007,513.00
Yucatan	670,531.00
Oaxaca	493,386.00
Baja California Sur	268,677.00
Tabasco	198,792.00
Colima	184,802.00
Zacateras	162,404.00
Nayarit	22,844.00
Guerrero	4,749.00

There are two core conclusions from the data on trade between Mexico and Indiana and its political context:

1) The trade relationship between Indiana and Mexico is much more extensive than most understand. Few would guess that Indiana ranks sixth in the nation in exports to Mexico. Expanding this relationship should be at the heart of the State's trade development strategy.
2) Further promotion of trade with Mexico is not without political controversies, which will require skillful political leadership.

3.1 A Mayor's Mission to Mexico: An Illustration of Political Balancing

One way of discerning the tricky issue of trade promotion with Mexico today is to compare it with the ways that promotion of Japanese trade and investment have changed over the past two decades. As Indiana Governor from 1981-89, Robert Orr led seventeen trips of Indiana businesspersons abroad, more than all of his predecessors combined. When he took office, there were 18 Japanese companies located in Indiana; when he left there were nearly 200. More than 45,000 Hoosier workers employed by Japanese companies today have good jobs thanks in part to Orr's efforts to attract foreign investment.

We were reminded of these accomplishments in August of 2005, when a delegation of more than 80 business and civic leaders accompanied Governor Mitch Daniels to Taiwan and Japan to reaffirm and deepen relations from the days of Orr.

Less prominent in the news than Daniels's trip to Asia was a trip by a delegation of twenty Indianapolis business leaders who traveled to Mexico shortly thereafter, in mid-September of 2005. Organized by Mexican Consul General Sergio Aguilera and led by Indianapolis Mayor Bart Peterson, this trip could be just as important for the state. More than forty percent of foreign investment flowing into Indiana comes from Japan, but Hoosiers actually sell more stuff to Mexico. After Canada, Mexico is the second largest export market for Indiana. In the past decade since the North American Free Trade Agreement went into effect, Indiana's sales to Mexico increased eightfold. Over the past few years, the state exported more to Mexico than it did to Japan and Taiwan combined—plus what Hoosiers sold to Germany, the Netherlands, China, Hong Kong, and Italy.

The mayor's mission to Mexico may pay off for Indianapolis very soon. Half of the goods coming into the US enter through the terribly congested Los Angeles-Long Beach ports, causing costly delays and uncertainty. Thus, an increasing volume of American imports from Asia are being shipped into Mexico's Lázaro Cardenas and Manzanillo ports, then transported across the US through the newly consolidated "NAFTA railway." The pieces of this new supply and distribution network are still being put into place. Most essential is a logistics hub capable of servicing such a large volume of freight.

Until the mayor's mission to Mexico, Indianapolis had not been considered. Because the business and policy leaders of Indianapolis demonstrated their commitment to increasing the city's connections, a delegation of Mexican transportation and government officials arrived in Indianapolis October 10 to discuss the possibility of major investments in "the Crossroads of America." If Indianapolis emerges as a regional logistics hub, it will mean hundreds of good jobs.

The trip to Mexico may have been crowded out of the headlines by Hurricane Katrina, and more local reporters might have joined the group if the Colts had been playing in Mexico City, as they did in Tokyo during Daniels' trip. But if they had known about the trip, some Hoosiers might have found the mission to Mexico unsettling. Some might have thought the mayor was helping export jobs to Mexico, leaving Hoosiers unemployed. "How can a Hoosier worker compete with a Mexican worker who would be delighted to find a job paying four dollars an hour?" the argument goes.

But how hard should we fight to keep low skill and low wage jobs here? An Indiana business that can pay Mexican workers $4 an hour for unskilled labor may be better able to survive global competition with companies paying Chinese workers much less than that. Shifting the $4 per hour jobs to Mexico may increase the chances of keeping the $34 per hour skilled jobs in Indianapolis or Anderson. The challenge for Central Indiana isn't to protect low pay jobs but rather to make sure all of have the education and opportunities they need for high pay jobs.

Last year's trade mission to Mexico might also have been disturbing to people who fear that increased trade with Mexico could also mean increased immigration. Some feel increasingly anxious about millions of undocumented and illegal immigrants in this country. Some are bothered by legal immigrants as well. Indiana's Latino population is doubling in size every four or five years, leading some to worry that Indiana is becoming a divided culture, with Spanish- and English-speakers co-existing uneasily at best. Increasing economic ties with Mexico, they fear, could hasten our way down this path.

American businesses investing in Mexico, however, should reduce the flow of illegal immigrants to the U.S. by providing jobs for wages that are much higher than what is now available in Chiapas or Monterrey. A worker seeking to make a better life for her family is less likely to make the dangerous illegal trek north if she can find decent paying work at home.

In general, however, increased trade may well lead to more immigration, and that's a good thing because more immigrants mean more economic growth. In the globalization sweepstakes of the 21st century, the communities that best integrate newcomers into their economies will win. How can you tell immigrants are integrating well? They enroll their children in local schools, they purchase property, they call the police when they are the victims of crime. Local institutions are necessary to transform hard-working immigrants into productive and secure citizens. The process of integration begins long before newcomers arrive in Indianapolis. Future missions from Indianapolis to Mexico will be vital as they evolve beyond the meetings with Mexican government officials and businesses, and reach out to partnerships with nonprofit organizations, educational institutions, and religious groups.

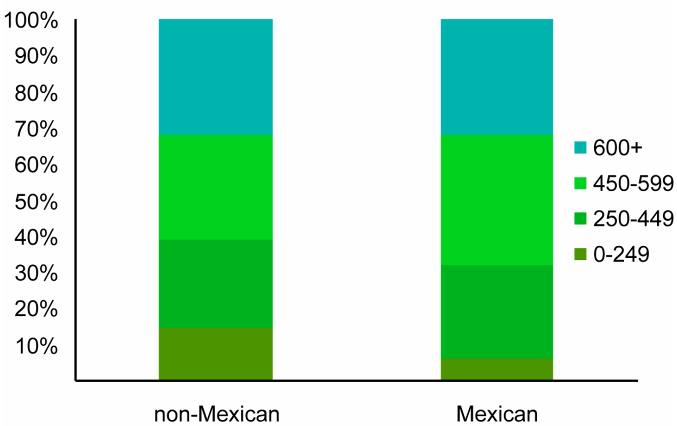
Controversies over changing Indiana's relations with the global economy are not new. Twenty years ago, Orr's missions to attract Japanese investment drew much criticism. The jobs in Japanese factories, it was said, would be non-unionized, low paying, and would require workers to gather each morning to sing the company's anthem in front of the company flag. The great achievement of Robert Orr was not opening Indiana's economy to the world, which was inevitable. It was helping Hoosiers understand that opening to the world properly would be hard work, but it would pay off in the end. Today, when Mitch Daniel's trip to Japan is a cause for optimism and celebration, hardly anyone remembers why Japanese trade and investment were once unpopular. Likewise, in years to come, as economic relations between Indiana and Mexico continue to grow and flourish, it will be hard to recall why a far-sighted mission to increase our connections with Mexico could ever be questioned.

4. Finance

4.1 Domestic Real Estate Rental Expenses

An earlier section alluded to cheaper costs of living for Mexicans here in Indiana versus for Mexicans in other states. In most respects, this is true. The exception is rent. Graphic 4-1 begins to show the dilemma. A greater percentage of Mexican Hoosiers than non-Mexicans pay rent in the more expensive price bands, especially the $500-$599 range.

GRAPHIC 4-1. PERCENTAGE OF RENTING HOUSEHOLDS BY GROSS MONTHLY RENT, 2000



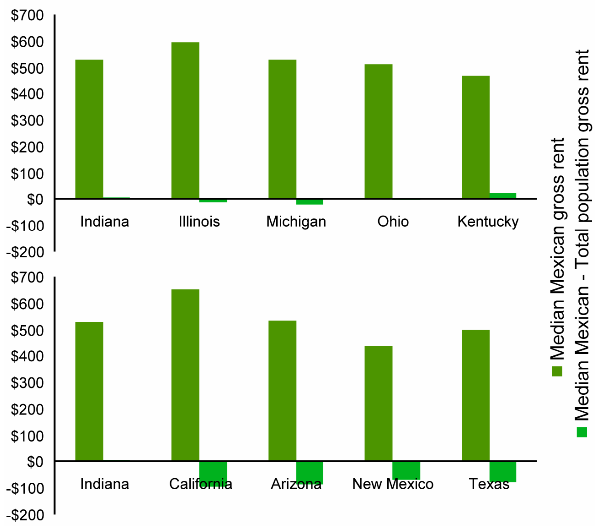
Source. U.S. Census Bureau

As a result, the distribution of gross monthly rent has much in common with states against which Indiana likes to think of itself as having a significant cost of living advantage. States such as Kentucky and Texas have the clear cost of living advantage with respect to apartment and housing rental. While the median gross rent displayed in Graphics 4-2a and 4-2b is less in Indiana than in Illinois and California, it is higher than in States such as Ohio and New Mexico.

Graphics 4-2a and 4-2b also show a curious dynamic arising from the higher costs exhibited in Graphic 4-1. Indiana and Kentucky are the only two states where the median rent paid by Mexicans is higher than that paid by the total population. While the gap is not especially large in any Midwestern case, it is nonetheless troubling that this is one of the two states where a segment of the population with lower incomes should be burdened by higher than average rent.

This is very unusual compared to the Border States. Median rent in California is about $100 a month less for Mexicans than the total population. The other states all have large differences to the negative between Mexican and total population rent.

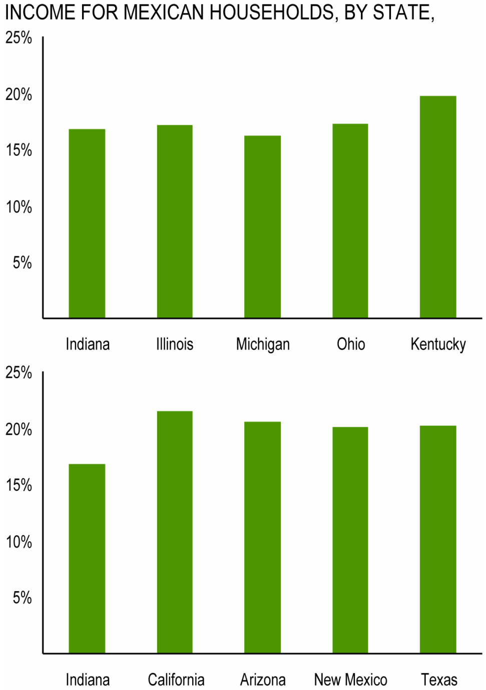
GRAPHIC 4-2. MEDIAN GROSS MONTHLY RENT FOR MEXICAN HOUSEHOLDS AND DIFFERENTIAL WITH TOTAL POPULATION MEDIAN GROSS RENT, BY STATE, 2000



Source. U.S. Census Bureau

Fortunately, the higher incomes of Mexicans in Indiana relative to their peers help drive down the burden of house and apartment rental. The cost of monthly rent as a share of monthly household income in Indiana is about the same as other Midwestern states. The lone exception is Kentucky, where the burden is a good degree higher. Compared to the Border States, however, Indiana's burden is significantly less. The burden borne by Mexicans in California, with its world-leading high housing costs, is no surprise. That Indiana compares so favorably with states such as Texas is less expected and is a product of the lower Mexican incomes there.

GRAPHIC 4-3. MEDIAN 2000 GROSS RENT AS A PERCENTAGE OF MEDIAN 1999 HOUSEHOLD INCOME FOR MEXICAN HOUSEHOLDS, BY STATE,



Source. U.S. Census Bureau

There are two conclusions that arise from this data.

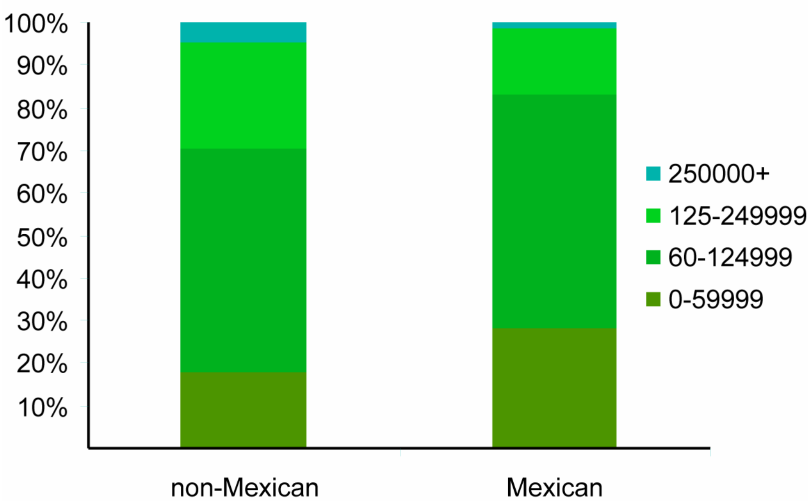
1) Compared to non-Mexicans, Mexican Hoosiers appear to be having some difficulty finding inexpensive rental housing.
2) Compared to other states, the burden of rent in Indiana is low. So long as Indiana's labor market produces higher incomes, Indiana will enjoy a rent burden advantage compared to other parts of the nation.

4.2 Residential Real Estate Ownership Expenses

The differences between the value of owner-occupied homes of Mexicans and non-Mexicans are more in line with what would be expected. A much greater percentage of Mexican-owned homes are clustered in the lower value. More than a quarter—28 percent—were valued at less than $60,000. Less than a fifth—18 percent—of non-Mexican homes are.

The share of homes of about average value in Indiana, from $60,000 to $124,999, is roughly equal in the Mexican and non-Mexican populations. The major difference aside from the cheapest housing is in the portion of non-Mexican homes that were worth $125,000 to $249,999. Only 15 percent of Mexican Hoosiers owned homes worth this much. Twenty-five percent of non-Mexicans did.

GRAPHIC 4-4. DISTRIBUTION OF OWNER-OCCUPIED HOUSEHOLDS BY HOME VALUE, 2000



Source. U.S. Census Bureau

As a result, the median home value for Mexicans in Indiana is lower than in any surrounding state, as shown in Graphics 4-5a and 4-5b. Values are also higher along the border, especially and of course in California, but are actually lower in Texas.

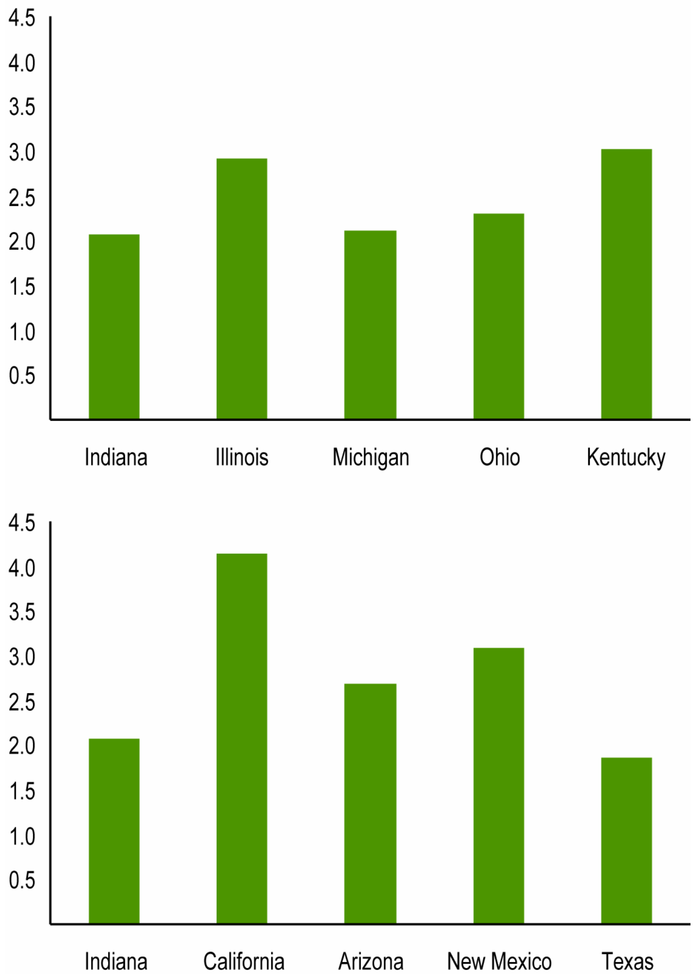
The differential between the median home value for Mexican households and for the total population is negative due to the distribution shown in Graphic 4-4. Interestingly, the differential is not as large compared to other states as might be expected. Only in Illinois and Kentucky do Mexicans purchase houses with as much value relative to the houses owned by the total population.

GRAPHIC 4-5. MEDIAN HOME VALUE OF MEXICAN HOUSEHOLDS AND DIFFERENTIAL WITH TOTAL HOUSEHOLDS' MEDIAN VALUE, 2000

Source. U.S. Census Bureau

The result of this price structure is a housing cost burden that is low in Indiana. This is famously true for the population as a whole and carries through to the burden for Mexicans. This is shown in Graphics 4-6a and 4-6b, which display that median home value for Mexican households as a percentage of median household income. For Indiana, this ratio was 2.08.

GRAPHIC 4-6. RATIO OF 1999 MEXICAN HOUSEHOLD INCOME TO MEDIAN 2000 MEXICAN OWNER-OCCUPIED HOME VALUE, BY STATE



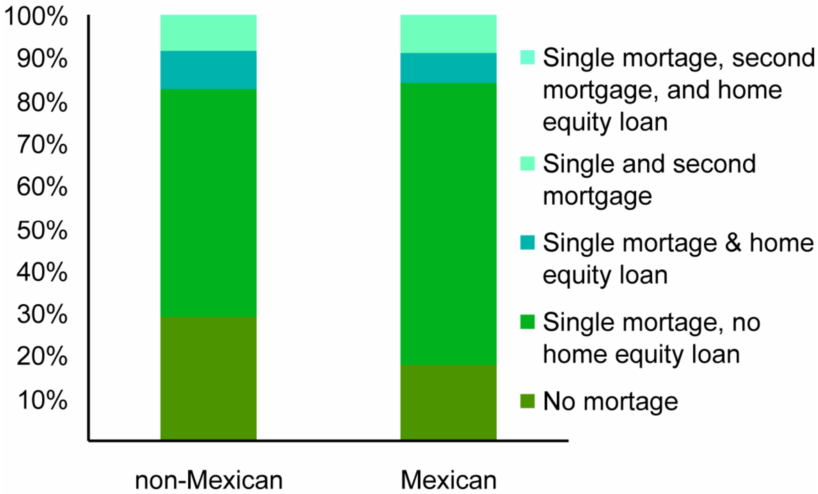
Source. U.S. Census Bureau

Of the surrounding states, only Mexican residents in Michigan face a housing value to household income ratio comparable to Indiana. Illinois' and Kentucky's ratio was almost a full point higher. Even Kentucky's ratio of 3.03 was paltry compared to California's truly stratospheric 4.14. The ratio was generally high among the Border States with the exception of New Mexico, where Mexicans are clearly able to find both cheap rental housing and affordable homes to purchase.

The next charts examine the financing status of the homes owned by Mexicans and non-Mexicans. They look at the degree to which homes are encumbered by mortgages and, especially, second mortgages and home equity loans.

This is a somewhat blunt instrument to make conclusions from. There is no way to assess the value of the mortgages or loans themselves. Nonetheless, non-Mexicans are more likely to take out additional financing beyond an initial mortgage on their homes.

GRAPHIC 4-7. MORTGAGE STATUS OF OWNER-OCCUPIED HOUSES, 2000



Source. U.S. Census Bureau

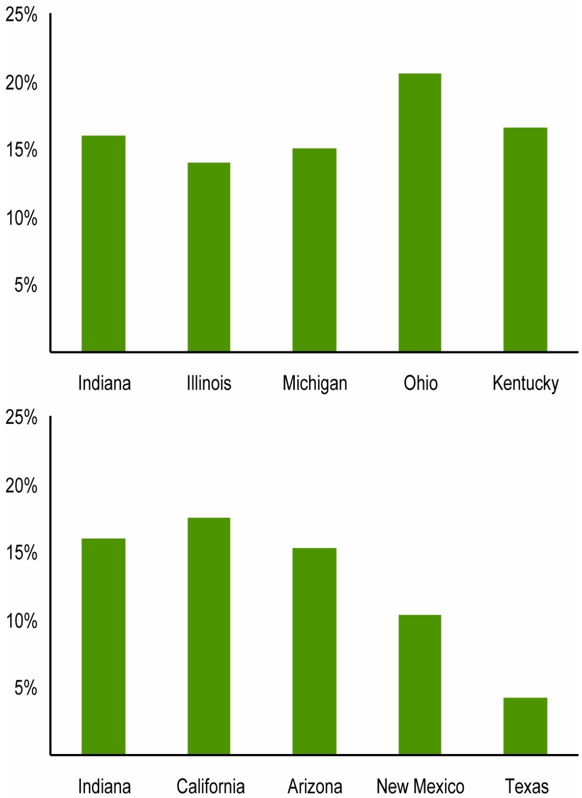
The difference is driven by the popularity of home equity loans. These are rarer among Mexican-owned households. The potentially more onerous debt of a true second mortgage is more likely among Mexican than non-Mexican owned homes. So, too, is the use of a second mortgage and a home equity loan. In all, of home-owning households, 17.4 percent of non-Mexican households and 15.9 percent of Mexican households have leveraged their homes beyond a single mortgage.

The single biggest difference between the two home-owning populations is in the share of homes that are associated with no mortgage at all. Twenty-nine percent of non-Mexican homeowners have either paid off their mortgage or bought their house outright. Only 18 percent of Mexican homeowners enjoy this luxury. This is to be expected. The Mexican population is the more rapidly growing, after all, but it is an important difference all the same.

The rate of additional debt leveraging is fairly high among Mexican home owners in Indiana in comparison to those from other states. This is demonstrated by Graphics 4-8a and 4-8b. Only Ohio and Kentucky had higher rates in the Midwest and only California had higher rates among the Border States.

To what degree this is cause for alarm is impossible to know from these data. If the additional financing is used for home improvement or long-term investments in education, then the greater rate of additional debt instruments is a matter much less worrisome. If the debt is used to finance day-to-day living, then it is another matter.

GRAPHIC 4-8. PERCENTAGE OF MEXICAN-OWNED HOUSEHOLDS WITH A SECOND MORTAGE AND/OR HOME EQUITY LOAN, BY STATE, 2000



Source. U.S. Census Bureau

In all, the aggregate value of Mexican-owned housing was just shy of $1.4 billion. The aggregate value that was mortgaged stood at just less than $1.2 billion. While this amount is low compared to the value of non-Mexican-owned housing, it will no doubt increase dramatically in the years ahead.

Table 4-1 Aggregate value of owner-occupied housing by mortgage status for Mexican and non-Mexican households

	non-Mexican	Mexican
Mortgaged	115,698,105,000	1,171,440,000
Not mortgaged	39,919,170,000	202,257,500

The key conclusions in this section are:

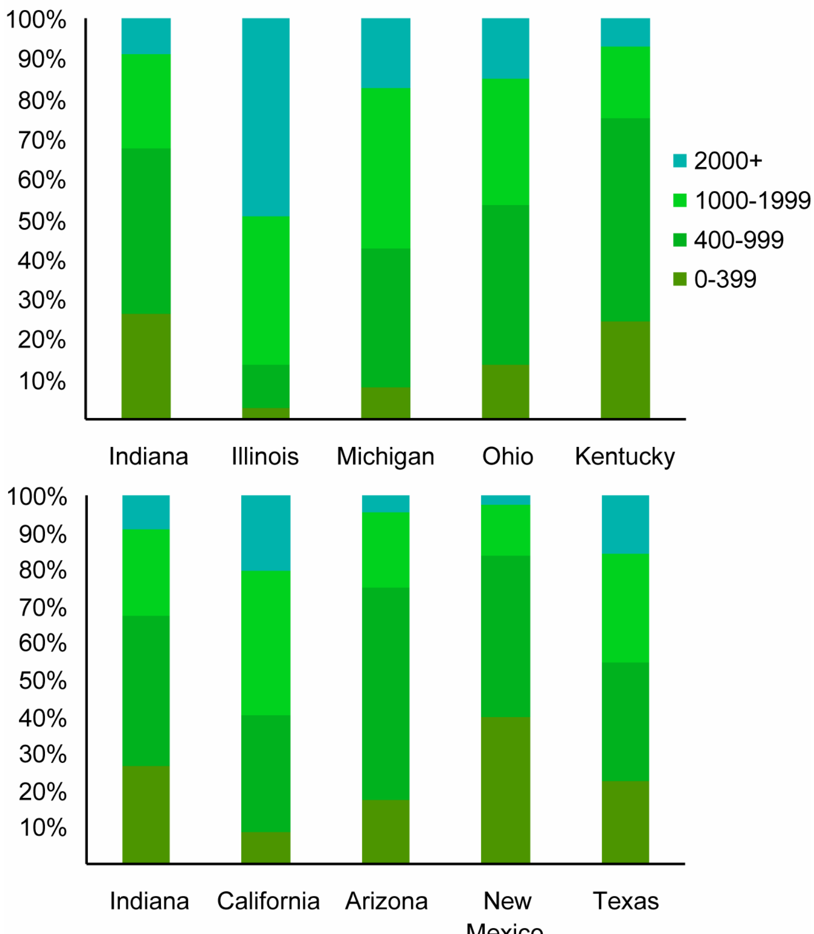
1) Owner-occupied housing in Indiana appears to be very affordable for Mexican Hoosiers. Not only is the median value low relative to both the median home value for Indiana's total population but also compared to other states, but Indiana's high Mexican incomes produce a low home value burden compared to other states.
2) The use of additional debt financing beyond a single mortgage is more common for Mexicans in Indiana than for Mexicans in other states.
3) The total value of Mexican owned housing is considerable in an absolute sense and is undoubtedly rising quickly.

4.3 Taxes Paid by Mexicans in Indiana

Contributing to the low cost of living for Mexicans here in Indiana is the relatively low tax burden. Graphic 4-9a and 4-9b takes the example of real estate taxes for Mexican-owned housing. One-quarter of all Mexican home-owning households in Indiana pay less than $400 per year in real estate taxes. In Illinois, the share at this lowest tax burden level is 3 percent. In Michigan, it is 8 percent; in Ohio, 14 percent; and in Kentucky, 24 percent. The same positive comparisons are true of the Border States.

Again, the most important inference from this data is that Indiana promises a low cost of living to Mexicans abroad and in other parts of the nation. Combined with comparably favorable incomes for Mexicans, Indiana is likely to become an increasingly attractive destination to Mexicans on the move.

GRAPHIC 4-9. ANNUAL REAL ESTATE TAXES PAID BY MEXICAN HOUSEHOLDS, BY STATE, 2000



Source. U.S. Census Bureau

Table 4-2 Aggregate real estate taxes paid by Mexican and non-Mexican households

non-Mexicans	Mexicans
1,479,921,800	13,653,400

The effect of the low tax rates in Graphics 4-9a and 4-9b results in the figure in Table 4-2. In the aggregate, Mexicans added almost $14,000,000 to Indiana public coffers as a result of real estate taxes. This does not include taxes on Mexican-owned businesses or property taxes paid by landlords on behalf of Mexican Hoosier renters.

While the total real estate taxes paid by Mexican Hoosiers are small in comparison to the total paid by non-Mexicans, they are certainly considerable. They also lead to a fuller consideration of the fiscal impact of Mexicans in Indiana.

Table 4-3 Estimated taxes paid by Mexicans in Indiana, 2000

Real estate	13,653,400
Sales	135,228,323
State	43,365,759
County	8,001,742
Total	200,249,224

Table 4-3 examines various taxes that were paid by Mexican Hoosiers for the Year 2000. The $13.6 million in real estate taxes was reported by the Census Bureau. The other tax types required estimation. The authors estimate that the largest source of fiscal revenue from Mexicans is undoubtedly the sales tax. Based on the purchasing power data cited earlier, the estimate for the Year 2000 is that over $135 million in sales taxes were raised from Mexican Hoosiers.

The next largest source of revenue was state income taxes. Using family structure and income data cited earlier in the report, the estimate is that the State took in over $43 million in state income tax. For county income tax, the estimate is a little over $8 million.

In all, the authors calculate a total direct fiscal impact on Indiana from Mexicans of over $200 million in the Year 2000. Combined with high population growth among Mexicans, even slight real gains in income and home ownership will produce vastly larger sums for state coffers in the year ahead.

There is one key conclusion from this data: Mexican Hoosiers are an underappreciated source of tax revenue in Indiana. At one-fifth of a billion dollars in the Year 2000 and undoubtedly growing rapidly, Indiana will quickly come to rely on the tax contributions of Mexican Hoosiers.

4.4 Remittances

Remittances are the multi-billion dollar word of which few ever hear. They describe money sent by individuals in the developed world to extended family or villages with which the individuals have a connection in the less-developed world. It is a common arrangement throughout developed countries, not just in the United States. Remittances are a true life-line for many poor nations throughout the world, often the largest single source of outside income.

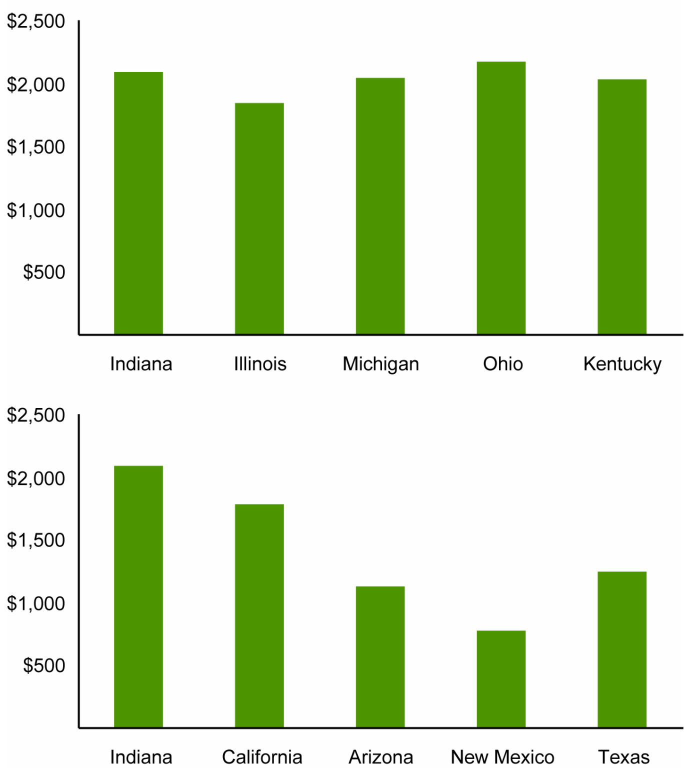
Mexican Hoosiers are especially giving. On average, Latino immigrants sent $2,084 per immigrant to their home countries. Assuming the giving rate is the same for Mexican immigrants as for all Hispanic immigrants, nearly $200 million dollars are sent to Mexico from Mexican Hoosiers each year.

Table 4-4 Total 2004 remittances from Mexicans in Indiana to Mexico and transactions fees to Indiana financial institutions

2004 Mexican foreign-born population	87,306
Average remittances per immigrant	$2,084
Total remittances	$181,946,600
Transactions fees on remittances (@11.84%)	$21,542,477

It is critical to understand that the benefits of these flows are not one directional. In the longer-term, remittances are becoming an important source of micro-lending programs and other development tools. In the direct, immediate-term, local institutions charge transactions fees on remittances. In the aggregate, these fees add up. Table 7 shows an estimated $22 million that were paid in remittance transactions fees here in Indiana. This is becoming an ever more valuable source of income for finance and communications companies throughout the country. If current characteristics hold, this will be especially true of Indiana. Hispanic immigrants in Indiana are particularly generous, as Graphic 4-10 shows.

GRAPHIC 4-10. AVERAGE REMITTANCE PER HISPANIC IMMIGRANT, BY STATE, 2004



Source. Inter-American Development Bank

While remittances are not an everyday topic, they are commonly cited as a cost of immigration. It is undoubtedly money that would otherwise be partly spent in Indiana (though it partly already is, as a result of transactions fees). Yet, treating them as a plank in a total calculation of the cost of immigrants, as some critics of immigration have done, is highly dubious. In character, they share much in common with foreign investment, as remittances are an increasing source of micro-lending programs in the less-developed world along with other development tools. They share much in common with a charitable donation to an aid organization. No one of a serious economic mind would treat a Hoosier that spends a dollar somewhere else than in Indiana—at Yellowstone National Park, for example—as exacting a cost on his fellow Hoosiers back home.

This is not to deny that it is a cost in some strictest sense. Such a sense does, however, require proof that if the immigrant were not in Indiana to take the job that produced the remittance, the job would have been filled by someone else who would have spent the money in Indiana. In any event, Hoosiers should keep in mind the flaws in any argument that takes simple remittance totals and moves them to the cost side of the cost/benefit analysis of immigration.

About the Authors

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John Clark (john@sipr.org) is a Senior Fellow at Sagamore Institute, where he researches international security, international development, European issues, immigration and civil society at the local, national, and international levels. He has written on a wide range of topics, including organized crime in the former U.S.S.R., Polish political economy, the immigration of skilled workers into the United States, Northeast Asian security, welfare reform and U.S. intervention in Central Asia.

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Sagamore Institute for Policy Research is a nonprofit public-policy research organization—a think tank. Its mission is to provide independent and innovative research to a world in progress. In keeping with its commitment to pragmatic independence and hands-on innovation, Sagamore Institute is headquartered in Indianapolis, enabling its research team to influence the Washington Beltway and beyond, while making a difference in America's Heartland. Sagamore Institute's research portfolio comprises four broad, overlapping policy domains: Civil Society, National Policy, International Affairs, and America's Heartland. Each domain has its own focus, although all of them reflect Sagamore's commitment to the sort of policy reform that empowers individuals, strengthens the institutions of civil society and promotes a more prosperous and freer world.