

Handout 3.2 – NAFTA and Immigration

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(<http://socialjustice.blogs.uua.org/2010/10/18/nafta-and-immigration/>)

A Tidal Wave of Migration

Last week we learned that people have been migrating freely across the U.S.-Mexico border since there was a border, and they continued to do so even after the border was created. In fact, the U.S. has a long history of relying on Mexican migrant labor. It officially started with the Bracero program of the mid-1940s, where Mexican farm workers were “invited” in to work on U.S. farms that were short-handed due to the war, but migrant farm work had been going on unofficially well before that. Migration across the border to look for work is nothing new. However, it is also true that the influx of Mexicans into the U.S. looking for work has jumped dramatically in the last couple of decades. Pundits are actually not exaggerating when they describe a relative tidal wave of immigration that is stressing public services and changing the demographics of many U.S. states. In the early 1990s, Mexican migration to the United States was less than 400,000 a year. By 2007 it was 500,000 a year. As Alejandro Portes wrote for [ssrc.org](http://borderbattles.ssrc.org/Portes/) in 2006 (<http://borderbattles.ssrc.org/Portes/>):

“From a purely regional presence in the west and southwest, it has become a truly national phenomenon. States that had barely a handful of “Hispanics” in 1990 now count a sizable Hispanic population. In Georgia, for example, the Latin-origin population went from 1.7 percent in 1990 to 5.3 percent in 2000, a 312 percent increase due to an inflow of 300,000 persons, overwhelmingly from Mexico. Cities like Charlotte, North Carolina, whose “Hispanics” in 1990 consisted of a few wealthy Cuban and South American professionals, now have upwards of 80,000, mostly undocumented Mexican laborers.”

What is causing this massive migration? Many U.S.Americans – regardless of political leaning – operate under the assumption that everyone else in the world would prefer to live in the U.S. but were not fortunate enough to have all been born here. This belief is even stronger towards those we perceive to be living in “un(der)developed” countries. Starting from that assumption, some seek to restrict the number of foreign-born people who can immigrate, fearing that a shortage of resources will hurt their own standard of living. Others are more sympathetic, believing that as it was chance that determined who would be lucky enough to be born in the U.S, the least we can do is to let people in who make the effort to come for a “better lifestyle.” Yet both groups of people are laboring under false assumptions.

It is true that there many people from all over the world want to come to the U.S. But not everyone who comes here really wants to. Many would actually have

preferred to stay in their own country. Emigrating from one's home country often means leaving behind family and culture, having to adopt a second language, and a loss (or dramatic shift) of one's identity... It is not an insignificant consideration to think of one's children growing up with a different national identity than one's own. Many here in the U.S. were not attracted by the lure of "America" and its fabled gold-paved streets so much as they were driven out of their home countries by extreme poverty. To understand this is the key to developing public policy that humanely and effectively stems the flood of humanity coming to the U.S., as it means that we must do more than just put more guards at the border and instead address the reasons why people are so desperate to cross it.

Sold A False Bill of Goods

When the presidents of Canada, the U.S., and Mexico signed the North American Free Trade Agreement (NAFTA) in 1994, it was supposed to benefit the economies and workers of all three nations. "Free trade" was also supposed to alleviate Mexican immigration into the U.S. – which had been an issue by the mid-90s but was nothing like it is now - by boosting the Mexican economy and creating enough job opportunities to keep its people there. Instead, it has done the exact opposite.

As U.S. American workers know, NAFTA had a catastrophic effect on them. 800,000 to 1 million jobs that used to be done in the U.S. were "out-sourced" to factories (maquiladoras) just south of the border and to other countries. Entire communities were devastated by plant closures and mass layoffs. It may have seemed to U.S. workers that our government sold them out to benefit the workers of other countries. However, as bad as NAFTA has been for U.S. workers, it has been far worse for the people of Mexico.

Mexico's economy, which had consisted mainly of small self-sufficient farms and jobs in state-owned industries, was supposed to have been "modernized" into a free-market economy.

What happened when the market became "free" was that U.S. corn flooded Mexico, increasing from 2.7 to 6.1 million metric tons as of 1997. The price of Mexican-grown corn dropped by 70%. Mexican subsistence farmers, most of whom were indigenous farmers who had been on their land for generations, could not compete with U.S. government-subsidized, factory-farmed corn. The expectation was that Mexican farmers would "transition" from growing corn, to which they were accustomed, to growing strawberries and vegetables for U.S. consumption. However, the "foreign investment" that was supposed to fund such a transition never happened. Coupled with the "free-market" lifting of restrictions on the sale of peasant (ie – indigenous) land, two million farmers and their families were thus driven off their lands. Desperation forced everyone except the

elderly and young children to leave their villages in search of work, thus becoming migrants. Entire villages were decimated.

On the manufacturing end, the foreign company-owned factories, or maquiladoras, were supposed to create hundreds of thousands of new jobs. Indeed, U.S. businesses flooded into Mexico with NAFTA to take advantage of the cheap labor, leaving workers in the States high and dry. However, the maquiladoras never ventured further into Mexico than within 300 miles of the border. The Mexican government was supposed to build roads and infrastructure for more companies to move south, but a financial crisis just months after NAFTA went into effect dashed all hopes of that. Meanwhile, Mexican manufacturers who were once protected by tariffs could not compete with U.S. products and were driven out of business, taking jobs with them. At the same time, many companies who had moved their manufacturing from the U.S. to Mexico subsequently moved their factories to even cheaper localities (ie – where they would pay workers even less). A free market free-for-all. As a result, jobs in the manufacturing sector declined from a high of 4.1 million in 2000 to 3.5 million in 2004. Even where such jobs were available, they usually paid close to the Mexican minimum wage of U.S. \$1/hour. In 1975, the average Mexican wage was 23% of the average U.S. manufacturing wage; by 2002, Mexican wages were only 12%, amounting to about \$1,600 a year. For many migrant workers, one hour of the California minimum wage is more money than they make for an entire day in Mexico.

Since NAFTA was enacted in 1994:

- Economic growth in Mexico has been anemic, averaging less than 3.5 percent per year
- Mexico has created only about half of the one million new jobs needed per year for young adult Mexicans entering the job market. Thus, unemployment has skyrocketed.
- Half of the labor force works at improvised jobs in the “informal economy,” a figure ten percent higher than before NAFTA.
- Mexican worker productivity has increased by 45% yet their real wages have dropped by 22%.
- Of the 110 million people in Mexico, some 67 million live in poverty with incomes less than \$3 a day. (13 million of them on less than \$1 a day.) That is 19 million more Mexicans living in poverty than before NAFTA.
- By the Mexican government’s own estimates, 82% of the working population has less income than what is needed for “basic subsistence”

Open Markets and Closed Borders

All of this is just part of the larger problem of globalization. If goods move freely across borders that means that jobs do too. Think about it. By sending tons of U.S.-grown corn to Mexico for sale in its markets, the demand for Mexican-grown

corn is lowered and the demand for American-grown corn is raised. That means fewer farmers are needed in Mexico while more (low-wage) factory farm workers are needed in the U.S. “Free-market” forces are causing this movement of both goods and jobs across borders. Despite that, we do not allow the free movement of workers across those same borders. Mexican farmers know that if they go north there are jobs there waiting for them. (Jobs that are in essence degraded versions of the jobs that were taken from them but pay better than anything they can get in Mexico now.). Yet, they are at the same time told that they cannot legally go north.

If you were in their situation, what would you do?

Note: For the sake of clarity, we have been exclusively discussing NAFTA and its effects on Mexico. However, other countries further south of Mexico have even weaker economies. Despite the obvious failings of NAFTA, it has been used as the model for trade agreements with “developing” Latin American countries, including CAFTA (United States-Dominican Republic- Central American Free Trade Agreement), which was enacted in 2005, and free-trade agreement proposals with Panama, Columbia and Peru. Agreements with Panama and Columbia are still in process; the agreement with Peru was passed in 2007.