

Why Are So Many People Coming to the United States from Mexico?

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“On May 18, eighteen undocumented workers, mostly from Mexico, suffocated to death in a locked trailer in the sweltering heat of southern Texas. On the same day six migrants drowned trying to cross the Rio Grande. They left family, friends and community behind in search of work north of the border, only to suffer horrible deaths. Unfortunately, they are not the only undocumented migrants to die entering the United States. The death rate at the border is nearly one person per day, usually from heat exhaustion and/or dehydration caused by exposure in the Southwest desert.

Almost without exception, undocumented workers come north in search of work. Most come from extreme rural poverty, defined in Mexico as less than \$1.50 per day in rural areas. They come because there is no work in Mexico. They come for the very survival of their families. They come because the policies of the United States government leave them with few options.”

Mexico Solidarity Network editorial, May 12-18, 2003 News email

News of the deaths of Mexican immigrants appears frequently, but little is said of the vast economic and political forces pushing people to leave their homes in Mexico to brave dangerous entries to the United States to find work. Understanding more about the globalization of the Mexican economy, and the implementation of policies serving the interests of multinational corporations is critical in order to comprehend why millions of poor and indigenous people have been migrating to the United States in the past several decades.

Policies pushing Mexicans northward include the passing of the North American Free Trade Agreement (NAFTA) in 1993, and the devastating peso devaluation in 1994. These policies have exacerbated the extent of poverty in Mexico – more than half of Mexico lives in poverty or extreme poverty.

The North American Free Trade Agreement (NAFTA)

The North American Free Trade Agreement and other free trade agreements “are based on an economic theory that assumes that everything will work better if left to market forces...based on the idea, as expressed by Dr. Herminio Blanco, the chief Mexican negotiator, that ‘the best development plan is not to have a national plan and to let the market shape the best Mexico possible.’”¹

The North American Free Trade Agreement was passed in 1993 and went into effect January 1, 1994, despite massive organizing and protests. NAFTA includes Canada, the

¹ Lessons from NAFTA: The High Cost of “Free” Trade, Introduction by Alberto Arroyo, June 2003, Hemispheric Social Alliance, www.asc-has.org, p.3.

United States and Mexico in a pact that lifts trade restrictions and rules for multinational corporations and international capital while doing nothing to address vastly different economies, development or human rights issues. NAFTA eases restrictions on capital but does nothing to ease restrictions on the movement of people or to address living conditions or social problems. Mexican immigration has surged since the passage of NAFTA and there are many Mexican immigrants in new communities throughout the United States. NAFTA has increased agricultural displacement, helped to set the stage for a massive peso devaluation, and allowed large corporations more room and freedom to displace small businesses and producers.

There is now a move to extend NAFTA's policies throughout Latin American, into a Free Trade Area of the Americas. An international effort, the Hemispheric Social Alliance has organized to help connect people concerned about free trade throughout the hemisphere to join together to fight the FTAA and to develop alternatives. Unfortunately, Mexico's experience helps to illustrate to other Latin American countries the dangers of integrating economies with the United States.

NAFTA and Manufacturing

Although many manufacturing jobs were created in factories called "maquilas" near the Mexican border previously to NAFTA's passage, these jobs are not sufficient to support a family, paying between \$5 and \$8 per day. Upon passage of NAFTA, maquiladoras began moving into communities further inside Mexico, paying even lower wages. Small and medium sized businesses face direct competition from transnational corporations and have been devastated. There was growth in the manufacturing sector in Mexico in the years since NAFTA's passage and now manufactured product exports surpass petroleum. But this growth in manufacturing has not resulted in growth in the economy, because most of the corporate exporters are foreign-owned and are using components that are not made in Mexico. In addition, the real value of the average manufacturing wage in Mexico dropped 9% between 1994 and 2003, despite a productivity gain of almost 50% between 1993 and 2000.²

In addition, the maquiladora sector has been laying off people with the downturn in the U.S. economy. From 1994 to 2000, the number of maquiladora export assembly jobs more than doubled, from 550,000 in 1994 to 1,300,000 in 2000. But since 2000, there has been a loss of 230,000 jobs. In the great race to the bottom, some maquilas have closed to move on to countries where wages are even lower, such as Central America or China. It is estimated that 35% of these cuts were due to shifts in production to China, where workers make 60 cents an hour, compared to Mexico's average manufacturing wage of about \$2.³ As a larger number of Mexicans across race, class and geographic boundaries find themselves unable to support their families, many see migrating to the U.S. as their only option.

² "Rethinking the NAFTA Record", Sarah Anderson and John Cavanaugh, Institute for Policy Studies, October 2004. Available through the web page www.ips-dc.org CHECK rest of reference address

³ Ibid.

Changes in Agriculture

Over 90 percent of Mexico's 3 million corn farmers are considered "small producers," planting crops on less than 5 acres. Most of this land was guaranteed to farmers under Article 27 of the constitution, the keystone accomplishment of Emiliano Zapata's 1911 political movement. Under Article 27 communally held land known as "ejidos" could not be individually owned, leased or sold. However, during the negotiations of NAFTA in 1992, Mexico's President Carlos Salinas passed land reform legislation that opened up hundreds of thousands of hectares of communally owned land to purchase or lease by multinational corporations hungry to get at Mexico's lucrative oil, mineral, and timber resources. For the first time since the 1930s, Mexican campesinos were threatened with losing their land to powerful global business interests.

At the same time, the World Bank financed a \$400 million "restructuring" of the Mexican agricultural sector, devastating small producers (90% of corn farmers, mostly indigenous, plant less than 5 acres) through cuts in government crop subsidies and privatization of the state owned agricultural infrastructure (storage, fertilizer and seed distribution, loan guarantees, etc.).

Free trade policies - elimination of tariffs and import quotas on crops such as corn, beans, and sugar - allowed highly subsidized American grown products to flood the Mexican market. In January of 2003, NAFTA provisions required the complete elimination of tariffs on 21 farm products. In 2008, a third phase of agricultural tariff elimination will occur which will be even more serious as it lifts tariffs on the more critical crops of corn and beans. The reductions have led to massive protests by farmers, who are protesting for their survival, with slogans such as "NAFTA Equals Death" and "The countryside can endure no more". In the years since NAFTA, over a million rural families have left their small farms, unable to compete with corn imports from the U.S. that are subsidized by the U.S. government.

U.S. farm subsidies total 19 billion dollars a year, while Mexico provides about half of that to its farmers. The Mexico Solidarity Network notes that between 1994 and 1999, corn exports from the U.S. to Mexico increased from \$35 million to \$527 million. Small farmers in Mexico cannot compete and have to leave their homes looking for a way to survive. As small farmers lose their means of livelihood, they are forced to flee to the urban areas, where they compete with city dwellers for the few jobs that exist. The lack of jobs even in urban areas leads to increased migration across the border to the United States.

NAFTA's Chapter 11

NAFTA did not just change rules on economic and tariff issues. NAFTA's Chapter 11 tipped the balanced against campesinos and all citizens of the three NAFTA countries by guaranteeing the "right" for corporations to profit from any deals they've signed, whether or not those deals go through. One frightening example of this is the Metalclad case.

A US company, Metalclad, sought to set up a hazardous waste facility in Mexico. Originally, the project was given the green light by Mexican authorities hungry to seal a deal, but local opposition to the hazardous waste facility grew so strong that it could no longer be ignored. Local authorities finally reversed their former decision and rejected the facility's permit. Metalclad, however, refused to give up. The company sued Mexico under Chapter 11 rules, claiming that they had a right to the profits that would have been generated if the company had been able to build its plant. Metalclad won and recently received a \$16.7 million settlement from the Mexican government.

Cases such as this one seriously dampen the ability of citizen groups to contest controversial plans spearheaded by foreign transnational corporations, especially projects that threaten environmental or labor standards. Local governments, fearing fines or pressure from further up the food chain are reluctant to stick their necks out for their constituencies.

Peso Devaluation in 1994

In 1994, there was a massive peso devaluation, which devastated the economy and accelerated the pace of migration to the United States. The peso devaluation resulted from policies that had been put in place to make Mexico more attractive to free trade markets.

After the peso devaluation, layoffs far outpaced job creation, even in the maquila sector. Business and personal debt multiplied and a massive debtors' movement, El Barzon, formed to protest the situation. Small businesspeople, professionals, teachers and many others found their salaries vastly inadequate to support their families and were forced to migrate north as prices rose but salaries did not keep pace. Rich people and foreign investors pulled speculative money out of Mexico, increasing the devastation. From a previous peso to dollar ratio of approximately 3:1, the June 2005 peso exchange is about 10.8:1. Salaries fell, but prices did not fall and further increased strains on families trying to survive.

Response and Survival

Rural farmers, indigenous people and their families have struggled to offset the disintegration of their communities. People organize to maintain community ties across borders. Massive amounts of money, \$9.3 billion a year, are sent as remittances back home to Mexico. In the Mexican state of Guerrero, money sent home is the second highest form of income, sandwiched between tourism (#1) and the lucrative but dangerous drug trade (#3). Besides directly supporting families, money sent home from the US is often used to fund infrastructure projects, such as paved roads, electricity, and wells, as well as community functions such as annual festivals, religious celebrations, and other traditions. Banks are recognizing the large market in money being wired to Mexico from the United States and are starting to provide accounts that can be accessed in both

countries at a cheaper price than wiring services.

Summary

Eight years ago, Bernard Aronson, former assistant secretary of State for Latin American affairs, wrote of rural Mexico, "Integration into the global economy will also accelerate the social dislocation that rapid modernization inevitably brings to a developing economy." With this statement Aronson reveals what few US or Mexican government officials are willing to admit publicly: that they are conscious of, and willing to exacerbate processes that move people off of their traditionally held lands to give preference to corporate exploitation of natural resources. This forced economic migration directly affects the political economy and social fabric in Mexico and the US, where many of these economic refugees migrate.

In the United States, this increased pool of immigrant workers helps to provide low wage workers in many sectors of the economy. The largely undocumented status of workers provides a workforce that has few rights and many obstacles to organizing for better wages or benefits. Immigration laws and limits in the U.S. make it impossible for many Mexican workers to gain a legalized status.

Accompanied by a massive privatization of public resources into the hands of the wealthiest people in the US and Mexico, globalization in Mexico has meant increased poverty, fewer economic options, and greater disparity between rich and poor. Community life, working conditions and environmental quality deteriorate as economic policies bow to the bottom line and ignore community needs. Many Mexican people are left with no other choice than to search for work away from their beloved hometowns, with the hope that someday things will get better and they will be able to return.