8. Migration Under NAFTA: Exporting Goods and People

Rodolfo García Zamora

The promise at NAFTA's inception was that economic prosperity would enable Mexico to "export goods, not people." Yet migration from Mexico to the United States has more than doubled since, driven by weak job creation in Mexico and strong demand for migrant labor in the United States, and undeterred by expanding border-control measures. NAFTA liberalized trade in goods, services, and investment but not labor. That is unlikely to be addressed by upcoming reforms to NAFTA, but some measures can make a difference. The Mexican government needs to make job creation the top priority in its economic policies, with particular attention to depressed regions. Regional financial institutions, such as a revitalized North American Development Bank (NADBANK), must assist these efforts. Reforms to NAFTA's agricultural provisions, outlined elsewhere, can slow the relatively recent flow from the Mexican countryside. Reforms to NAFTA's labor rights provisions should include protections for the rights of migrants. Finally, the United States needs a comprehensive immigration reform that decriminalizes the flow of workers, which is the direct result of NAFTA-led economic policies.

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I. THE NEED FOR REFORM

One of the main arguments made at the time NAFTA was proposed was that free trade would reduce Mexican immigration to the United States. Free trade would encourage investment, create jobs, increase the income of Mexicans, and bring about an economic convergence between the two countries which in turn would slow the flow of Mexicans to the United States.[1] Unlike the markets for goods, services, and capital, however, the flow of labor was explicitly *not* liberalized under NAFTA.

The results have been clear: Mexican migration to the United States more than doubled, under strong labor demand in the United States and weak job creation in Mexico. The overwhelming majority of the migration was illegal. The U.S. government, particularly after September 11, 2001, increased border enforcement, which may have deterred some migrants but it also encouraged more of those who made it into the United States to stay rather than risk what had become a tradition of seasonal migration. Thus, rather than "exporting goods, not people," Mexico exported both in rising quantities after NAFTA.

Since the mid-1990s, migration to the United States grew steadily until 2007.[2] Between 2000 and 2006, an estimated 575,000 Mexicans emigrated each year. The World Bank puts the figure even higher, at 644,000.[3] Calculations indicate that, in 2008, 12 million of Mexico's inhabitants were residing in the United States, half in a situation of undocumented migration. New migration patterns emerged. Women comprised 45 percent of all migrants.[4] An increasing number of migrants came from rural areas hard-hit by NAFTA's impacts in the Mexican countryside. States with more limited historical migration, such as Oaxaca, Puebla, Guerrero, Morelos, Estado de México and Mexico City, became major "sending" states. Yucatán and Chiapas, from which there was very little migration until the 1980s, now have important migration networks in the San Francisco Bay Area, Georgia, and Florida.

Migration between Mexico and the United States is complex, with a long history dating back to the end of the 19th century and with structural roots on both sides of the border. NAFTA accelerated the trends that have always driven Mexican migration: the persistent demand for Mexican labor in the agricultural, industrial, and service sectors of the United States; the considerable difference in salaries between the two economies; the demographic growth of Mexico's working-age population; weak job-creation in Mexico; and strong migratory networks between the two countries, networks that grow stronger as migration increases.[5]

After NAFTA, the United States began what would become the longest economic expansion in the nation's history. This kept the demand for Mexican labor high. Meanwhile, Mexico's economic woes, exacerbated immediately after NAFTA went into effect by the peso crisis, increased the "push factors" leading to migration. In the 1994–95 crisis, national income contracted by 6 percent.[6] The resulting migratory flows represent a strong indictment of the economic logic behind NAFTA. The criminalization of migration, and the militarization of the U.S.-Mexican border, continue to take a high toll on Mexican families.

II. PRINCIPAL AREAS FOR REFORM

Political realities make it unlikely the roots of the migration problem will be addressed. That would require at least the partial liberalization of labor flows to go along with liberalized goods and capital markets. Still, important measures can be taken to guarantee basic human and labor rights to migrants while addressing the push factors leading Mexicans to leave their country. These have to do with addressing the asymmetries between Mexico and its North American trading partners, a long-term process that will require a long-term commitment of resources.

III. REFORMS TO NAFTA

Since migration was left out of NAFTA, the reforms to the agreement that can help address the issue are those that can spur economic development and job-creation in Mexico while guaranteeing the rights of migrants. These are discussed in other parts of this document, so they are only noted here:

- **Labor rights**—The incorporation of labor rights agreed to in the ILO Convention, as per the May 10 Agreement in the United States should be extended to include the rights of migrants. Workers in all three countries are harmed by the existence of a large group with limited rights.

- **Job creation**—In manufacturing, the enclave nature of foreign investment has led to limited new employment. The Mexican government needs the policy space to direct investment in such a way that it maximizes job creation and ensures that foreign investment stimulates dynamic economic development in the areas it is most needed.

- **Protecting farmers**—Agriculture remains an important employer in Mexico, and NAFTA has impacted small-scale farmers severely, leading to increasing migration from rural areas. Mexico needs the right to protect and support small-scale farmers, as outlined in the Agriculture chapter of this report.

IV. REFORMS TO GOVERNMENT POLICIES

The United States needs to reform its immigration policies in fundamental ways. It is beyond the scope of this chapter to address the complexities of the U.S. immigration debate. Suffice it to say that reform should lead to the decriminalization of migration and to greater respect for the rights of migrants. This could include but should not be limited to an expanded temporary-worker program.

The Mexican government, for its part, needs to rethink economic development strategy. The government should establish a coherent Migration and Development Plan to guide public policies. The plan should prioritize social and economic development to reduce migratory pressures.[7] Such a plan would include:

- **Regional development**—The government needs to stimulate development in the many regions of the country that are lagging behind, areas that increasingly are the source of new migrants.
- **Pro-growth macroeconomic policies**—Mexico needs to adopt macroeconomic policies that stimulate growth and create new jobs. Policies in the NAFTA era have been overly restrictive.
- **Policies to promote rising wages and farm incomes**—The best way to stimulate growth in Mexico is to ensure that those at the bottom see rising incomes from their work. This can help overcome the yawning gaps between U.S. and Mexican wages and living standards, differences that contribute to migratory pressures.

V. REFORMS TO REGIONAL INSTITUTIONS

NAFTA brought together trading partners with wide disparities in economic development. The hope was that such asymmetries would be reduced through trade-led growth. That has not happened. As others in this report have stressed, these asymmetries need to be addressed at a regional level. Elsewhere, Robert Pastor, among others, has stressed that the migration issue will not be resolved without a "Marshall Plan" for development in Mexico. He calls for a regional development fund with a ten-year program to address these asymmetries, with particular attention to underdeveloped regions in Mexico. While the United States and Canada would need to put up the vast majority of the funds, the Mexican government would need to carry out a long-overdue reform of its tax system to put the state in a stronger position to spur development.[8] A revitalized NADBANK could be a good vehicle for such a development fund, as others in this report have argued.

In the long run, only a regional development framework will reduce the mass migration flows of Mexicans to the United States. If North America moves successfully towards a shared prosperity, there will be greater possibility of reaching an agreement regarding the ordered mobility of workers.

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