

Five Years After NAFTA

**Rhetoric and Reality of Mexican
Immigration in the 21st Century**

March 2000

ISBN 1-881290-04-2

Center for Immigration Studies

1522 K Street, N.W., Suite 820

Washington, DC 20005-1202

Phone (202) 466-8185

FAX (202) 466-8076

center@cis.org

www.cis.org

About the Author

Robert Manning is an associate professor of sociology at Georgetown University. He holds the Center's 1999-2000 Fellowship in Immigration Policy Studies, made possible by the generous support of the Henry Luce Foundation, Inc. He would also like to thank Ms. Liana Prieto for her research assistance.

About the Center

The Center for Immigration Studies, founded in 1985, is a non-profit, non-partisan research organization in Washington, D.C. which examines and critiques the impact of immigration on the United States. It provides a variety of services for policymakers, journalists, and academics, including an e-mail news service, a monthly *Backgrounder* series and other publications, congressional testimony, and public briefings.

Center for Immigration Studies

Over five years have passed since the enactment of the North American Free Trade Agreement (NAFTA). Touted it as a job creation program for the American economy, competitive relief for U.S. multinational corporations, and a booster shot for the faltering Mexican economy, the Clinton Administration presented NAFTA as the political catalyst for accelerating economic progress on both sides of the border. According to President Clinton, during the September 14, 1993, White House signing of NAFTA side agreements, “[NAFTA] means an even more rapid closing of the gap between our two wage rates. And as the benefits of economic growth are spread in Mexico to working people... [t]hey’ll have more disposable income to buy more American products and there will be less illegal immigration because more Mexicans will be able to support their children by staying home.”

On the other hand, government, business, and sympathetic think tanks chastised opponents of “free trade” as economic protectionists in the United States and even labeled them as misinformed sympathizers of intransigent industrial unions.¹ Meanwhile, Mexican President Carlos Salinas, officials of his Institutional Revolutionary Party (PRI), and Mexican business leaders persuaded the Mexican middle-class that American opposition was a continuation of Yankee domination, the primary goal of which was to perpetuate Mexico’s economic underdevelopment.² Salinas often emphasized this nationalistic theme by declaring that the goal of NAFTA was “to export goods and not people.” On September 21, 1993, at the quadrennial International Industrial Conference convened in San Francisco, President Salinas declared:

It is trade that will provide us with the opportunities to produce more, to create more opportunities in Mexico... [Those] Mexicans who come to the United States looking for jobs take risks... and are very talented. That is why we want them in Mexico... so they will use their courage, ability, and risk-taking willingness for the development of Mexico and not the development of another country (quoted in Johns, 1993).

Furthermore, implicit in this free trade doctrine are the assumptions that modernizing the Mexican economy will increase jobs, raise wages, reduce consumer prices, elevate the Mexican standard of living, and reduce future flows of illegal immigration.

In the United States, the reduction of illegal immigration was especially important in consolidating support among conservative politicians and restrictionist groups who later waged the campaign for California’s Proposition 187. President Clinton underscored this point during a September 1993 town hall meeting in Sacramento: “One of the reasons that I so strongly support this North American Free Trade Agreement is, if you have more jobs on both sides of the border and incomes go up in Mexico, that will dramatically reduce the pressure felt by Mexican working people to come here for jobs. Most immigrants come here illegally not for the social services, most come here for the jobs.”

U.S. Attorney General Janet Reno echoed this position one month later, emphasizing that NAFTA would enable the United States to regain control of its borders. That is, by reducing the movement of undocumented workers, the U.S. Department of Justice would be better able to restrict the influx of illegal immigrants:

[The] best chance to reduce illegal immigration is robust Mexican economic growth. That is why passage of the North American Free Trade Agreement will help me protect our borders. NAFTA will create jobs in both the United States and Mexico. The Mexican jobs will be filled by workers who might otherwise cross illegally into America. If NAFTA passes, my job guarding the border will be easier. If NAFTA fails, my job stopping the flow of illegal immigrants will become even more difficult.

This paper examines the early performance of NAFTA in achieving its advocates’ espoused goals of rapid job growth, rising wages, higher standards of living, geographic dispersal of foreign investment, and reduced emigration from Mexico. The central issue is whether

NAFTA offers an effective framework for promoting bi-national economic integration that benefits the social and economic agenda of both countries. Or, is it a rhetorical wolf in sheep's clothing that simply extends U.S. industrial restructuring and labor market reorganization — policies that primarily benefit corporate over consumer and worker interests by fostering the mobility of capital and labor? Furthermore, the U.S. media has neglected the increasing economic sacrifices of the Mexican middle and working classes, which were not predicted after the implementation of NAFTA. The sources of these difficulties will be explored, including a discussion of why Mexican immigration will continue to increase over the next 20 years.

The Demography of Migration: Aging into Employment and Retirement

The first topic concerns the age structure of the Mexican population. During the last decade, the economically active population has risen from 31.4 million in 1990 to an estimated 41.6 million in 2000. Overall, an average of one million new workers entered the Mexican labor force each year during the 1990s. It is for this reason that NAFTA's cornerstone is the unfettered flow of commerce — particularly foreign investment — with its promise of accelerating employment growth in Mexico. The key issue is whether NAFTA-induced strategies of economic “modernization” are narrowing the gap between the supply of, and demand for, jobs. An increase in the Mexican economy's ability to absorb a larger proportion of its newest workers could substantially reduce migration to the United States — an explicit goal of NAFTA as asserted by President Clinton.

Over the last three decades, the Mexican government has pursued an effective population stabilization program. During this period, the national population growth rate has declined from an annual increase of 3.1 percent in the 1960s, to 1.9 percent in the 1990s, and a projected 1.5 percent for the 2000-2010 decade (Banco Interamericano de Desarrollo, 1996). Admittedly, much of this success is due to Mexico's “demographic transition” from a largely agricultural to an urban society; rural households have much higher fertility rates than urban households. Even so, this demographic trend will not significantly reduce the growth rate of the Mexican workforce for at least 25 years because Mexico's youthful age structure, together with its rapidly expanding population base (from 68.7 million in 1980 to over 100 million in 2000), will produce a substantially higher *absolute* number of new workers over the next two decades. The central issue is whether they will contribute to a rapidly expanding, diversified Mexican economy or expand the pool of potential immigrants to the United States.

Table 1 (page 5) shows the population distributions by gender for 1998 and 2010 (Banco Interamericano de Desarrollo, 1996; U.S. Bureau of Census, 1999). The key 10-to-19-year-old age group, which accounted for 21.85 million people in 1998, will rise to 23.65 million in 2010. If only 80 percent become active job seekers, an average of nearly one million new male workers will enter the Mexican labor force each year over the second decade of the millennium. And, if only one-fourth of the women in this age cohort seek paid employment, at least 1.3 million new Mexican workers will enter the job market each year during this period. This number, moreover, does not include underemployed campesinos who will be displaced due to the “rationalization” of rural, communal landholding plots or *ejidos*. It is also important to note that the average life expectancy is projected to rise from 71.6 years in 1998 to 75.5 years in 2010. This trend suggests that Mexican workers in the United States will have to send remittances for a longer period of time to support elderly family members (and/or send more family members to the United States) or bring them to the United States after they outlive their support networks in Mexico. Consequently, while the Mexican population is undergoing a dramatic decline in its aggregate growth rate, the number of Mexicans entering the workforce will increase an average of at least 30 percent over the next two decades.

The North American Free Trade Agreement: Regional Economic Development *or* Intra-Sectoral Integration

As previously detailed, the supply of Mexican job seekers will increase substantially in the next 20 years. Can the NAFTA-guided economy absorb these future cohorts of Mexican workers? According to a 1998 report by the U.S.-Mexican Chamber of Commerce,

As the second-largest market for U.S. goods and services, a growing, prosperous Mexico is in the interest of every citizen in the U.S. This trade lowers poverty in Mexico with a resulting reduction in illegal immigration. A vibrant Mexico will be better able to deal with corruption and illegal drug activities as well as provide resources for a healthier environment.

Ironically, as noted by NAFTA analysts of conflicting political perspectives (Haufbauer and Schott, 1992; Marshall, 1993), trade negotiators explicitly discussed rules for trade, labor, and environmental standards, while ignoring the accompanying growth of labor mobility and the flow of undocumented Mexican workers. It is in this context that the short-term growth trends of the Mexican economy are examined.

In the 1990s, the rhetorical debate over NAFTA focused on stimulating macro-economic growth by reducing barriers to international commerce. This narrow view is challenged by Mexico's membership in GATT since 1986 (now the World Trade Organization) and over a century of regional economic integration with the United States. Not surprisingly, the multilateral mantra of "free trade" has produced only "free-er" trade through selectively imposed quality standards, quotas, and retaliatory tariffs; pre-NAFTA tariffs averaged about 5 to 6 percent on Mexican imports and 20 to 25 percent on U.S. imports.³ In reality, the fundamental issue concerns future patterns of foreign investment in Mexico and how they will influence the Mexican

Table 1. Age Structure of the Mexican Population by Gender: 1998 and 2010 (Population in Thousands)

Age	1989			1997		
	Men	Women	Total	Men	Women	Total
0-4	6,187	5,936	12,123	6,103	5,845	11,948
5-9	5,988	5,757	11,745	6,143	5,895	12,038
10-14	5,708	5,500	11,208	6,132	5,894	12,025
15-19	5,398	5,245	10,643	5,910	5,714	11,624
20-24	5,020	4,949	9,970	5,454	5,351	10,805
25-29	4,313	4,434	8,747	4,985	4,995	9,980
30-34	3,427	3,775	7,202	4,653	4,746	9,399
35-39	2,779	3,153	5,931	4,320	4,470	8,790
40-44	2,254	2,570	4,824	3,522	3,896	7,418
45-49	1,924	2,149	4,073	2,877	3,315	6,192
50-54	1,545	1,712	3,257	2,248	2,649	4,897
55-59	1,264	1,400	2,663	1,881	2,199	4,080
60-64	1,008	1,124	1,132	1,464	1,712	3,176
65-69	749	853	1,603	1,108	1,328	2,437
70-74	511	606	1,117	797	997	1,794
75+	549	765	1,313	900	1,325	2,225
Total	48,624	49,929	98,553	58,498	60,331	118,828

Source: U.S. Bureau of the Census, International Programs Center, 1999.

Center for Immigration Studies

economy.⁴ That is, by opening the border to “free investment,” Mexico has become dependent upon the whims of foreign investors to modernize its economy.⁵ In the process, Mexican economic planners now confront the daunting task of balancing the pursuit of diversified economic development with the reality that foreign investors are guided by strategic access to Mexican consumer markets and the intra-sectoral integration of continent-wide production and distribution systems.

At first glance, the economic indicators such as foreign investment, balance of trade, and national economic growth (GDP) suggest that the short-term achievements of NAFTA have been impressive, albeit with wide fluctuations. For instance, Foreign Direct Investment (FDI) averaged almost \$4 billion per year before NAFTA (1990-93) and nearly \$10 billion afterwards (1994-98) — peaking at \$12.0 billion in 1997; 60 percent of FDI originates from the United States and it is projected to remain stable at \$10 billion in 1999 (American Chamber of Commerce, 1999). This rapid growth in FDI is mirrored in the rapid escalation of Mexican exports, from \$51.8 billion in 1993 to \$110.4 billion in 1997; exports to the United States rose from \$43.1 billion in 1993 to \$94.5 billion in 1997 (ECLAC, 1999, World Bank, 1999). Although Mexican exports rose to \$117.5 billion in 1998, increasing imports of foodstuffs and industrial inputs like machinery, equipment parts, and assembly components for the maquila sector led to a dramatic shift in the Mexican balance of trade — from a surplus of \$0.62 billion in 1997 to a deficit of \$7.7 billion in 1998. Of course, this trade deficit was counterbalanced by the huge \$15.7 billion surplus with the United States (U.S. Department of Commerce, 1999). During NAFTA's first six years, the United States has accumulated a total trade deficit in goods with Mexico of about \$93 billion (McMillon, 1999).

Unfortunately for Mexico, the enormous influx of foreign capital did not stabilize its fragile domestic banking, investment, and credit systems. This intensified pressure on the overvalued peso and national current account balances, which continues to deteriorate today. This resulted in a steep devaluation of the peso, enormous capital flight, debt service difficulties, and a sharp recession which precipitated a crisis of confidence in Mexican political leadership — especially the discredited policies of NAFTA architect President Carlos Salinas. The resulting love-hate attitude of Mexicans toward NAFTA has corresponded with the roller coaster growth of the Mexican economy (GDP) over the last decade: 3.0 percent for 1989-94, 3.5 percent for 1994, -6.2 percent for 1995, 5.1 percent for 1996, 7.0 percent for 1997, 4.8 percent for 1998, and an estimated 3.6 percent for 1999. According to recent projections, the next millennium will begin with a GDP growth of 3.4 percent, only slightly above the pre-NAFTA average (American Chamber of Commerce, 1999).

Although Foreign Direct Investment, by providing capital for public and private domestic investment as well as stimulating job growth through multiplier effects, is touted as a measure of NAFTA's success, the underlying FDI patterns indicate a more sobering reality — especially in terms of lower than expected domestic job growth and higher consumer prices. According to the Economic Commission on Latin America and the Caribbean (CEPAL), “the main focus of FDI is related to NAFTA through the establishment of continent-wide systems of integrated production [intra-sectoral integration] or strategic positioning in the domestic market” (1999:1). This means that most foreign investment is designed to replace portions of higher cost production/distribution systems in the United States (for re-export) and “acquisition of private [Mexican-based] assets ... [in] response to strategic dynamics in oligopolistic markets” (CEPAL, 1999:2). High-wage industrial jobs were exported to Mexico where they were replaced with low-wage workers employed in modern, capital-intensive production technologies and plant facilities. Significantly, the entrance of foreign corporations into the domestic consumer market has provided greater product choice but surprisingly little price competition for beleaguered Mexican consumers.

Instead of forging forward and backward linkages for promoting autonomous Mexican economic development and thus greater domestic job growth, the major beneficiaries have

Center for Immigration Studies

been multinational corporations that have invested in a limited spectrum of industrial sectors. That is, NAFTA has facilitated the continent-wide expansion of their international production/distribution systems as well as replacing existing domestic firms through mergers and acquisitions in order to gain access to previously protected domestic consumer markets (especially food, beverage and tobacco, and services such as retailing and banks). The strategy of investing in new, modern plants — especially for re-export to the United States under HTS 9802 (largely due to competitive pressure from Asian competitors) — is illustrated by the following industrial sectors: automotive (Chrysler, Ford, GM, VW, Nissan), electronics (Compaq, Daewoo, Sony), and apparel (Burlington, Dupont). More recently, an increasing share of FDI has strategically sought entry into previously restricted Mexican consumer services through “acquisition of private assets.” These include food (PepsiCo), beverages (Anheuser Busch, Labatt, Coca Cola), and tobacco (Philip Morris, BAT) as well as globalizing services such as telecommunications (Bell Atlantic, Loral, Hughes), finance (HSBC, Santander), and retail trade (Wal-Mart). Consequently, these corporate investment strategies have offered significantly less job creation impact and consumer price relief than was initially predicted by international economists.

U.S.-Mexican auto trade demonstrates the most dramatic example of the former investment strategy — intra-sectoral integration. Indeed, the largest sources of FDI in Mexico are the “Big Three” automobile manufacturers: General Motors, Ford, and Chrysler. As illustrated in Table 2 (below), this commercial flow has accelerated rapidly since the enactment of NAFTA. Between 1993 and 1998, the value of Mexican auto parts exports nearly doubled (\$7.4 to \$14.5 billion) and vehicle exports nearly quadrupled (\$3.7 to \$13.2 billion) while the combined imports of autos and parts from the United States rose only 58.5 percent (\$7.5 to \$11.9 billion); in 1998, this trade flow constituted over one-fourth (\$27.7 of \$94.5 billion) of total Mexican exports to the United States. Since the vast majority of these products are re-exported to the United States rather than sold in the domestic economy, they have both inflated the merchandise balance-of-trade surplus and exacerbated the Mexican current account deficit.⁶ For example, the city of Saltillo in the state of Coahuila is called the Detroit of Mexico. It boasts two huge auto plants — established by Chrysler and GM — whose production is dedicated solely to North American exports; Chrysler invested nearly \$500 million in its Dodge Ram and metal stamping plants in 1995-96 (Maquiladora Suppliers Handbook, 1997). Not unexpectedly, Mexican consumer prices have not declined in accordance with the sharp fall in the real wages of domestic manufacturing workers since 1995.⁷ This is mirrored in the bilateral auto trade balance which has increased nearly five-fold in Mexico’s favor during this period —

Table 2. Intra-Sectoral Integration: U.S.-Mexico Auto Trade (1993-1998, in Millions of Dollars)

	1993	1994	1995	1996	1997	1998
U.S. Exports						
Total Vehicles	167	656	377	1,253	1,978	2,363
Total Auto Exports	7,317	7,663	6,737	7,076	9,582	9,502
Total Exports	7,484	8,319	7,214	8,329	11,560	11,865
U.S. Imports						
Total Vehicles	3,727	4,787	7,829	11,305	12,110	13,190
Total Auto Parts	7,354	9,702	10,501	11,645	13,314	14,475
Total Imports	11,081	14,489	18,330	22,950	25,424	27,665
Balance	-3,597	-6,170	-11,116	-14,621	-13,864	-15,800

Source: U.S. Department of Commerce.

Center for Immigration Studies

from \$3.6 billion in 1993 to \$15.8 billion in 1998 (U.S. Department of Commerce, 1999). It is for these reasons that the *maquila* sector is projected to account for one-half of all Mexican exports by the end of the year 2000.

As previously discussed, foreign corporate investment strategies guided by intra-sectoral integration tend to be capital-intensive, produce fewer jobs than older plants in the United States, and are not deeply embedded (forward or backward linkages) in the Mexican economy. Indeed, as the composition of foreign investment in Mexico shifts from labor-intensive “screw-driver” assembly plants to state-of-the-art production facilities, the number of jobs created per financial unit of investment has tended to decline. This belies the optimistic assumptions of the *Binational Study of Migration Between Mexico and the United States*. The authors of which assert:

If Mexico maintains market-driven economic policies, the International Monetary Fund [IMF] projects 5 percent annual economic growth and 2.5 percent employment growth for 1997 and thereafter — given this two to one ratio between real GDP growth and employment growth, there would be 750,000 new jobs created each year, based on 30 million employers, self-employed workers, and wage and salary employees. ... If Mexico is able to generate this additional employment, emigration pressures should diminish (1997:30).

Significantly, these projections are based on less than 800,000 new workers entering the Mexican workforce each year, a rather dubious assumption over the next two decades.

So, if official growth estimates for the Mexican work force in the next century are understated, will NAFTA improve employment opportunities in the near future? First, an examination of aggregate growth trends suggests a moderate impact, albeit with enormous regional variations. Dr. Luis Rubio, Director of the Center for Investigation of Development in Mexico City, estimates that the number of new jobs created by NAFTA over the first five years (1994-98) at about 1.5 million. This makes NAFTA a powerful job engine, but by no means turbo-charged. Indeed, the nominal GDP growth rate was 7.0 percent in 1997, but IMF job projections fell short by more than one-half and, in 1998, job growth is estimated to be considerably less than 400,000 based on GDP gains of 4.8 percent (U.S-Mexico Chamber of Commerce, 1999; World Bank, 1998). The Mexican government disputes these figures and complicates the calculation of employment growth by classifying both formal and informal employment as new “jobs.” For instance, the Labor Ministry stated that the Mexican economy generated 845,000 new jobs in 1998 while reporting that only one-fifth earned more than \$5 per day (*El Financiero*, 1999). Furthermore, job gains due to FDI obscure employment losses resulting from the “restructuring” of parastate companies and intensifying competition with foreign manufactured imports as well as industrial consolidation following foreign corporations’ oligopolistic investment strategies: The number of government-owned businesses declined from over 1,000 in 1982 to less than 200 today. For instance, *El Financiero* (1998) reports that manufacturing employment in October 1997 remained 5.6 percent below comparable 1993 levels as the Mexican economy rebounds from the disastrous recession of 1995. Ironically, some Mexican workers have been displaced by cheap Asian imports or been forced to accept wage cuts due to competition with lower wage, Asian *maquilas*. Overall, during NAFTA’s first three years, it is estimated that 28,000 small and medium-sized Mexican businesses have gone bankrupt due to the rising cost and scarcity of commercial credit together with falling internal consumer demand (falling wages) and an influx of cheap imports; as many as two million jobs have been estimated to have disappeared (Hansen-Kuhn, 1997).

Even the labor-intensive “in-bond” plants or maquiladoras show only moderate employment gains compared to national needs (see Table 3 on next page). Between 1994 and 1999 (August), the number of maquiladoras rose from 2,085 to 3,206 (53.8 percent) while the number of jobs only increased from 582,000 to 1,120,100 (99.8 percent) or an annual average of 116,176 (Mexico Business Monthly, 1999). Ironically, the desirable shift from labor- to

capital-intensive investment has resulted in lower employment forecasts as sewing machines are replaced with automated production processes. Hence, the data indicate that the Mexican employment gap — the difference between new workers and jobs — will continue to increase over the next two decades even while Mexico experiences moderate to high macro-economic growth rates.

Second, the most disappointing performance of NAFTA is the surprising decrease in real wages. Significantly, this was not predicted by NAFTA proponents, who embraced the neoclassical economic explanation of income determination. That is, higher “value added” investment (new technology, efficient distribution, modern management policies) would yield substantial improvements in Mexican labor productivity that, in turn, would lead to higher wages. According to this view, rising incomes would increase Mexican workers’ standard of living and therefore lead to greater consumer demand — including for U.S. imports. Although modern, high-technology investment has infused the Mexican economy and increased labor productivity (especially in manufacturing industries), it has not increased the wages or buying power of Mexican workers. The Mexican government acknowledges this problem and reported that 8 million workers earned less than the minimum daily wage in 1997 — a 20 percent increase from 1993 (Pfister, 1999). This trend is especially disconcerting when the real earning power of the Mexican minimum wage is examined during this period. On August 1, 1993, the daily minimum wage was the equivalent of \$4.62. Today, six years later, it is \$3.44 — a decline of 25.5 percent!

This trend is summarized in Table 4 (page 10), which reports all manufacturing and maquiladora manufacturing wages in Mexico from 1981 to 1998. For instance, in 1981 average manufacturing hourly wages (\$2.82) in Mexico were one-fourth of corresponding wages in the United States and nearly double the comparable rate in the maquilas (\$1.67). Ten years later, during the global recession, Mexican manufacturing wages averaged \$1.58 per hour — only 11 percent of U.S. manufacturing hourly wages. More striking, they were only 25.4 percent higher than maquila wages. In 1993, the year before the enactment of NAFTA, Mexican manufacturing wages had rebounded to an hourly average of \$2.40 — nearly one-seventh of U.S. wages — while the comparable rate in maquiladora manufacturing had climbed to \$1.77 per hour.

Only two years later, in 1995, the collapse of the peso drove down all Mexican manufacturing wages to a paltry \$1.51 per hour (9 percent of comparable U.S. rates) and maquila manufacturing hourly wages to \$1.17. Although these hourly wage rates rose moderately to \$1.75 and \$1.51 in 1997, they were 27.1 percent and 14.7 percent lower, respectively, than the 1993 pre-NAFTA levels and rose only marginally in 1998 (U.S. Department of Labor, 1999); weekly earnings in border *maquilas* averaged only \$50 in 1998. These low wages are especially instructive since the manufacturing sector is the major beneficiary of high-tech, foreign investment. This trend is especially ominous to NAFTA supporters such as Philip L. Martin. An agricultural labor economist and specialist in Mexican migration, Martin (1993) asserted that

**Table 3. Growth of Mexican Maquiladora Industry:
Number of Plants and Employees (1993-1999)**

	1993	1994	1995	1996	1997	1998	1999
Maquiladora Plants	2,166	2,085	2,104	2,365	2,449	2,952	3,206
Employees (Thousands)	540.9	582.0	640.0	729.4	792.2	1,000.3	1,120.1

Source: *Mexican Business Monthly* (September 1999) and *Maquiladora Industry Analysis* (September 1996).

*These data were collected in August.

Center for Immigration Studies

illegal immigration would begin declining substantially after the wage gap between Mexico and the U.S. dropped from its pre-NAFTA 8-to-1 ratio to about 4-to-1. Today, at over 10-to-1, there is little discussion of a major reversal of this wage trend in the near future, especially since some U.S. companies have balked at raising labor compensation in their maquilas and have even returned to the United States. To make matters worse, the lack of discretionary income among the Mexican middle and working classes has attenuated the multiplier effect in terms of job growth by stifling the expansion of domestic consumer markets. As a result, the combination of rising expectations and falling wages has reinforced migratory pressures to El Norte — especially among more experienced and skilled/educated workers.

The disappointing record of NAFTA, which has created insufficient numbers of jobs and at inadequate wage levels, is exacerbated by the difficulties arising from the continued concentration of investment along the U.S.-Mexican border, or La Frontera. The ramifications of this issue were clearly understood during the NAFTA negotiations. According to President Clinton, during a White House meeting with past Chrysler CEO Lee Iacocca on October 20, 1993:

“If NAFTA passes, you won’t have what you have now, which is everybody runs up to the Maquiladora line, gets a job in a factory and then runs across the line to get a better job. Instead there will be more uniform growth in investment across the country, and people will be able to work at home with their families. And over the period of the next few years, we will dramatically reduce pressures on illegal immigration from Mexico to the United States.”

This theme was reiterated by President Salinas during an October 1993 television interview with David Frost, “Today, Mexicans have to migrate to where jobs are being created, the northern part of our country. With NAFTA, employment opportunities will move toward where the people live, reducing drastically migration, within the country and outside of the country” (quoted in Forero, 1993).

Again, the regional patterns of foreign investment in Mexico indicate only moderate progress. Today, approximately 75 percent of Mexico’s maquila plants and 80 percent of maquila workers are located in border states. Although the last four years have witnessed the establish-

Table 4. Mexican Hourly Compensation: All Manufacturing and Maquiladora Manufacturing Employment (1981-1998)

Industry Group	1981	1983	1985	1990	1993	1994	1995	1997	1998
All Manufacturing¹									
Dollars per Hour	2.82	1.42	1.59	1.58	2.40	2.47	1.51	1.75	n.a.
Index to U.S. = 100	26	12	12	11	15	15	9	10	n.a.
Maquiladora Manufacturing²									
Dollars per Hour	1.67	0.91	1.07	1.26	1.77	1.82	1.17	1.51	1.56
Exchange Rate:									
Pesos per U.S. Dollar³	24.5	120.1	256.9	2,813	3.12	3.38	6.42	7.92	9.14

Source: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology, May 1999.

¹ Average of all Mexican manufacturing industries.

² All maquiladora manufacturing industries derived from monthly census of all size firms registered as maquiladoras.

³ Mexican currency converted in 1993 to new peso which is worth 1,000 old pesos.

Center for Immigration Studies

ment of increasing numbers of maquiladoras outside the border industrialization zones, they tend to be small plants with few employees. In 1995, for example, 273 of 465 new maquiladora plants (58.8 percent) were located outside of the border region and were distributed among 24 of the 31 Mexican states. These include cities in the interior states such as Guanajuato, Guadalajara, Aguascalientes, Zacatecas, and San Luis Potosi; however, these plants typically employ less than 1,000 workers. In comparison, the largest maquiladoras are clustered in the Mexican border cities of the Frontera such as Nogales, Reynosa, Mexicali, and Nuevo Laredo. In fact, the twin-border cities of Tijuana-San Diego and Ciudad Juarez-El Paso account for 996 (9.2 percent) of all in-bond plants and 373,657 (34.3 percent) of all maquiladora workers in 1999! Overall, nearly two-thirds (65.8 percent) of all maquiladora employment is concentrated in only three industrial sectors: electrical, electronic materials and accessories (279,988); textiles and apparel (232,745); and automotive equipment and accessories (204,531). Clearly, the Mexican government must discourage the concentration of FDI within the traditional border industrial parks and encourage diversification into other industrial sectors.

A third key issue of NAFTA concerns the gender distribution and household structure of the maquiladora work force. Overall, 70 percent of Mexican maquila workers are women, with major regional differences: the border plants have until recently hired almost exclusively women while the interior plants (especially auto maquiladoras) employ larger proportions of men. The preponderance of female workers in the border maquilas is largely due to the industry policy of maintaining low wages, even below the levels of local white- and pink-collar jobs such as retail clerks, secretaries, and waitresses. This explains the high labor turnover of border maquilas (much greater than interior plants) and the continuous need to recruit young women from southern states and, more recently, older women with greater familial obligations (Tiano, 1994; Office of Technology Assessment, 1992). Significantly, women's and community groups have been the most successful in organizing maquila workers by linking community and workplace issues such as housing, child care, safe drinking water, transportation, health care, sexual harassment, and environmental contamination. As labor "shortages" in the frontera lead to the hiring of more older women with fewer paid work options, the politics of maquila work will result in greater demands for better wages and safer work/living conditions. These pressures of a mature workforce, in turn, will intensify industry pressure to recruit young, inexperienced female workers from interior provinces.

Not surprisingly, the male partners of female maquila workers frequently abandon the undersirable labor market of the Frontera and seek higher paying employment in the United States; after acquiring industrial skills, the relatively low risk of crossing the border illegally is rewarded with high U.S. wages — regardless of industrial sector. Today, the Mexican daily minimum wage of \$3.34 per day is dwarfed by the \$5.15 hourly wage in the United States. Consequently, these peculiar employment dynamics of the Frontera contribute to the emergence of bi-national households and increasing pressure on male workers to seek undocumented employment across the border.

A final issue concerns the impact of *ejido* reform (1992 amendment to Article 27 of the 1917 Mexican Constitution) on the modernization of the rural sector. This effort to encourage the privatization of communal, peasant landholdings was a major political precursor to the market-based, social and economic policies of NAFTA. By reducing tariffs on agricultural products such as corn, wheat, vegetables, and dairy products and reducing farm subsidy payments, the Mexican government sought to radically reform the "inefficiencies" of small-scale farming. This "revolutionary" privatization policy aimed to facilitate the transfer of small subsistence units to large agri-producers and increase the productivity of Mexican agriculture through economies of scale, mechanized technologies, and access to scarce sources of commercial credit. The displaced peasantry would then consume cheap, imported foodstuffs (consolidating the political support of U.S. farmers) and their land would grow cash crops such as sorghum that would yield precious hard currency through global exports. Furthermore, the government would save billions of dollars in discontinued subsistence food and producer

price support subsidies as market forces rather than government intervention would determine the prices of consumer foodstuffs such as tortillas (Gates, 1996; Barry, 1995; Fox, 1994). In the short-term, the major problem was how to accommodate the enormous waves of displaced peasants, with estimates that several million *campesinos* would have to be resettled during the first transitional decade (Cornelius and Myhre, 1998; Barry, 1995; Hinojoso-Ojeda and Robinson, 1992).

The initial concern that the *ejido* would be swiftly transformed and absorbed by commercial agri-business has not occurred. Instead, the *ejidos* have produced a wide-range of complex responses where the social, political, and economic importance of communal lands vary according to their unique socio-historical experiences. For instance, some researchers have found that participation in *ejido* organizations generates political capital for mobility into local government positions while others depend on the steady, low-risk financial returns for retirement. Some *ejidos* provide community identity and cultural attachments for their members. More tenuous patterns, however, are emerging in others where aging cohorts of *ejido* holders are being succeeded by their children who have become established in the United States (Cornelius and Myhre, 1998; Snyder and Torres, 1998; de Janvry, Gordillo and Sadoulet, 1997).

Ironically, the Mexican government's policy of destabilizing the *ejido* system has provoked fierce resistance from community members. By increasing the cost of living and reducing farm commodity prices, the "rational" response of *ejidos* has been to increase "investments" of household resources by allocating additional family members to employment activities in the United States. Indeed, the crisis of the Mexican *ejido* has increased the dependence of remaining household members on remittances sent by family workers in America, which are generally used for subsistence and consumer products as well as sources of rural investment and credit for coping with the economic uncertainty of NAFTA-era agricultural policies (Massey, 1998; Massey and Espinosa, 1997). This current situation is explained by an *ejido* holder in the Tlacuitapa region of Jalisco, "Farming here is a very nice thing and it's a good way of life, but no way does it make a living... The prices seem to go down and down each year... If it weren't for my family in California sending money, we wouldn't have any choice but to go north to join them" (quoted in Collier, 1998). Consequently, like earlier peasant struggles over land-tenure relations, the contemporary Mexican *ejido* system is not passively accepting a fundamental restructuring without a fight. In the long-term, the current campaign to modernize the rural sector will spur long-term population growth and reinforce historical patterns of legal and illegal labor migration to the United States. The most intriguing question is whether *ejidatarios* without a social tradition of labor migration to *El Norte* will pursue alternative economic strategies via inter-regional migration within Mexico or establish new migration streams to the United States.

Free Trade and Investment — Without Labor Mobility?

The underlying assumption of the political discourse over NAFTA is that free trade can facilitate international capital mobility to Mexico without a corresponding increase in the movement of labor to the United States. According to this view, the jobs created by the influx of foreign investment would be so desirable in terms of wages, benefits, and work conditions that Mexican workers would be reluctant to leave their families and migrate to the United States simply for higher wages. This flawed logic is underscored by a 1993 General Accounting Office (GAO) report which asserts,

"NAFTA does not provide for open borders or the complete freedom of movement for labor among participating countries.... In the long run, illegal Mexican migration to the United States should decrease if the Mexican economy can provide the jobs needed by an expanding domestic workforce. The implementation of NAFTA is ultimately expected to accelerate Mexico's economic development, thus helping alleviate emigration pressures."

Center for Immigration Studies

As explained previously, this view is based on three faulty premises. First, that the wage gap between the United States and Mexico would shrink due to increases in Mexican labor compensation. Instead, the initial five-years of NAFTA have been characterized by economic volatility which has reduced real wages and thus reinforced the “rational” behavior of Mexican workers to seek employment in the stable labor market of the United States. Second, that Mexicans with “good” jobs lack the incentive to maximize their earning ability or enhance their standard of living by working in the United States. This perverse logic implies that, in a global era of mass marketing and rising consumer expectations, Mexican workers lack the initiative to migrate in order to maximize their interests in a capitalist economy while corporations are constantly exploring new opportunities to maximize their profits through geographic relocation. Third, that foreign investment would not distort existing social relations of the domestic labor market. The almost exclusive employment of women in the border maquiladoras in order to depress wages and undermine labor unions has negatively impacted traditional household structures. In the process, it has led to greater inter-regional migration of women to the frontera to support their families as well as incentives for male household members to seek better jobs in the United States.

The most instructive, longitudinal research on this topic has been conducted by Douglas S. Massey and his associates (1998; Massey and Espinosa, 1997; Massey, Alarcon, Durand, Gonzalez, 1990). According to Massey, the principle factor in the rapid growth of Mexican labor migration to the United States is the expansion of market-based economic relations.⁸ That is, out-migration is more likely from Mexican communities with high levels of industrialization. Additionally, this research indicates that labor migration is more closely linked to interest rates in Mexico than U.S. wage rates; restricted access and high cost of credit leads Mexicans to work in the United States in order to accumulate funds for consumption and investment in their native communities. This finding is suggestive. The economic volatility of the early NAFTA regime encourages the growing number of Mexicans enmeshed in the expanding market economy to formulate their household investment plans based on the stable earnings/saving environment of the United States. In sum, “undocumented migrants do not come from the poorest and most backward Mexican communities, but from th[e] most dynamic and rapidly developing. The higher the wages in a person’s community, and the higher the percentage of women employed in local manufacturing, the greater the probability of leaving on a first trip to the United States” (Massey, 1998:26).

The available data clearly show that the number of Mexicans migrating to the United States is climbing sharply — even after enactment of NAFTA. For instance, in the most sophisticated enumeration of the illegal immigrant population in the United States, the INS estimated its size at between 4.6 and 5.4 million in October 1996 (INS, 1997). This figure does not include the children of undocumented immigrants who were born in the United States. Overall, the INS reported that over one-half (54 percent) of all illegals came from Mexico (2.5 to 2.9 million) and that the aggregate growth rate was 28 percent during the preceding four years (1992-96). This is especially important since illegal entry constitutes the initial phase of the lengthy process of obtaining permanent residency. Not surprisingly, Mexico also accounts for the largest number of legal immigrants. Over the past five years (1994-98), more than 643,000 Mexicans have immigrated legally to the United States and, significantly, their proportion of the annual total of legal immigrants is rising steadily. (See Table 5 on page 14.)

The expanding volume of Mexican migration to the United States is mirrored — albeit imprecisely — by recent trends in Border Patrol apprehensions. This data is presented in Table 6 (below) by year (1992-98) and border check-point. During the last five years, apprehensions along the Southwest border increased a moderate 25 percent, from 1.2 to 1.5 million. More striking, however, is the dramatic change in apprehension levels at the different check-points; note, some variation is due to different Border Patrol deployment strategies. The largest increase is registered in Arizona, where Tucson reported 92,600 in 1993 and 387,400 in 1998; Yuma tripled from 23,600 to 76,200. In Texas, the dramatic growth of apprehensions in

Center for Immigration Studies

Del Rio (from 42,300 to 131,100) and McAllen (from 109,000 to 204,300) was partially compensated by the sharp reduction in El Paso (from 285,800 to 125,000). Similarly, California registered an enormous increase in El Centro (from 30,100 to 226,700) and a major decline in San Diego (from 531,700 to 248,100). This dynamic pattern suggests that Mexican migrants are more quickly reacting to Border Patrol enforcement strategies. As a result, there may be lags in devising effective deployment responses to this highly mobile population which may lead to small short-term and large cumulative underestimates of the volume of illegal migrants at the border.

Although the enforcement resources of the INS are concentrated along the U.S. and Canadian borders, which explains the overwhelming proportion of INS apprehensions, recent research indicates that a growing number of illegal immigrants are arriving via other ports of entry. Indeed, an important implication of the development-migration link is the class composition of contemporary migration flows. According to the INS (1997), an estimated 41 percent of illegal residents originally entered the country legally at airports and other entry points but then overstayed their temporary visas. Unfortunately, while the Border Patrol has received substantial funding increases for agents and enforcement resources in the 1990s, the U.S. Congress has not authorized sufficient personnel for augmenting overburdened INS investigative staff. Even today, U.S. Congressional authorizations extol the virtues of "beefing up" the Border Patrol while neglecting the rapid increase of illegal overstayers. Again, this is not a trivial

issue. Since middle- and upper middle-class immigrants are more likely to enter the United States by air transportation, contemporary INS enforcement policies essentially regulate the low-wage, working class migrants that cross the border by land, neglecting the more educated, middle-class immigrants that fail to return to their native societies after the expiration of tourist or student visas. In the case of Mexico, the rapid growth of the NAFTA-fueled economy will lead to increasing

Table 5. Mexican Immigration to the United States: 1994-1998

Year	Number	Percent of Total
1998	131,575	19.9
1997	146,865	18.4
1996	163,572	17.9
1995	89,932	12.5
1994	111,398	13.8

Source: Immigration and Naturalization Service (1999).

Table 6. Border Patrol Apprehensions: FY 1992-1998 (Thousands)

	1992	1993	1994	1995	1996	1997	1998
Nation	1,199.6	1,263.5	1,031.7	1,324.2	1,549.9	1,411.9	1,555.8
SW Border	1,145.6	1,212.9	979.1	1,271.4	1,507.0	1,368.7	1,516.7
Region							
Del Rio*	33.4	42.3	50.0	76.5	121.1	113.3	131.1
El Centro*	29.9	30.1	27.7	37.3	66.9	146.2	226.7
El Paso*	248.6	285.8	79.7	111.0	145.9	124.4	125.0
Laredo*	72.4	82.4	73.1	93.3	131.8	141.9	103.4
McAllen*	85.9	109.0	124.3	169.1	210.6	243.7	204.3
San Diego**	565.6	531.7	450.2	524.2	483.8	283.9	248.1
Tucson***	71.0	92.6	139.5	227.5	305.3	272.4	387.4
Yuma***	24.9	23.6	21.2	20.9	28.3	30.2	76.2

Source: U.S. Department of Justice, Immigration and Naturalization Service, September 1999.

*Texas, **California, *** Arizona.

numbers of visa overstayers which will not be accurately reflected in INS apprehensions or legal immigration statistics.

Conclusion

The examination of both short- and long-term demographic and economic trends indicates that Mexican migration to the United States will continue to increase through at least the next two decades. Although both U.S. and Mexican politicians have argued that NAFTA will substantially reduce illegal immigration, the reality has so far failed to match the promises of their political rhetoric. NAFTA has not generated enough jobs at sufficient wages to significantly deter the ever-expanding pool of Mexican migrant workers from seeking employment in the United States. As Andres Rozenthal, Deputy Foreign Minister of Mexico, acknowledged in November 1994, the government has not been very interested in discouraging Mexicans from searching for work in the United States: “In times of economic difficulty, migration has acted as a safety valve for the Mexican economy” (cited in Walker, 1994).

Unlike the economic crisis of the early 1980s, which drove hundreds of thousands of unemployed Mexicans to search for work in the United States, the NAFTA era features relatively sustained rates of growth (except for 1995) and a dynamic manufacturing sector. Nevertheless, this period is characterized by higher rather than lower levels of Mexican emigration, due to rising consumer expectations and falling industrial wages. Furthermore, the tenacity of the peasant resistance to the transformation of the *ejido* system is increasing the rural dependence on family members’ remittances from the United States. This will ensure high fertility rates in the rural sector as well as reliance on household members’ participation in labor migration networks.

Overall, the result is a widening gulf between the demographic bulge of new workers and the economic reality of modest job growth. For Mexican Senator Adolfo Aguilar Zínser, the post-NAFTA response to this mounting social crisis is predictable because “The [Mexican] government’s economic policy is dependent on unlimited emigration to the United States” (cited in Collier, 1998). Even so, the changing patterns of economic development have also produced new flows of Mexican migrant workers. The result is a dramatic increase in new communities of Mexican immigrants — especially on the East Coast and Deep South. From the burgeoning Mexican population of New York City (estimated at over 300,000) to the nascent communities of rural Appalachia and Midwestern meat packing towns, new Mexican immigrants are seeking their NAFTA Dream in unknown territories of El Norte — even in the U.S. capitol. In the absence of more effective INS (border, interior, employer sanctions) and Department of Labor (minimum wage, health/safety, strict labor certification guidelines) enforcement policies, the promise of *trabajo* (work) may be more likely realized on a Delaware poultry farm than in an electronics assembly plant in Oaxaca.

Policy Recommendations

Raise Mexican Wages

Since NAFTA, the wages and earning power of Mexican workers have fallen dramatically — nearly 40 percent in U.S. dollars. The General Minimum Wage of 1999 (\$3.34 per day) has sharply reduced the standard of living of the middle and working classes and, consequently, imports of U.S. consumer goods.

Encourage Foreign Investment Away from the Border

Approximately four out of five maquiladora workers are employed in the U.S.-Mexican border industrialization zone. Incentives are needed to re-direct foreign companies to locate in interior provinces and medium-sized cities — not in Mexico City.

Increase Credit/Loans to Rural, Small Producers

Multilateral assistance programs are needed to provide credit in order to stabilize small farm and artisan production during ejido reform. Priority should be granted to areas that may become new “source” communities of emigration to the United States.

Increase Investment in Mexican Social Services

Declining public services (medical, subsidized food, retirement) will intensify pressures on U.S. border communities and other major U.S. destinations, especially beleaguered public schools.

Enforce Mexican Labor and Environmental Regulations

The widening gap between U.S. and Mexican employment (health/safety) and pollution standards is intensifying pressures on U.S. regulatory practices. By increasing labor turnover, this also leads to migration of experienced Mexican workers to the United States, especially U.S. sectors facing deteriorating work conditions such as meat packing in the Midwest.

Promote Pro-Family Employment Policies

The recruitment of young women to work in border assembly plants often leads to bi-national households where men seek higher paid employment in the United States. Mexican maquiladoras along the border should be encouraged to employ family members of both sexes and reduce worker turnover in order to facilitate more stable, unified families.

Improve Federal Coordination of U.S. Law Enforcement Agencies

Commercial traffic growth (legal and illegal) is increasing the “gaps” in monitoring unauthorized border crossings and illegal employment. This requires greater cooperation between federal and local law enforcement agencies in enforcing minimum wage, Social Security, worker health/safety, and industry pollution workplace standards outside of the major border-crossing corridors.

Shift Border Enforcement Resources to Accommodate Changing Migration Pressures

Regular assessment of migration flows so that flexible redeployment policies can be quickly implemented to respond to new shifts in border flows.

Increase Resources to Monitor Visa “Overstayers”

Immediately increase recruitment of investigative staff for tracking overstayers, green card fraud, and adjudication staff.

Reform the Fourth Preference Category

One of the most abused components of the family reunification provision of legal immigration, the petitioning of siblings and subsequent chain migration is a major source of rapid expansion of new migration streams.

End Notes

¹ Government officials of the Clinton and Salinas Administrations actively sought to politically marginalize U.S. opponents of NAFTA as representatives of relatively small political interest groups (labor, environment, human rights) or obstructionists to the new global economic order. In addition to the U.S.-Mexican Chamber of Commerce and the World Bank, many politically conservative and moderate research centers in Washington, D.C. actively promoted NAFTA and criticized its opponents. These include the American Enterprise Institute, Brookings Institution, Cato Institute, Heritage Foundation, and Institute for International Economics. See Karen Hansen-Kuhn, "Clinton, NAFTA and the Politics of U.S. Trade," *NACLA Report on the Americas*, Vol. XXXI, No 2 (September/October 1997), pp. 22-27; Thea M. Lee, "False Prophets, The Selling of NAFTA," Briefing Paper, (Washington, D.C.: Economic Policy Institute, 1995); and William McGaughey, *A U.S.-Mexico-Canada Free-Trade Agreement, Do We Just Say Not?* (Minneapolis: Thistlerose Publications, 1992).

² President Carlos Salinas, officials of his Partido Revolucionario Institucional (PRI) or Institutional Revolutionary Party, and Mexican business leaders aggressively mobilized political support for NAFTA. They appealed to Mexican nationalism for passage of NAFTA and portrayed external U.S. and internal (labor unions, small businesses, environmental groups) opponents as "reactionary forces" seeking to perpetuate Mexico's underdevelopment and economic subordination. See Adolfo Aguilar Zinser, "El Tratado de Libre Comercio, Dimension Politica," in Barbara Driscoll de Alvarado and Monica C. Gambril (eds.) *El Tratado de Libre Comercio, Entre el Viejo y el Nuevo Orden*, (Mexico City: Universidad Nacional Autonoma de Mexico, 1992), pp. 159-172. As Latin America's most vociferous advocate of global free trade, President Salinas was the leading contender for the presidency of the World Trade Organization (WTO) in 1994 until political scandal and economic crisis led to his self-imposed exile in Ireland.

³ The sharp devaluation of the Mexican peso in December 1994, which led to the \$52 billion multilateral loan "bail-out" package, effectively overwhelmed the proposed 15-year phase-out of Mexican tariffs on imported products. This abruptly increased the cost of Mexican imports paid in pesos and dramatically reduced the cost of Mexican exports paid in dollars or other national currencies. In essence, the wide vacillation in currency exchange values essentially undercut the existing tariff system established by NAFTA. See Charles W. McMillion, *Assessing Nafta*, (Washington, D.C.: MBG Information Services, 1999) and Karen Hansen-Kuhn (1997).

⁴ The Foreign Investment Law of Mexico specifies the extent of foreign ownership of corporations by industrial sector in Mexico. For example, new petrochemical plants can be wholly-owned (100%) by foreign corporations whereas existing state owned (PEMEX) plants are limited to 49 percent of foreign participation. For listings of foreign exclusionary and nonexclusionary industrial sectors for investment in Mexico, see "Business Opportunities in Mexico" at www.mib.org.mx

⁵ For discussions on how Mexico's dependence on foreign investment has increased speculator and investor influence on the Mexican economy, see Charles W. McMillion (1999), Karen Hansen-Kuhn (1997), Gustavo del Castillo, "NAFTA and the Struggle for Neo-liberalism," in Gerardo Otero (ed.) *Neo-Liberalism Revisited, Economic Restructuring and Mexico's Political Future* (U.S.A., Westview Press, 1996), pp. 27-42; Enrique Dussel Peters, "From Export-Oriented to Import-Oriented Industrialization: Changes in Mexico's Manufacturing Sector, 1988-1994," in Gerardo Otero (ed.) *Neo-Liberalism Revisited, Economic Restructuring and Mexico's Political Future* (U.S.A., Westview Press, 1996), pp. 63-83; and Thea M. Lee (1995).

⁶ During the first six years of NAFTA, the United States registered total current account losses to Mexico of \$118 billion while Mexico's other trading partners enjoyed a current account

surplus of \$190 billion (McMillion, 1999). This seeming contradiction of greater trade exports and greater outflow of capital from Mexico reflects unfavorable internal pricing and profit repatriation of multinational corporations in Mexico as well as unfavorable currency exchange, which has dramatically increased the cost of capital equipment purchases (e.g. auto manufacturing plants) — especially from Japan and Southeast Asia. This underscores the vulnerability of the Mexican Neo-liberal economic model due to limited industrial integration. See also, Gary Gereffi, “Mexico’s ‘Old’ and ‘New’ Maquiladora Industries: Contrasting Approaches to North American Integration,” in Gerardo Otero (ed.) *Neo-Liberalism Revisited, Economic Restructuring and Mexico’s Political Future* (U.S.A., Westview Press, 1996), pp. 85-106; del Castillo (1996); and Peters (1996). It also illuminates the important role of the international narcotics trade in stabilizing the Mexican economic system by augmenting its deteriorating current account balance through the circulation and investment of its billions of dollars of profits.

⁷ The author’s field research in Mexico (1992-1997) compared consumer prices of the same corporate retailer in its stores in the United States and in Mexico City. Consumer prices were generally the same in Mexico as in the United States and often considerably higher. One factor for the higher retail prices in Mexico is the much greater sales taxes (IVA). Even so, after the devaluation of the peso in December 1994 and the erosion of real wages after NAFTA, consumer prices of imported goods tend to be much more expensive in pesos than their pre-NAFTA prices. This is reflected in the preference of *maquila* workers along the border to patronize U.S. retailers than shop in Mexican stores. See also Gereffi (1996) on the limited growth of domestic production of consumer goods and Mexican retailers.

⁸ Massey reports that the absolute number of Mexicans migrating to the U.S. has escalated sharply over the last two decades. He contends, however, that the circular pattern of Mexican labor migration is responsible for the relatively small proportion of permanent settlers although it has been increasing in the 1990s.

References

- Aguilar Zinser, Adolfo. 1992. “El Tratado de Libre Comercio, Dimension Politica.” in Barbara Driscoll de Alvarado and Monica C. Gambriel (eds.) *El Tratado de Libre Comercio, Entre el Viejo y el Nuevo Orden*, Mexico City: Universidad Nacional Autonoma de Mexico, pp. 159-172.
- Banco Interamericano de Desarrollo. 1996. *Impacto de las Tendencias Demograficas Sobre los Sectores Sociales en America Latina*. Santiago, Centro Latinoamericano de Demografia.
- Barry, Tom. 1995. *Zapata’s Revenge: The Farm Crisis in Mexico*, Boston: South End Press.
- Beckman, Steve. 1997. Statement to the United States International Trade Commission Investigation 332-381, The Impact of the North American Free Trade Agreement on the U.S. Economy and Industries: A Three-Year Review, (May 15).
- Castaneda, Jorge G. 1995. *The Mexican Shock, Its Meaning for the U.S.*, New York, New Press.
- Gustavo del Castillo. 1996. “NAFTA and the Struggle for Neo-liberalism,” in Gerardo Otero (ed.) *Neo-Liberalism Revisited, Economic Restructuring and Mexico’s Political Future*. U.S.A.: Westview Press, pp. 27-42.
- Economic Commission on Latin America and the Caribbean (CEPAL). 1999. “Mexico is Region’s Second Largest Recipient of Foreign Direct Investment.” www.cepal.org
- Clinton, William J. 1993. “Remarks by the President at NAFTA Products Event,” White House, (October 20).
- . 1993. Remarks by the President During a California Town Hall Meeting, (October 3).
- . 1993 “Remarks by President Clinton, President Bush, President Carter, President

Center for Immigration Studies

Ford, and Vice President Gore in Signing of NAFTA Side Agreements,” (September 14).

Collier, Robert. 1998. “NAFTA Gives Mexicans New Reasons to Leave Home,” *The San Francisco Chronicle*. (October 15), p. A11.

Cornelius, Wayne A. and David Myhre (eds.). 1998. *The Transformation of Rural Mexico, Reforming the Ejido Sector*. La Jolla, Ca: Center for U.S.-Mexican Studies.

Conroy, Michael E. and Sarah Elizabeth West. 1999.” The Impact of NAFTA and the WTO on Southern Mexico: Hypotheses and Preliminary Evidence,” in Richard Tardanico and Mark B. Rosenberg (eds.) *Poverty or Development: Global Restructuring and Regional Transformation in the U.S. South and the Mexican South*, New York, Routledge.

Darling, Juanita. 1993. “Mexico’s Angst over NAFTA: Workers Are Torn as Many Have Lost Their Jobs in Previous Attempts to Open Up Markets,” *Los Angeles Times*, (October 17), p. D1.

Faux, Jeff. 1998. “The Fast Track to Globalization: Can Labor Slow It Down?,” *WorkingUSA*, (March), pp. 11-23.

Fox, Jonathan. 1994. “Political Change in Mexico’s New Peasant Economy,” in Maria L. Cook, Kevin J. Middlebrook, and Juan Molinar Horcasitas (eds.) *The Politics of Economic Restructuring*, La Jolla: Center for U.S.-Mexican Studies, University of California, San Diego, pp. 243-276.

Forero, Juan. 1993. “The Immigration Issue, Backers Say That Given Time, NAFTA Will Stem the Flow of Illegal Migration into the United States By Spurring Jobs in Mexico.” *The San Diego Union-Tribune*, (November 14), p. G5.

El Financiero. 1999. “Number of Strikes Falls 13.2 percent in 1998.” (January 10), p. 4.

———. 1998. “October Manufacturing Employment Up 5.3 Percent,” (January 11), p. 4.

Gates, Marilyn. 1996. “The Debt Crisis and Economic Restructuring: Prospects for Mexican Agriculture.” in Gerardo Otero (ed.) *Neo-Liberalism Revisited, Economic Restructuring and Mexico’s Political Future*. U.S.A.: Westview Press, pp. 43-62.

Gereffi, Gary. 1996. “Mexico’s ‘Old’ and ‘New’ Maquiladora Industries: Contrasting Approaches to North American Integration.” in Gerardo Otero (ed.) *Neo-Liberalism Revisited, Economic Restructuring and Mexico’s Political Future*. U.S.A.: Westview Press, pp. 85-106.

Hansen-Kuhn, Karen. 1997. “Clinton, NAFTA and the Politics of U.S. Trade,” *NACLA Report on the Americas*. Vol. XXXI, No 2 (September/October), pp. 22-27.

de Janvry, Alain, Gustavo Gordillo, and Elisabeth Sadoulet. 1997. *Mexico’s Second Agrarian Reform, Household and Community Responses, 1990-1994*. La Jolla, Ca, Center for U.S.-Mexican Studies.

Hinojosa-Ojeda, Raul and Sherman Robinson. 1992. “Labor Issues in a North America Free Trade Area.” in Nora Lustig, Barry P. Bosworth, and Robert Z. Lawrence (eds.) *North American Free Trade, Assessing the Impact*. Washington, D.C.: Brookings Institution, pp. 69-89.

Hufbauer, Gary and Jeffrey Schoot. 1992. *North American Free Trade: Issues and Recommendations*. Washington, D.C.: Institute for International Economics.

Johns, Brian. 1993. “NAFTA Answers Immigration Problem, Salinas Says.” *Journal of Commerce*. (September 22), p. 3.

Lee, Thea M. 1995. “False Prophets, The Selling of NAFTA.” Briefing Paper. Washington, D.C., Economic Policy Institute.

William McGaughey. 1992. *A U.S.-Mexico-Canada Free-Trade Agreement, Do We Just Say Not?* Minneapolis: Thistlerose Publications.

McMillion, Charles W. 1999. *Assessing Nafta: What is so different about US-Mexico Trade Six Years*

Center for Immigration Studies

After Nafta? Washington, D.C.: MBG Information Services.

Marshall, Ray. 1993. "The Implications of the North American Free Trade Agreement for Workers," *CIS Backgrounder* No 2-93. Washington, D.C.: Center for Immigration Studies.

Martin, Philip L. 1993. *Trade and Migration: NAFTA and Agriculture*. Washington, D.C.: Institute for International Economics.

Massey, Douglas S. 1998. "March of Folly, U.S. Immigration Policy After NAFTA." *The American Prospect*. March/April:22-37.

Massey, Douglas S. and Kristin E. Espinosa. 1997. "What's Driving Mexico-U.S. Migration? A Theoretical, Empirical, and Policy Analysis." *American Journal of Sociology*. Vol. 102 (4), pp. 939-999.

Massey, Douglas S., Rafael Alarcon, Jorge Durand, and Humberto Gonzalez. 1990. *Return to Aztlan, The Social Process of international Migration from Western Mexico*, Berkeley, University of California Press.

Enrique Dussel Peters. 1996. "From Export-Oriented to Import-Oriented Industrialization: Changes in Mexico's Manufacturing Sector, 1988-1994," in Gerardo Otero (ed.). *Neo-Liberalism Revisited, Economic Restructuring and Mexico's Political Future*. U.S.A.: Westview Press, pp. 63-83.

Pfister, Bonnie.1999. "NAFTA Logs Mixed Impact." *San Antonio Express-News*. January 2, p. 1

Reno, Janet. 1993. "Consider NAFTA A Border Control Too For Immigration: Expansion of Job Opportunities in Mexico is the Only Long-Term Answer." *Los Angeles Times*. Oct. 22, p. B7.

Sklair, Leslie. 1994. *Assembling for Development, The Maquila Industry in Mexico and the United States*. La Jolla, Calif.: Center for U.S.-Mexican Studies.

Snyder, Richard and Gabriel Torres (eds.). 1998. *The Future Role of the Ejido in Rural Mexico*. La Jolla, Calif.: Center for U.S.-Mexican Studies.

Tiano, Susan.1994. *Patriarchy on the Line: Labor, Gender, and Ideology in the Mexican Maquila Industry*. Philadelphia: Temple University Press.

U.S. General Accounting Office.1999. *U.S.-Mexico Border, Issues and Challenges Confronting the United States and Mexico*. Washington, D.C.: U.S. General Accounting Office.

U.S. Office of Technology Assessment.1992. *U.S.-Mexico Trade: Pulling Together or Pulling Apart?* Washington, D.C.: U.S. Government Printing Office.

Walker, S. Lynne. 1994. "Anti-Immigrant Sentiments Worry Nation," *The San Diego Union-Tribune*, November 11, p. A2.

Whiting, Jr., Van R. (ed.). 1996. *Regionalization in the World Economy: NAFTA, The Americas, and Asia-Pacific*. La Jolla, Ca, Center for U.S.-Mexican Studies.

Wilson, Patricia A. and Thea Kayne.1999. "Local Economic Development and Transnational Restructuring: The Case of Export-Assembly Manufacturing in Yucatan," in Richard Tardanico and Mark B. Rosenberg (eds.). *Poverty or Development: Global Restructuring and Regional Transformation in the U.S. South and the Mexican South*. New York: Routledge.