

# FAILED TRADE POLICY & IMMIGRATION: CAUSE & EFFECT

Some U.S. politicians are focused on closing the U.S.-Mexico border to try to stop the northward flow of migrant workers. Perversely, these are often the very same politicians who supported U.S. trade and globalization policies that have caused the economic crises that have destroyed livelihoods and devastated communities throughout Latin America – forcing people to migrate in the first place. After 15 years, the North American Free Trade Agreement (NAFTA) between the United States, Mexico, and Canada has devastated Mexico's rural economy, eroded economic opportunities for decent manufacturing jobs and destroyed many small and medium-sized businesses in Mexico. NAFTA, which benefited only the narrow corporate special interests who designed and pushed it, generated enormous pressures for working-age Mexicans to attempt the dangerous journey to the United States. Since NAFTA, U.S. immigration from Mexico has surged. The Bush administration negotiated expansions of the failed NAFTA model to Panama and Colombia, while simultaneously seeking to use World Trade Organization (WTO) negotiations to export this same failed model worldwide. The good news is that Congress did not approve Bush's Panama and Colombia NAFTA expansions, and President Obama committed to overhaul our trade policies, and renegotiate NAFTA so that workers on both side of the border could benefit from trade.

## **MEXICO'S NAFTA: WAGE LEVELS DOWN, 2.5 MILLION CAMPESINO LIVELIHOODS LOST, SMALL BUSINESSES AND JOBS ELIMINATED.**

NAFTA's results have been much worse than predicted by NAFTA's opponents: 19 million more Mexicans live in poverty relative to pre-NAFTA Mexico. The World Bank, a major promoter of trade liberalization, estimates that the percentage of Mexico's rural population that earned less than the minimum needed for the basic food basket grew by nearly 50 percent *in the first four years of NAFTA alone*. Since NAFTA, Mexico's minimum wage lost 20 percent – and the median industrial wage 10 percent – of its value in real terms. Meanwhile, NAFTA's new foreign-investor privileges have allowed footloose multinational corporations to move the early-NAFTA manufacturing jobs, and their \$5 per day labor cost, out of Mexico, to China and \$1 per day labor. Meanwhile, prices, even on staple foods like tortillas, jumped as NAFTA eliminated key consumer regulations.

## **IMMIGRATION HAS SURGED SINCE NAFTA.**

Former Mexican president Carlos Salinas infamously said that the choice over NAFTA was “accepting Mexican tomatoes or Mexican migrants that will harvest them in the United States.” In reality, immigration was actually *decreasing* before NAFTA was implemented. But NAFTA required major cuts in Mexico's tariffs that had limited imports of subsidized corn from the United States. When 2.5 million Mexican *campesinos* lost their livelihoods to U.S. NAFTA farm imports, Mexican immigration to the United States skyrocketed. The number of annual immigrants from Mexico to the United States surged from 332,000 in 1993 (the year before NAFTA) to 530,000 in 2000 – a 60 percent increase. Annual immigration levels today remain high above pre-NAFTA standards. The number of undocumented immigrants in the United States (who are mostly from Mexico and Central America) increased 185 percent over the period, from 3.9 million in 1992 to 12 million in 2005. Obama discussed this problem during the campaign, saying that after NAFTA, there “are millions of people in Mexico who are displaced. Many of whom now are moving up to the United States, contributing to the immigration concerns that people are feeling.”



## **BUSH ADMINISTRATION FORCED THE SAME CAMPESINO-DISPLACING FARM RULES INTO CAFTA.**

While most of us were losers under NAFTA, the big pharmaceutical, agribusiness, oil and retail corporations wanted more! Most of Latin America rejected the failed NAFTA model, evidenced by the demise of the Free Trade Area of the Americas (FTAA), a proposed hemisphere-wide NAFTA expansion. Plan B for the Bush administration was to seek NAFTA-clone deals with the remaining “coalition of the willing.” First came the U.S.-Central America Free Trade Agreement (CAFTA). It included the same devastating NAFTA-style agricultural provisions, and Oxfam predicted that up to 1.5 million people whose livelihoods are connected to Central American rice production could face displacement under CAFTA. Central American immigrant advocacy groups like CARECEN, CONGUATE, and SANN raised such concerns early in the process, but were ignored by the Bush administration. Because of the resulting fierce resistance by U.S. Latino organizations and the Congressional Hispanic Caucus, CAFTA was the closest trade fight ever when it passed Congress in 2005 by just one vote. Four years later, it is still not fully implemented due to Central American opposition.

## AND THEN THE ADMINISTRATION PUT THE SAME RULES IN THE PERU NAFTA EXPANSION DEAL.

The U.S.-Peru “free trade” agreement (FTA), which passed Congress in late 2007 despite opposition from a majority of House Democrats, was opposed by all major Peruvian *campesino* organizations, who were concerned that millions of rural families may be forced to migrate if the pact were ratified. Young Lives, a project of the U.K. government and Save the Children, estimated that the U.S.-Peru FTA would cause income losses among the poorest rural households, reduce the probability of rural children attending school, and increase child labor. Corporate globalization and deregulation has already failed Peru, where income per person is stuck at 1980 levels. All of these domestic economic strains are likely to force more individuals to leave destitute families behind to try to seek work in the United States.

## BUT, THERE ARE STILL BUSH TRADE HANGOVERS: NAFTA EXPANSION TO COLOMBIA.

The Colombia FTA’s agricultural rules would devastate Colombia’s small farmers, just as NAFTA’s did in Mexico. Displaced *campesinos* would add to the over 3 million Colombians already displaced by that nation’s half-century of civil war. According to Colombia’s own Agriculture Ministry, the FTA would lead to a 35 percent drop in rural employment. The government report concludes that FTA-displaced Colombians “would have no more than three options: migration to the cities or other countries (especially the United States), working in drug cultivation zones, or affiliating with illegal armed groups.” Threats of economic dislocation were a key reason that the League of United Latin American Citizens (LULAC) and the Labor Council for Latin American Advancement (LCLAA) passed resolutions against the U.S. Peru and U.S.-Colombia FTAs. Obama committed to oppose the Colombia FTA and during the last presidential debate highlighted his opposition live to the whole nation. Corporations and newspaper editorial boards want him to renege on that commitment. But, with scores of newly-elected fair-traders joining Congress, opposition to Bush’s hangover NAFTA expansions has intensified.

## NAFTA EXPANSION IN PANAMA.

The Panama Free Trade Agreement’s agriculture provisions are almost identical to those in NAFTA, which resulted in the destruction of 1.3 million Mexican peasant farmers’ livelihoods and a 60 percent jump in immigration. The agreements remove tariffs on U.S. imports. 25 percent of the population makes a living through agriculture, with the Panamanian rice industry producing 90 percent of domestic demand. The FTA rules would enable subsidized U.S. agribusiness to flood the region with duty-free U.S. crops subsidized to prices below their cost of production, resulting in unfair competition, and would deprive large numbers of farmers of the means to earn their livelihoods in a region that already suffers high levels of poverty.

## THIS IS A GLOBAL PHENOMENON.

After more than a decade of implementing the WTO rules, a slightly less intense version of the NAFTA model, the worldwide migration has increased dramatically, with nearly 191 million migrants globally – nearly 40 million more than in 1990, before WTO and other major trade pacts were being negotiated.

## WHAT CAN WE DO?

\* Citizens’ movements around the world are drawing the connections between failed “trade” and corporate globalization policy and increased migration of neoliberal globalization’s victims. We must join them in calling for economic policies that prioritize the needs of communities and the environment. Join LULAC and LCLAA in urging your congressperson and both senators to change course on our failed NAFTA-style trade policy! (Congressional switchboard: 202-224-3121).

\* Volunteer with TradeJustice NY Metro! Contact us at [info@tradejustice.net](mailto:info@tradejustice.net) or attend our meetings on the second and fourth Tuesday of every month at the Brecht Forum, 451 West Street between Bank and Bethune Streets (A, C, E to 14<sup>th</sup> Street or L train to 8<sup>th</sup> Avenue). Directions at <http://brechtforum.org/directions>. Visit our website at <http://tradejustice.net>.

(adapted from a factsheet by Public Citizen’s Global Trade Watch)

