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Heading South . . . *the high cost of* NAFTA





NAFTA: not good news for Mexico

by Karen Lehman

How will NAFTA affect Mexico? That's not an easy question to answer from our viewpoint in the U.S. As in the U.S., NAFTA will result in job loss for workers and small business owners, displacement of family farmers, environmental degradation, and the erosion of democracy. The force of these impacts, however, will be more severe for Mexico than for the U.S. In very real terms, Mexico will bear the brunt of the problems caused by free trade.

Impact on Jobs

Most of the debate on NAFTA in the United States has centered on the loss of U.S. jobs to Mexico and the absence of workers' rights south of the border. The assumption is that Mexico will gain jobs. Less well known is the potential for job loss in Mexico itself as a result of competition from cheaper imports and extension of the maquiladora model.

For five decades, Mexico pursued an import substitution strategy, providing government support to local industry through a series of mechanisms, including import controls. Many Mexican products were made from materials originating in Mexico which generated employment in businesses that supplied materials and services to the production process. The majority of Mexicans are employed in these small businesses and "micro" enterprises.

When Mexico removed import controls upon acceding to GATT in 1986, more than 18,000 small businesses went under. Tens of thousands are predicted to suffer under NAFTA as consumer goods enter the country from the United States.

Nor will newly established industries be able to absorb displaced workers. Every year,

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Mexico needs 1,000,000 new jobs just to keep pace with population growth. Currently, there are only 500,000 jobs in the entire maquiladora zone on the U.S.-Mexico border. Many workers will migrate, not only to larger Mexican cities, but to the U. S. in search of employment.

Agriculture

The issue of jobs extends to agriculture. Currently, 30 percent of Mexico's population lives in the countryside. Peasant farmers control more than half the surface area in Mexico, farming on plots averaging 15 acres. Their primary crops are basic grains, especially corn, dry edible beans, wheat and sorghum. For five decades, the government supported the production of these crops as part of a national food security policy.

Under President Salinas, Mexico is converting from a food security policy to one based on the export of tropical products, winter vegetables, and beef to earn foreign exchange. The export crops are predominantly produced by agribusinesses, who are the real beneficiaries of free trade. Family farmers, who primarily produce basic grains, will be forced to compete with corn imports from the U.S. at half the price they currently receive. Studies predict that anywhere from 800,000 to 5 million people will be displaced from the countryside as a result of NAFTA and national agricultural reforms.

Environment

Most of the debate about NAFTA's impact on the environment centers on the spillover of Mexican environmental problems into the U.S. Air and water pollution drift across the border, and pesticides banned in the U.S. are trucked in on fruits and vegetables. NAFTA will exacerbate these problems as increased industrialization and inadequate inspection increase contamination.

Mexicans, however, are the ones who live in close proximity to the sources of hazardous industrial chemicals and pesticides. As free trade fuels industrial expansion in other regional cities, pollution problems will extend beyond the border to centers like Monterrey and Guadalajara.

Free trade will also stress land and water resources as increased production of water

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intensive crops such as fruits and vegetables depletes aquifers. Increased wood exports will result in deforestation and erosion. These developments will be difficult to combat. Under free trade, lax environmental enforcement becomes a comparative advantage in the market for foreign investment. As in the U.S., demands for environmental protection will increasingly be met with threats of job flight.

Democracy

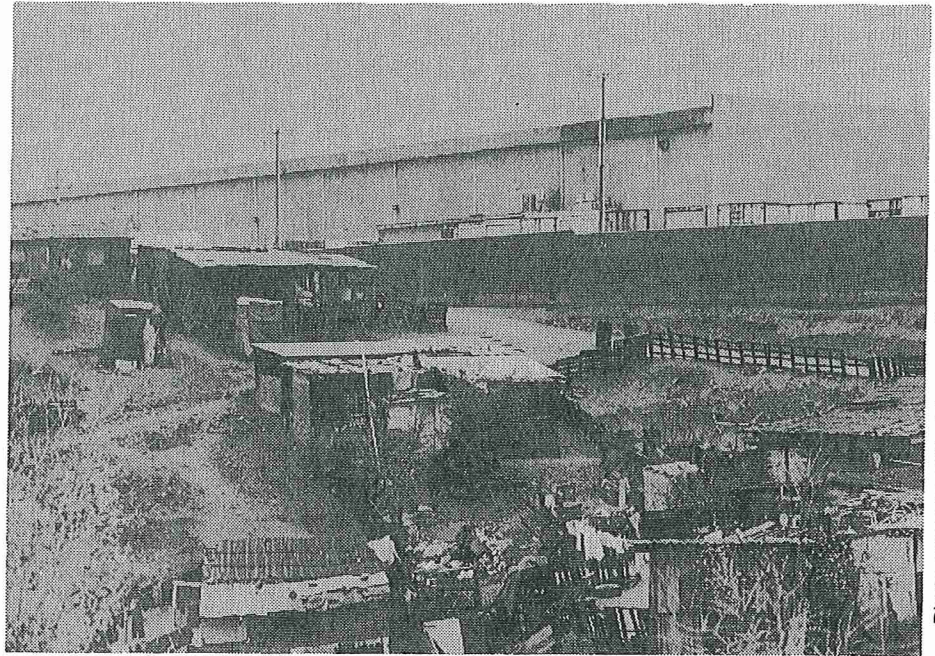
Imagine what it would be like if a presidential candidate won the last election, but another candidate, strongly supported by a network of political bosses and big contributors, destroyed many of the votes and announced himself the winner. The majority of Congress is elected in races equally fraught with corruption and coercion. The President is totally in favor of NAFTA. If approved, it will effectively lock in his administration's reforms, making it virtually impossible for a future president to change them.

This is the political reality of Mexico on the brink of free trade under the leadership of Carlos Salinas de Gortari. In 1988, he stole the presidency from Cuauhtémoc Cárdenas and instituted a series of sweeping economic and political reforms. Yet, some in the U.S. State Department argue that NAFTA is necessary to ensure that Salinas consolidate his reforms. To do so, he requires the support of the middle class which, when discontented, shifts its support to opposition parties. NAFTA, the reasoning goes, will encourage the middle class to develop a stronger allegiance to the U.S. by replacing Mexican businesses with U.S. corporations as the primary employers. U.S. officials openly state that NAFTA is necessary to help President Salinas consolidate his succession. This linkage of NAFTA with political stability is nothing less than the U.S.-sanctioned perpetuation of an authoritarian regime.

Human Rights

The violation of democracy is linked with the violation of basic human rights. Be-

tween 1988 when President Salinas was elected and 1991, 26 peasant and native leaders, 19 journalists, and 125 members of an important opposition party were assassinated. Many of these crimes were committed with the tacit permission of the judicial police or by the police



U.S. factory behind homes in maquiladora zone along Mexican border.

themselves. Many citizens are reluctant to criticize their government, including its position on free trade, for fear of reprisal.

Yet Mexico is not the only violator of Mexican human rights. Many Mexican immigrants to the U.S. recount stories of rape, beating, and even murder at the hands of the Immigration and Naturalization Service. Once in the United States, they toil in fields without bathroom facilities, work for less than minimum wage, and suffer illegal pesticide exposure. As the pool of available migrant labor increases, these conditions will become even worse as workers, desperate for work, accept any job they can get.

In sum, the future of Mexico under NAFTA looks bleak. Even without the signed Agreement, many of these trends will continue to erode the quality of Mexican life. We need to promote new trade rules that embody a continental trade and development agenda: which is precisely what Cuauhtémoc Cárdenas, the elected president of Mexico, would have put on the negotiating table had he been allowed to take office.

Photo courtesy of the Resource Center for the Americas