Migration and Imperialism

The Mexican Workforce in the Context of NAFTA

by
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The process of economic integration occurring as a result of the North American Free Trade Agreement (NAFTA) has created a new migratory dynamic between Mexico and the United States. Under the aegis of neoliberalism, the Mexican workforce is being called upon to play a crucial role in the industrial restructuring of the United States and thus creates obstacles for development in Mexico. In the face of this reality, the migrant community is generating new social actors and alternative paths that, though incipient, begin to challenge this model of integration.

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Since the imposition of neoliberal politics and the North American Free Trade Agreement (NAFTA), Mexico's economic integration with the United States has undergone significant changes. The intensification of commercial ties between the two nations as part of a new strategy of imperialist domination controlled by financial capital and the large U.S. multinational corporations has restructured binational work processes and strongly affected the labor force. I shall argue here that the reigning model of economic integration is sustained by the role that the Mexican workforce—both in Mexico and outside its borders—has played in the industrial restructuring of the United States. This process has elements that can be characterized as a kind of transnationalism "from the top," a strategy that responds to the interests of U.S. capital. At the same time it has elements that some writers (e.g., Smith and Guarnizo, 1999) see as a transnationalism "from below," embodied in the practices of migrant workers and their organizations and their counter-

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parts in Mexico. Transnationalism from below not only creates opportunities for resistance but also outlines avenues for an alternative kind of development. The interplay between the two perspectives presents a number of possibilities.

Starting with these premises, the essay is subdivided into four sections. The first describes the Mexican export model in the context of Mexico-U.S. integration under neoliberalism and NAFTA. The second presents some revealing data on the consequences of the new migratory dynamics. The third addresses the dialectic between Mexico's export growth and international migration, and the final section reviews the responses of the migrant community.

THE MEXICAN EXPORT MODEL AND THE DYNAMICS OF INTEGRATION

Mexico is typically considered a case of successful economic integration because it exports manufactured goods (CEPAL, 2002): it is Latin America's number-one exporter and occupies thirteenth place worldwide. The rigorous, even fundamentalist application of neoliberal recipes backed up by NAFTA has helped to make the economy one of the world's most open (Guillén, 2001) even though its export platform is focused primarily on the United States. The fact that 90 percent of its exports consist of manufactured goods is purportedly a sign of the country's advanced export profile. Of that 90 percent, the so-called disseminators of technical progress make up 39.4 percent (CEPAL, 2002; Cimoli and Katz, 2002).

The optimistic assessment of this integration, which is related to the notion of open regionalism promoted by CEPAL (1994; Baumann et al., 2002), is mainly a distorted view of reality. In fact, an analysis of Mexico's new export profile indicates the importance of the maquiladoras,[1] whose exports multiplied 26 times between 1982 and 2004, eventually amounting to more than half (US$87,548 million) of total manufactured exports. Additionally, we observe a process of "disguised assembly" in other areas of manufactured exports such as the automotive industry (Cypher, 2004; Delgado Wise, 2004; Fujii, 2000; Carrillo and Ramírez, 1997; Carrillo, Mortimore, and Estrada, 1998). Between 1993 and 2000, the proportion of temporary imports in the export total was almost 80 percent (Dussel, 2003). Another component of this dynamic is the disproportionate interfirm commerce, estimated at between 65 and 75 percent (Arroyo, 2003; Durán and Ventura-Dias, 2003; Baker, 1995). The shared production scheme that is essential to interfirm commerce does not carry equally shared profits, and export prices are artificially established by the same firms without declaring earnings. Net profits are transferred out of the country while the jobs created are subsidized at the expense of the Mexican economy. The facts regarding the Mexican export model contradict the notion of free interplay among market forces proclaimed by neoliberal orthodoxy. What is worse, the model plunders investment resources that might otherwise revitalize the Mexican economy.

Needless to say, the fragility and the structural volatility of the export sector are subject to the ebbs and flows of the U.S. economy and, above all, the phases of a static and short-term comparative advantage, as in the case of a cheap workforce. Recently Mexico experienced an important decrease in the growth of manufactured exports because of the U.S. economy's loss of dynamism and China's entry into the World Trade Organization (Huerta, 2004). Although the maquiladora has since 1990 been the center of the Mexican export model (Fujii, Candaudap, and Gaona, 2005), it has experienced a decline since the end of 2000 because of reduced demand in the United States and the competition of regions with lower wages than Mexico such as China and Central America. This has propelled the relocation of maquiladoras and affected relative wage increases for those operating in Mexico (De la Garza, 2004).

In order to understand Mexico's integration with the United States it is necessary to consider what it is that the country really exports and demystify the notion that it possesses a buoyant export manufacturing sector. What the nation exports is in fact labor inputs that do not leave the country (Tello, 1996). The purported growth in the export manufacturing sector is nothing more than a smokescreen, serving to obscure the contraction of part of the Mexican economy, which is compelled to serve as a labor reserve for foreign capital. The kind of specialization that takes place in this kind of integration is clearly linked to the direct export of Mexican labor to the United States. The result is an incalculable loss for the country. The maquiladora implies the net transfer of profits abroad. For its part, migration forces Mexico to absorb the costs of the reproduction and training of the workforce and deprives the Mexican economy of the chief force required for the accumulation of capital.

THE NEW U.S.-MEXICO MIGRATORY DYNAMIC

We must not lose sight of the fact that, in general terms, international migration has its historical roots in economic, political, social, and cultural factors (Castles, 2003). Although Mexican labor migration to the United States dates back to the nineteenth century, it now exhibits unprecedented vigor. One need only point out that in the past 34 years (1970–2004) the

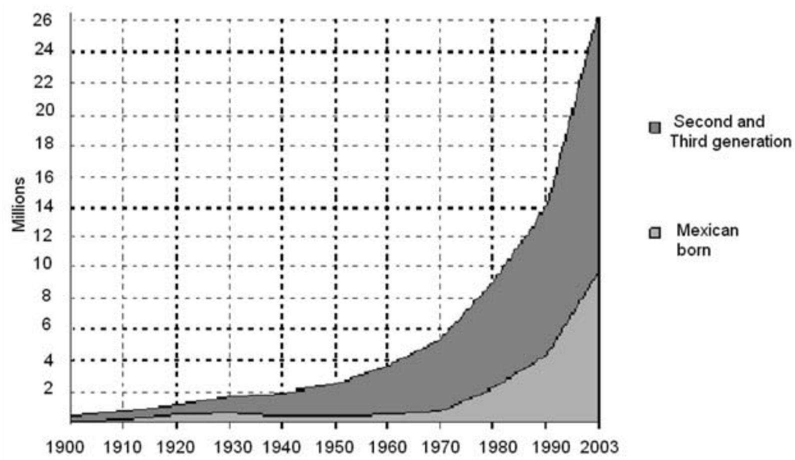

Figure 1. Mexicans Resident in the United States, 1990–2003
Source: CONAPO (2004).

Mexican-born population in the United States has multiplied thirteenfold (CONAPO, 2004). This figure calls into question the alleged benevolence of the integration process in which the country is immersed. The unprecedented growth of the Mexican-born or Mexican-origin population residing in the United States—as an expression of the exponential increase in migration—can be clearly appreciated from Figure 1.

The contemporary proportions of this phenomenon may be summarized as follows:

The United States has the highest immigration rate in the world, and Mexicans constitute the largest group (27.6 percent according to CONAPO, 2004).

The Mexican-descended population residing in the United States in 2004 was estimated at 26.6 million people, 10 million of whom were Mexican-born migrants (legal or not). There is no other diaspora of equal magnitude in the world (CONAPO, 2004).

The annual average number of Mexicans who left their country and established residence in the United States in 2004 was estimated at 400,000. According to UN estimates for the 2000–2005 period, this makes Mexico the main source of migration in the world, followed by China (390,000) and India (280,000) (United Nations, 2004) (Fig. 2).

Remittances received by Mexico in 2004 amounted to US$16.6 billion (Banco de México, 2005). This is the highest rate worldwide, followed by

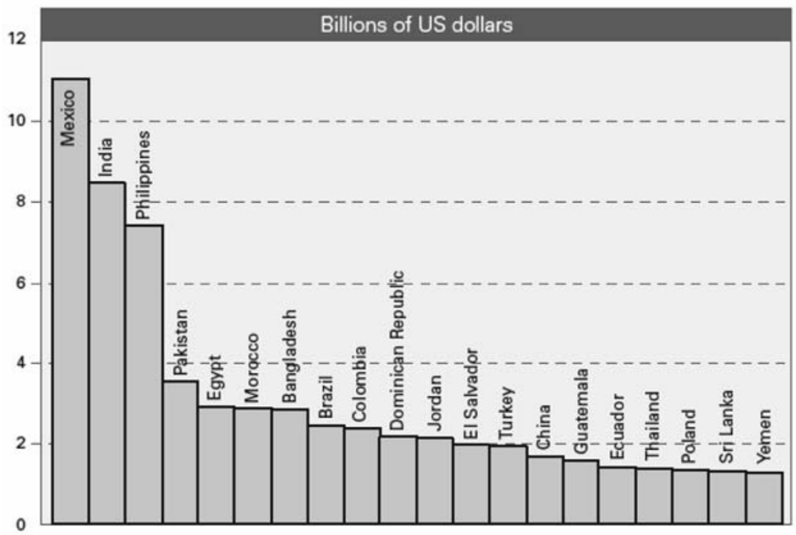

Figure 2. The Twenty Largest Developing Country Recipients of Remittances
Source: United Nations (2004) (figures are for 2002).

India (27 percent less) and the Philippines (36 percent less) (United Nations, 2004).

This quantifiable growth is accompanied by some significant qualitative transformations:

Practically every place in Mexico registers some international migration; 96.2 percent of municipalities have some kind of connection with migration (CONAPO, 2004). At the same time, and despite the fact that it remains concentrated in a handful of states, the Mexican population in the United States is now distributed across most of the country. There is an expansion of migratory circuits toward the eastern and central-northern parts of the country, where some of the most dynamic centers of industrial restructuring are located.

There has been a steady increase in the educational level of Mexican migrants over the past decade (Fig. 3). In 2003, 34.9 percent of Mexican-born U.S. residents 15 and older had more than a high-school education. This rate increases to 49 percent when the whole population of Mexican origin is taken into account (CONAPO, 2004). In contrast, the Mexican average in 2000 was 27.8 percent (INEGI, 2000), which means that, in general terms and contrary to common assumptions, the number of qualified workers leaving the country is larger than the number that remains. It must be pointed out, however,

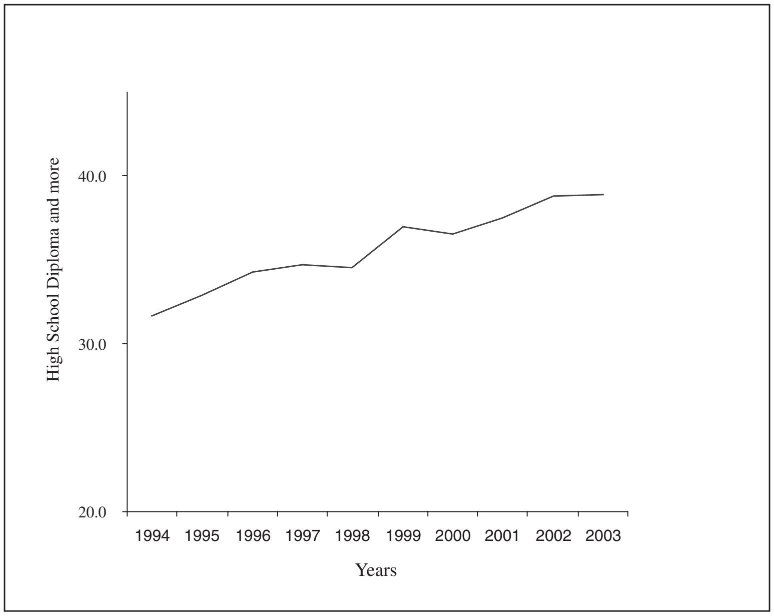

Figure 3. Level of Education of Mexican Emigrants
Source: CONAPO (2004).

that compared with other groups of immigrants in the United States the Mexican contingent has the least schooling. This illustrates the serious educational deficit that persists in the country and is accentuated by the implementation of neoliberal policies (OCDE, 2005).

The higher-education figures for U.S. residents in 2004 included 385,000 Mexican-born individuals and 1.4 million people of Mexican origin. Eighty-six thousand of the former had graduate degrees, while the figure for the latter was 327,000 (CONAPO, 2004). This suggests that the loss of qualified professionals has become an important problem. The country has little need for a qualified workforce, and there are practically no requirements regarding scientific and technological knowledge under the prevailing assembly model.

In the United States 36.2 percent of Mexican workers are in the secondary sector (i.e., manufacturing) compared with 27.8 percent in Mexico. These numbers challenge the stereotypical view of the migrant as an agricultural worker and highlight the fundamental changes in the trans-border labor market. Only 13.3 percent of migrants work in the primary sector (raw materials). Also, Mexicans are the U.S. immigrant group with the greatest industrial participation and the lowest average income (CONAPO, 2004).

Finally, these changes have transformed the pattern of migration: what was once a circular flow is now characterized by the preeminence of the established immigrant and includes variants such as larger female and family-member participation.[2]

THE DIALECTICS OF EXPORT GROWTH AND INTERNATIONAL MIGRATION

The particular dialectic between the supposedly successful export sector and the rest of the economy calls into question the two concepts that have been employed to explain the inclusion of underdeveloped economies in the classical Latin American theory of economic development. The "structural dualism" functionalist approach (Germani, 1974) is not applicable, and neither is the concept of the "enclave" (Cardoso and Faletto, 1974) that has been resurrected to explain Mexican-U.S. integration (Calva, 1997: 71–101). Both these concepts wrongly assume that the successful sector and the rest of the economy are cut off from each other and can be analyzed separately. On the contrary, the relative success of the export sector is based on the pauperization of the rest of the economy.

The export thrust of the Mexican economy requires certain macroeconomic conditions that are achieved through the constriction of internal accumulation, particularly the shrinking of public investment spending, the state's abandonment of strictly productive activities, the sale of public enterprises and control of the fiscal deficit, and attractive interest rates for foreign capital, which result in a reduction of the economy's domestic activity. Social inequality deepens, generating an ever-increasing mass of workers who have no place in the country's formal job market. This is why a third of Mexico's population belongs to the informal economy, which ultimately feeds the vigorous migratory process.

The contradictory migration and growth dynamic generated by this context can be synthesized as follows: First, international migration is accompanied by certain "positive" elements that benefit the Mexican economy. On the one hand, migrants' remittances are a source of currency for the nation. With the decline of other sources of external financing (foreign debt and direct foreign investment) and the loss of dynamism for the maquila industry's exports, remittances become a crucial foundation for the fragile macroeconomic balance that characterizes the contemporary neoliberal model.[3] On the other hand, by reducing the pressures on the labor market and social conflict, migration functions as a sort of escape valve given the diminished job-generating structural capacity of the economy. In this sense, the family and, above all, remittances help to cover the social costs and minimal infrastructure previously supported by public investment, aiding in the subsistence of many Mexican households (García Zamora, 2003). They tend to moderate the distributive conflict between the state and the society's most vulnerable groups, to some extent alleviating poverty and marginalization. All of this ultimately constitutes a paradox: migration unintentionally operates as a crucial support for the neoliberal system, providing it with a certain "stability" and a "human face."

Second and more important, migration constitutes a loss of valuable economic resources and the export of potential wealth. The exporting of a workforce implies transferring to the receiving country a wealth whose reproduction and training costs are absorbed by all Mexicans.

Third, in contrast to the case of the labor force that is exported indirectly (via maquilas), emigrants who establish themselves in the United States spend a very significant part of their wages there, with consequent benefits for the U.S. economy. Mexican consumers residing in the United States in 2003 contributed US$395 billion to the U.S. economy (CONAPO, 2004). This amount significantly contrasts with the remittances sent to Mexico, which amounted to US$13.4 billion.

Fourth, from a fiscal point of view, Mexican migrants' contributions to the U.S. economy exceed the benefits and public services they receive in exchange (Anderson, 2005) and thus contribute to the social security of U.S. workers.[4]

Fifth, although it is difficult to measure their precise impact, the pressure exerted on the labor market by migrants negatively affects wage rates in the U.S. economy, particularly in the fields or sectors in which they work. A recent study reveals that the gap between Mexican migrants' average income and the established minimum wage in the United States has decreased in the last 25 years. Measured in constant 2000 prices, migrants' average income declined 38 percent during that period, from US$11.70 to US$7.20 per hour (Papail, 2001). The paradox lies in the fact that this situation parallels the changes in migrants' profiles previously described—that is, their higher educational levels and increased presence in the manufacturing sector. Still, despite Mexican migrants' contribution to the reduction of production costs in the U.S. economy, their impact is limited to certain areas of the labor market and does not affect the majority of U.S. workers. In fact, there is no correlation between the flow of Mexican migration and the unemployment rate in the United States (see Fig. 4), which suggests that the migrant workforce has instead helped to satisfy the existing demand in certain areas of the U.S. labor market.[5]

Finally, there is a new trend that calls into question the medium- and long-term viability of this pattern in the present integration model (along with its

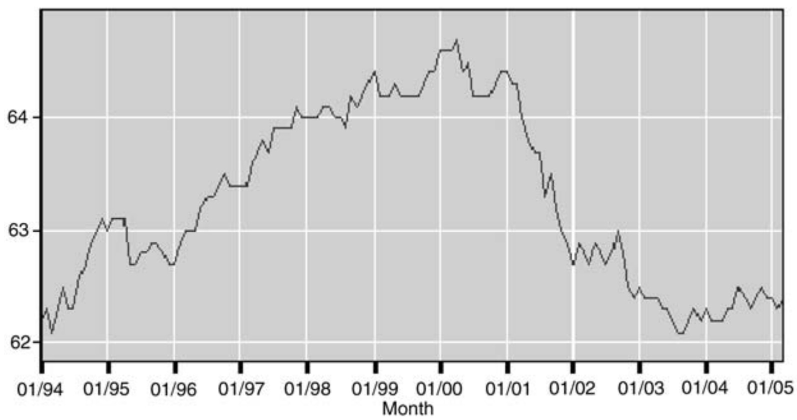

Figure 4. Unemployment Rate in the United States, 1994–2004
Source: U.S. Department of Labor (2004).

beneficial impact on the U.S. economy and its role in Mexico's macroeconomic and social "stability"): depopulation. In the last half of the 1990s, 755 of Mexico's 2,435 municipalities (31 percent) had a negative growth rate, and there are also signs of an abandonment of productive activities and a diminution of remittances per family. This new scenario undermines the basis for future migration and thus its socioeconomic function. This shows the perverse relationship between the Mexican export sector and international migration. Thus, Mexico is responsible for the reproduction and training of the workforce, and the United States exploits this resource to restructure its industry and reduce its production costs. This process is sustained by wage differences and the accompanying sources of resource transfer. Overall, the resulting dynamic can hardly be perpetuated in the face of one-sided migration and depopulation. This calls attention to the competitive limitations of a short-term strategy that depends for restructuring on a cheap workforce.

THE MIGRANT COMMUNITY AND THE CHALLENGES OF NEOLIBERAL GLOBALISM

To conclude, it is important to point out that the migrant community is increasingly less isolated, dispersed, and disorganized. As a contradictory by-product of historical development and the maturation of migratory networks, individual migrants are becoming what Miguel Moctezuma (2001) describes as a collective binational and transterritorial agent. This process is taking shape through a broad network of clubs (more than 700 at present), associations, and federations operating in several states of the United States and a multiplicity of alliances and coalitions with a national and binational perspective. In this sense, the migrant community shows an incipient development toward superior organizational schemes. Among their characteristics are relatively permanent formal organizations, the strengthening of cultural identity, belonging, and acts of solidarity involving home communities, the establishment of lines of communication with various public and private institutions both in Mexico and in the United States, and substantial financial potential (made up of collective funds that transcend the characteristic limit of individual or family remittances) devoted to social work and, eventually, local and regional development projects.

One of the most significant demands made by migrant communities has been full exercise of the rights of Mexican citizens abroad, particularly the right to vote, which the Mexican Congress approved on June 28, 2005. This demand was a direct consequence of 1998 constitutional reform regarding the maintenance of Mexican nationality and incorporates three issues that counter the ideology and practices of neoliberal globalism: the strengthening of national identity, contrary to the disintegrative and disarticulating tendencies inherent in globalism; a collective impulse toward local and regional development that opposes the destructive impact of the internal market and the neoliberal basis of production; and democracy from below that decries the breach between the political class and civil society exacerbated by neoliberal "democracy" (Petras and Veltmeyer, 2001: Chap. 6).

At another level, the demands of the migrants in the United States include the regularization of their legal status, full citizen rights, and the shaping of a multicultural society that rejects political exclusion, socioeconomic marginalization, and the formation of permanent ethnic minorities. The demand for open borders is also important, since it takes aim at one of the vital points of the present strategy of imperialist domination characteristic of Mexico-U.S. interaction (Wihtol de Wenden, 1999).

NOTES

1. The maquila is considered an assembly plant associated with the international productive processes with little integration into the national economy. It imports the majority of its inputs and sells the majority of its production abroad (Dussel, 2003; Dussel, Galindo, and Loría, 2003), reducing its dynamic impact to basic survival wages.

2. IRCA is only one factor; the neoliberal project is another, since it undermines the reasons for staying in Mexico at the same time that the United States hardens its stance on migration.

3. The recession in the U.S. economy and the advent of China as an investment option (not only as an export platform but as a potential market) for U.S. capital undermined the Mexican export economy. In particular it had a significant impact on employment in Mexican maquilas (which fell systematically beginning in 2001, according to INEGI, 2005) and surely will also adversely affect the semi-maquiladora sector (auto and parts industry), leaving the apologist of the integration model in an uncomfortable position.

4. Although Mexican-born residents in the United States contribute to Social Security, they have the lowest levels of health care coverage (46.4 percent) among immigrants from Latin America and the Caribbean (CONAPO, 2004).

5. Paral (2002) provides significant data on the employment of Mexican workers in the United States and their important contribution to the economy of that country.

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