The Narrative of NAFTA:

How the Collapse of Mexican Farming calls for Changes in Trade Policy

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Does globalization work? This question seems to be prevailing throughout many of the discourses regarding the current economic structure of the world today. As the economies of countries become more and more integrated, many are now asking questions of the validity of such a system. Critics wonder who will actually benefit from such structures and if close ties between countries will be the answer for all or a boost in wealth to a select few who already enjoy global privilege. An important example of globalization policy is NAFTA. Though it cannot stand in for every agreement aimed at liberalizing international trade, it had very distinct causes and consequences that reflect the dangers of globalization when done incorrectly. The negative consequences of NAFTA manifested most in Mexico, the least developed of the three countries involved. There, globalization took a detrimental effect on its very crucial sector: the agrarian business. The crash of agriculture in Mexico is a major component in why NAFTA failed the country, and critics take it as a cautionary tale to policy makers of open trade. This paper uses research to create a narrative that reflects the mistakes and consequences of policy makers, creating a cautionary tale of its own. It examines why NAFTA was incorporated and how its specific policy failed to take the delicacy of the agricultural industry into account. This failure was detrimental to the country both directly and indirectly through ancillary connections of cultural, social, and environmental issues. From this narrative one sees that NAFTA was not a call to end all open trade but certainly is a call for a paradigm shift for those drafting free trade agreements.

Part One: Preemptive Celebration and Ignored Concerns

Many now see NAFTA as a deal in which the U.S. benefited at the expense of Mexico. For this reason, it is surprising that Mexico was the active agent in forging the policy's implementation. Mexican government officials planted the seed to NAFTA in 1982 when the country hit a debt crisis. In order to alleviate their debt, the country began liberalizing and privatizing their economy (Wise, Salazar & Carlsen, 2003). State companies were sold and banks that were made public during the revolution returned to being private (Martin, 1993). The selling of public land and the liberalization of trade broke traditional communal markets in a way that was destructive to the country's agriculture, but the government continued to take liberalized approaches to policy in order ameliorate their debt (Wise, Salazar & Carlsen, 2003).

In the late 80's, President Carlos Salinas decided to open the Mexico's doors to trade wider than ever before. His first attempt at creating open trade was in Europe, in which he traveled the country, speaking to officials about Mexico opening itself for free trade and becoming a center for cost-competitive production for foreign companies. His attempt was unsuccessful, however, because the western European countries had found cheap production elsewhere in the eastern European countries that had just become key markets into which they could invest after the collapse of the Soviet Union that once held them under tight control. This brought Salinas to the United States and Canada, and together the countries devised the North American Free Trade Agreement (Martin, 1993), a policy that had four main principles:

> "-the elimination of tariff and nontariff barriers to trade between Canada, Mexico, and the United States; equal treatment in each country for all goods and services produced in North America; a commitment not to erect new obstacles to trade after NAFTA was signed; a commitment to extend to NAFTA partners any special trade preferences any of the three countries makes available to non-NAFTA countries" (Martin, 1993).

From these principles, it is clear that the countries were coming together to forge an economy that could function close to the way an economy functions within just one country. The anticipation for the policy was quite positive. Economists predicted that all three countries would benefit from NAFTA, but Mexico would benefit the most (Martin, 1993). In fact, both sides of the border expected NAFTA to "bring Mexico into the first world" (Wise, Salazar & Carlsen, 2003). Models predicted that Mexico would encounter benefits such as a rise in GDP from .1 to 11.4 percent, a 7 percent increase in employment, and a rise in wages. Officials predicted NAFTA to bring in foreign capitol that would allow Mexico to reform and upgrade many sectors of their economy that was out of date with the advanced and competitive economies of the U.S. and Canada. These sectors included transportation, finance, and (ironically) agriculture. Even foreign investors were excited about the prospects of Mexico becoming the first "Tiger Country" of America. This title was a reference to the countries of South Korea, Malaysia, and Thailand whose opening of trade made them immensely valuable for international investment (Martin, 1993).

There was, of course, opposition from some toward this groundbreaking policy. The former liberalization the economy with policies such as GATT made many organizations and economic sectors suspicious of what NAFTA had in store (Martin, 1993). The bulk of this suspicion came from Mexicans in agriculture that had already faced the harsh effects that opening trade could bring. Mexico's constitution changes in the eighties ended ejidos and deregulated markets once mandated to be public. The effects were negative on small scale farming that once depended on government protection and a great purge of 15 million agrarian workers took place over the decade. For this reason, farmers were afraid of what a bill like NAFTA would compound upon already existing damage (Bartra, 2004). Human rights and environmental organizations worried over the detriments open trade could bring in labor rights, job losses, environmental degradation, and food security (Wise, Salazar & Carlsen, 2003). On the other side of the border, other bottom-up discourses were reflecting the same discomfort. Factory unions in the U.S. voiced strong opposition, stating that the bill needed to be revised to increase labor and environmental restrictions in Mexico, otherwise hundreds of thousands of jobs would be lost to the side of the border whose exploitatively relaxed restrictions made production favorable. One could also voice concern over the countries' scales in the trade agreement. The open trade in Europe was far different from the future deal of NAFTA. In the E.U., the most dominant player in the economy was Germany with only 25 percent of the union's GNP. In NAFTA, if the U.S., Canada, and Mexico were to form a trade entity, the U.S. would dominate a whopping 85 percent of the GNP (Martin, 1993). Would this incredibly unbalanced scale lead to one side having too much control?

These question of economic dominance and socially concerned opposition were largely ignored by the governments who did not see the need to incorporate non-monetary minded academics and organizations into the decision making (Wise, Salazar & Carlsen, 2003). Officials wrote off any concern over the loss of by explaining the term comparative advantage, which works as so: "if Mexico can buy corn for less from the U.S., Mexicans will enjoy lower food prices. If Mexicans pay for their food by exporting more cars, then Mexico's ex-farmers might become auto workers, while in the U.S. ex autoworkers might transport or process corn to Mexico" (Martin, 1993). Comparative advantage meant that jobs may be lost, but new jobs would occur that would situate workers in both countries in positions that made them better fit for a multinational field of production that would bring higher wages and more jobs (Martin, 1993). With opposition ignored and multinational excitement, NAFTA went into effect on 1994, but its costs quickly outweighed its benefits for Mexicans.

Part Two: From High Hopes to a Grim Reality

Within less than a year after NAFTA's incorporation, Mexicans had to depreciate the worth of their currency thus sending them into economic doldrums. This negative foreshadowing was indicative of the years to follow. The combined effects of previous neoliberal policies of the eighties and NAFTA were extremely detrimental to the country. Between 1984 and 2003, the population living in poverty increased by over 20 percent. Wages crumbled during this period with the minimum wage dropping 63 percent and also losing 23 percent of its buying power. The decrease in minimum wage did not lead to more jobs, but unemployment increased. The wealth disparity rose because while the general public fell into poverty, the wealthiest ten percent of the nation gained an increase in income of four percent, which placed Mexico as one of the countries with the highest wealth disparity in the world (Wise, Salazar & Carlsen, 2003). From this, there is an obvious question that had to be asked: what happened to the promises of prosperity? Was this not the exact opposite of what economists and government officials predicted?

A major spine of this destruction was the effects NAFTA and other neoliberal policies had on the agricultural industry. As predicted by the many voices of the industry that the government ignored, a rural crisis erupted from the opening of international trade. Between 1992 and 2007, 2.3 million Mexicans left agriculture, and five million family farm members stopped depending on their farms for income (Wise, 2011). Mexico's major crops of corn and coffee depreciated in value and rural production greatly decreased. A major component of Mexico's society seemed to be in great danger (Wise, Salazar & Carlsen, 2003).

A simple word lied behind all the harm done to the Mexican agriculture industry: dumping. Agricultural dumping occurs when one country, with a large surplus in a certain crop, decreases their unneeded product by selling it at costs below production in other countries. The U.S., in this case, was a major dumper in the market of North America. Because of their massive subsidies in commodity crops, meat, and dairy, the U.S. had a considerable surplus in soybeans, wheat, corn, cotton, rice, beef, pork, and poultry. This gave them the advantage of selling all of these products to Mexican markets at prices between 10 and 38 percent below their costs of production (Wise, 2011). Due to this, the market became dominated by U.S. imports. While the Mexican corn market had only eight percent U.S. corn before NAFTA, U.S. corn came to dominate an entire third of the market after the trade agreement. Similar increases occurred, causing forty-two percent of the food market to be U.S. produced (Wise, 2014).

It was only natural that if foreign food became so inexpensive then domestic farmers would face serious blows. In order to compete, producers were forced to reduce their products price by 44 to 67 percent. Production decreased in many sectors, and the collective loss from dumping that Mexican farmers faced was over twelve-million (Wise, Salazar & Carlsen, 2003). Though parts of NAFTA allowed for tariffs to be imposed if trade devastation as such occurred, the Mexican government decided to provide subsidies for domestic farms rather than limiting imports from the United States. These subsidies, however, did more harm than good, because they only padded the graves of small farms while giving bigger mechanical farms outside of the traditional rural sector an advantage in production (Wise, 2011). The advantage of adapting mass production rather than small-scale production led to Mexican food systems adopting the highly mechanized monoculture farming procedures of the U.S., reducing the amount of labor needed on the farm and thus reducing employment opportunities (Gallagher & Wise, 2002). From this devastation it is clear that "the cross the farmworkers [had] been nailed to was built in the 1980's, but the nails were hammered in place in 1994 when NAFTA became law" (Bartra, 2004).

If all of this damage occurred, and there was significant foreshadowing of it before NAFTA took place, why were the government and economic officials zealously propagating its sure success? The answer to this lies in the paradigm through which those in power observed the country's market. Government officials and monetary advisers always saw Mexico's rural side as merely a giant food factory from which goods could be extracted and used. They ignored the fact that one-fourth of their population resided in this area with their own delicate ways of life. Though the government viewed these citizens through a diminutive opinion of peasants, the value of these peasants' lifestyles were incredibly important to their communities but also to the country as a whole. The reason the governments did not respect this value in their decision making, however, was because it was a polyphonic value (Bartra, 2004). Polyphonic means "the efficiency and ability to compete cannot be judged only on the basis of the products they sell on the market directly and visibly" (Bartra, 2004) Terms of efficiency, productivity, and cost benefit analysis cannot be calculated from merely an economic standpoint, but must be considered from a social, environmental, and cultural lens that requires much closer attention and delicate care. Comparative advantage does not apply because when one loses a job in these systems, it is not just a matter of finding work elsewhere, but a matter of disrupting an equilibrium (Bartra, 2004).

Part Three: Polyphonic Disaster; Cultural, Social and Environmental Damages

A cost of NAFTA government officials greatly ignored was the damage done to indigenous cultures of rural Mexico. This was due to the fact that neoliberal systems always ignored the role of indigenous cultures as a service to be protected. These globalized economic systems focused only on people as individuals (employees and consumers), rather than members of complex and rich communities rooted in cultural exchanges that played important roles in shaping identities. Practices such as these viewed the nation as hegemonic, with everyone's needs being uniformly materialistic. Such practices lead to policies that stripped indigenous people of their land and their right to self govern. With this loss came their inability to reproduce their rich customs, ultimately leading to a disintegration of their identities (Otero, 2004).

NAFTA was specifically a major component in this cultural decay because of its devastating effects on small farms. Many people in the rural south were indigenous, and in some areas indigenous people were even the majority (Otero, 2004). Without their farmland, lack of income forced peasants to seek practices outside of their traditions, often leading to mass emigration from the countryside. Outside of their established homeland, indigenous people no longer had the communities that gave them their sense of self but were surrounded by capitalistic hegemonic populations. They were isolated in two senses; in one sense, they were isolated from their home of the past, and in another they were isolated from the neighbors of their present from which they had distinct cultures differences. Cultural degradation was not detrimental to just the individuals who faced its wrath, but it was also a major blow to the country of Mexico because the great plurality in peasant tribes had always given Mexico a wide range of cultural knowledge that was now in great danger of extinction (Bartra, 2004).

Loss of culture was not the only detriment facing rural inhabitants and society at large. In fact, many social damages were caused by the great decline in farm employment. Extended families often populated rural areas, working together on their farm. These extended families also formed agrarian communities amongst other families, forming ties that forged important social solidarity. Because of NAFTA 's effects on small-scale farming, mass emigration from rural areas occurred as ex-farm workers had to desperately seek employment. Solidarity withered away as emigration fractured the family and community ties that once served as a cornerstone to Mexican society (Bartra, 2004). Many migrated to urban centers, but these centers were not equipped to handle such large and immediate influxes in their denizen population. This left many rural migrants searching for security only to find very limited space, if any at all (Wise, Salazar & Carlsen, 2003). Even worse was that once they arrived in these cities, lack of employment opportunities harshly confronted the migrants; the job promises of NAFTA were nowhere to be seen. A major solution to both a lack of space and employment was to take part in the informal economy, which was often parasitic to society rather than productive (Bartra, 2004). This partaking in informal economy often meant finding work in the drug trade. The relaxed trade laws of NAFTA made it easier than ever for cover businesses to sneak cocaine over the border. Many rural immigrants were faced with joining the social issue of drug violence or being its victim (Parenti, 2011).

City borders weren't the only borders that Mexicans were attempting to cross due to the depletion of rural employment. During the 1980's in which neoliberalism began, 235,000 Mexicans migrated to the United States. Between 1990 and 1995 alone, 257,000 migrated across the northern border. By 2003, an estimated ten percent of the Mexican population lived in the U.S., removing themselves even farther from the communities that once held them. Though high immigration was predictable due to likely job losses, there were no negotiations made between the U.S. and Mexico on more flexible immigration laws that could assist the refugees caused by NAFTA. In fact, while drafting of the bill, the U.S. outright rejected any forms of immigration negotiation from the start (Wise, Salazar & Carlsen, 2003).

In fact, U.S. immigration policy upon NAFTA became significantly more defensive. In 1994, the U.S. launched Operation Gate Keeper, which made the U.S. and Mexican border a battleground between border officials and immigrants as the U.S. attempted to stringently reduce undocumented immigration (ACLU, 2009). In order to decrease the illegal immigration in common border patrol became a highly intensified and high-tech operation with hundreds of miles of physical barriers and many security enhancements at crossable locations. The U.S.'s strong attempt to keep undocumented Mexicans out of the country led to a funnel effect in which Mexicans only had a chance of crossing the border if they attempted to pass through lands with little patrol. These lands were mostly far from populated areas and in order to cross the border through them, one had to travel over vast amounts of desert. In order to survive and navigate these long expanses of lifelessness, many immigrants had to turn to smugglers. These smugglers, however, could often be more dangerous than safe. They would exploit the funds the immigrants gave them, then desert them for death or abuse them along the trail (Rose, 2012). Due to these ghastly terrains and abusive leaders, Mexican deaths increased and between 1994 and 2009, an estimated 5,600 immigrants died trying to cross the boarder. The number is likely higher, but the obscure reality of secretive crossings hides the truth (ACLU, 2009). From all of this, it is clear that the creation of trade refugees from the countryside led to horrid social consequences of violence or death when met with the U.S.'s closed-door policy.

Factories along the border were also places of refugee suffering. Factories for exports increased by 100 percent in Mexico, especially in the northern region. These "maquiladoras" became the go-to place for many of those displaced from rural life by the destruction of farming in Mexico. As comparative advantage stated, if agricultural jobs declined, manufacturing jobs would increase. These jobs, however, were anything but ideal, and if a rural refugee did find employment within the maquiladora system, he or she would surely encounter abuse. The majority of these factories were in fact owned by the United States and ranged not only in the north but in the central and south areas of Mexico as well. The location of these multinationals, however, was constantly changing. Their system was simple: move locations frequently enough so that laborers do not have the time to form unions. Because of this, the factories could ignore both health and labor rights without facing organized backlash. With a surplus of labor left from the collapsed agricultural industry, there would certainly be desperate hands to exploit in the next location the multinational selected (Obrera, 2003). Whether the displaced workers from rural areas fled to the U.S. or remained in the country, they were confined to social issues of isolation, violence, and abuse.

It is clear that NAFTA caused devastating social issues; however, there is one last major consequence the country faced because of NAFTA's effect on farming: environmental damage. Neoliberal practices led to relaxed environmental policies for manufacturers and farmers in order to attract companies for cheap production (Wise, 2011). It's no surprise that between 1984 and 1995, waist grew by 108 percent and pollution by 97 percent, which caused environmental damage to amount to 10 percent of Mexico' GDP. Farming itself played a distinct role in environmental damages (many of which do not factor into these numbers). Mexican's farming industry needed chemical and irrigation intense practices to create massive monocultures that could compete with the U.S.'s industrial food monster. This drove Mexico to pollute and strip their land, raising soil erosion by 89 percent (Gallagher & Wise, 2002).

It is obvious that the adaptation of the eco-disastrous industrial food system would lead to land destruction, but a less obvious issue of biodiversity pressed upon the country. Mexico was part of the Mesoamerican Biological Corridor, which made it a large portion of a very unique geographic location. Though it was only .51 percent of the earth's land surface, the Mesoamerican Biological Corridor contained more than 8 percent of the world's biodiversity. For this reason, both in agriculture and in general, Mexico's biodiversity is crucial to its importance in the world. After NAFTA, however, foreign interests sought to capitalize upon the resources offered by this biodiversity, which led to great quantities of extraction of species by multinationals. If a multinational was interested in "preserving" a species (such as Starbucks' investment in persevering coffee species) it was for long term financial gain, thus separating conservation from sustainability. In agriculture specifically, multinationals would seek unique species to harvest in bulk, acquiring the land and leaving the peasants who once farmed it without the crop upon which they depended (Carlsen, 2004). Other forms of industrial farming cleared land for monocultures that reduced the biodiversity of the land, and their imports of GMO reduced the wide variety of crops that Mexico had to offer. The reduction of these crops, however, are not just a matter of stripping the environment, but were a matter of eliminating agricultural breeds that indigenous society cultivated for over centuries. In this sense, NAFTA and other neoliberal policies caused both environmental and cultural detriments through a decrease in biodiversity.

Conclusion: The Illusion of Cheap

In 2007 to 2008, the increase in biofuels and the U.S. market crash led to drastic spikes in food costs in Mexico. Unfortunately for Mexico, they had stopped producing their own food, and it was clear that the devastating social issue of food dependency was upon the entire country as many went hungry. Cheap food had only been an illusion created by the manipulation of markets and could disappear the moment a disruption on Wall Street occurred (Wise, 2014). This is a moment in which one can reflect on the disastrous effects NAFTA had on farming in Mexico and the way it affected the society at large. Though NAFTA had destroyed the security of rural life, led to an influx in poverty, caused deaths through immigration, allowed worker abuse, and stripped the environment, it had at least given the country of Mexico cheap food. In this moment however, one sees that cheap food meant nothing and the people of Mexico were trapped in a state that begged for repair. Because extreme open trade caused ubiquitous devastation in Mexico, the message is clear: open trade may not be unconditionally destructive, but small-scale industries such as farming must not be ignored in policy making. Otherwise, predictions of liberalization will be over-optimistic. Though small-scale farming seemed insignificant, it’s destruction brought many costs that a mere market analysis could never detect. Policy makers must be attentive to the range of issues that can occur from free trade and consider how the preservation of small-scale food production is a high stakes issue because it is inseparably linked to the makeup of a society.

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