

The stark reality of Mexican's lives contrasts with the optimism of President Fox

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These days both governments and some business groups continue to talk about great achievements and how they propose to deepen the integration of our economies. They are proposing a NAFTA-plus. As Canadians hear President Fox's exultant speeches delivered in Ottawa this week, it is important to know the hard facts behind the Mexican reality.

More and more Mexicans are leaving and risking their lives to cross the border in search of the American dream. The money sent to families back home by Mexican migrants in the U.S. went from U.S.\$3,673 million in 1995 to US\$13,266 million in 2003, almost a four-fold increase. There is talk of Mexico having become an exporting power in Latin America, but this has not translated into trade surplus as we continue to run a commercial deficit. The money sent home by workers represents our nation's second greatest source of foreign currency.

Mexicans were promised that 'free trade' would bring them more and better jobs and we have ended up with fewer and worse. Under a decade of NAFTA some 880,620 jobs have been created on average each year, but the population of economically active people between the ages of 15 and 64 has grown by 1,391,209 yearly. So in fact, only 58% of the job market requirements have been met. Furthermore, the jobs that have been created are of poor quality. Of these new jobs, 59.5% don't meet the basic benefits required by law. In the manufacturing sector, where the biggest gains from NAFTA were supposed to take place (particularly since it has produced 87% of all exports while receiving half of all foreign investment) employment has actually dropped by 12.8%. For industry owners, the cost of labour has fallen by 37.7% despite a 58.6 % increase in productivity. At the beginning of his mandate, President Fox promised a million and a half new jobs each year, but the reality following his first four years in power is a net decrease in employment. As of August 2004 there were 437,942 fewer workers covered by social security as compared to figures at the start of the Fox administration.

Mexican agriculture has arguably felt the most devastating impact of ten years of NAFTA. The importation of corn and oil seeds (mainly from the U.S.) has increased from 8.8 million metric tons in 1993 to 20.3 million in 2002. This has meant a dramatic increase in rural unemployment, and a loss of both our food security and our sovereignty. The supposed cheap food deal that Mexican consumers were told to expect has never materialized. Between 1994 and 2002, the cost of items in the basic food basket increased 257%, while farmers saw only a 185% increase in the prices paid for their produce.

The Mexican government talks of tremendous macroeconomic successes under NAFTA. The statistics they use are real but only tell part of the story. For example, reference is

frequently made to exports having tripled, and that foreign investment has grown by US\$ 173,420 million (of which US\$ 136,971 is direct investment), a rate 3.5 times greater than the average before NAFTA's implementation. That's true. However the stated objective was for the economy to grow rapidly and this has not been the case. The growth of the Mexican GNP under NAFTA has only averaged 1.2% a year – the lowest rate for any of the growth strategies employed by the government in the Twentieth century. President Fox promised a 7% annual growth rate and what we have to date is 0.64%.

From this brief analysis we can see that NAFTA's promise for Mexico has not been met. However, thanks to this 'free trade' deal, Mexicans are experiencing an economy that is disintegrating as it is being denationalized. The State is losing its ability to promote genuine development while social standards deteriorate.

This commentary has focused primarily on Mexico, but NAFTA's impact on Canada as well as the U.S. is outlined in the book Lessons from NAFTA: The High Cost of "Free Trade", published by the Canadian Centre for Policy Alternatives.

Mexicans are demanding that NAFTA either be renegotiated under a different frame of reference or be ended. Just last year Mexico's rural population coalesced into a mass movement bigger than anything seen in recent years, and there have been ongoing demonstrations calling for the suspension of NAFTA's agricultural agreements. There is also growing opposition throughout the Americas to this 'free trade' agenda. Meanwhile, President Fox is in Canada talking about deeper integration. We don't want more 'free trade'; we want sustainable development built on social justice.

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