



## Institute for Agriculture and Trade Policy

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# NAFTA Takes the Political Spotlight: It's about time

By Alexandra Spieldoch

*"We're seeing the strongest opposition to free trade expansion in recent memory. NAFTA has become symbolic of the fears and apprehensions of globalization in general."*

Eric Farnsworth, Council of the Americas.<sup>i</sup>

Almost 15 years after it was ratified, the North American Free Trade Agreement is increasingly in the spotlight. The U.S. public has a growing understanding about the link between trade and the economic and social challenges currently surfacing. Presidential candidates are being called on by the public to answer to NAFTA and the economy.

Over the years, there have been different views on how NAFTA has affected the environment, the downward wage spiral and loss of jobs, and rural development. And, while NAFTA is not responsible for all the woes in North America, it has clearly not fulfilled its promise to create good jobs, increase wealth and decrease migration.

During NAFTA, wealth increased only for a select few in each of the three countries. The gap between rich and poor has widened. And that gap is driving forced migration from Mexico into the U.S. Today, over 500,000 people cross into the United States from Mexico every year. The U.S.-Mexico border is the world's highest immigration corridor. Remittances (money sent back to Mexico from migrants) were at \$25 billion in 2007, coming in only second to oil as a source of Mexico's foreign revenue. These remittances are not creating development in Mexico. Rather, they are a desperate attempt to ease poverty that has become so dire. Overall, NAFTA has worsened the economic divide between the U.S., Mexico and Canada.

IATP has argued for years that NAFTA-style deregulation is the wrong form of integration. A closer look at agriculture helps us understand just what is so problematic with the NAFTA model.

To prepare for NAFTA, the Mexican government dismantled its domestic support for agriculture, including land allocation laws, the grain reserve, programs for rural sector development, and tariffs on basic foods such as certain varieties of corn, beans, and dairy products. Decreased spending on agriculture in Mexico and tariff cuts combined with U.S. exports being dumped at below the cost of production. The result has been devastating for small farmers and contributed to unemployment and migration from the countryside. Over two million people have been forced off their land in Mexico since NAFTA, many migrating to urban centers within Mexico and the United States.



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Many of those former farmers, unable to make a living in Mexico, have been absorbed into the agricultural sector in the U.S. Raul Delgado Wise, Executive Director of the International Network on Migration and Development, refers to this phenomenon as the “Mexicanization of U.S. agriculture.” In the U.S., most migrant workers in agriculture take seasonal jobs and are paid low wages by the hour for the amount of work done. According to the USDA, between 2.2 and 3.1 million undocumented immigrants work in three agri-food sectors: farming and fishing, meat and fish processing, and food service. Most of these workers come from Mexico. Once here they face incredible challenges, including the potential for death crossing the border to get here, poor wages, poor health care and housing.

While policymakers and the media are focused on the need for immigration reform in the U.S., they consistently fail to make the connection to NAFTA and to the systemic causes of forced displacement. Oscar Chacon, the Executive Director for the National Alliance for Latin American and Caribbean Communities, talks about the fact that in most cases undocumented immigrants are victims of extreme poverty and hunger in their country of origin and then again in the U.S. as they struggle to survive and evade deportation. And, while migration is not new, the number of undocumented migrants coming to the U.S. from Mexico has doubled since NAFTA came into force.

NAFTA hasn’t been good for U.S. farmers either. From 1992 to 2002, the U.S. lost over 200,000 farmers. The 1996 Farm Bill deregulated farm commodity programs leading to grain overproduction and 10 years of price collapse, until the recent ethanol boom. Cheap grains have indirectly subsidized the meat and processed food industry, whose operations have consolidated and whose profits have grown. From 1999 through 2006, Cargill’s overall profits went from \$597 million to \$1.73 billion. Meanwhile, the consumer has seen an increase in food prices since NAFTA.

Our neighbors in Canada share a similar story. The National Farmers Union in Canada reports that agri-food exports have increased substantially since NAFTA, as have corporate profits. Conversely, realized net farm income has gone down, farm debt has more than doubled, there are less farmers today, and food prices in Canada have risen.

With an eye toward a new Congress and President in 2009, the political opportunity is here to make a change.

On March 5, IATP co-organized a conference in Washington, D.C., entitled Linking Agriculture, Development and Migration: A Critical Look at NAFTA Past, Present and Future, to promote an alternative vision for this region among legislators and civil society. One major outcome was that Canadian MP Peter Julian (Burnaby-New Westminster), U.S. Congresswoman Marcy Kaptur (D-OH) and the Honorable Yeidckol Polevnsky (senator for Mexico State and vice-president of the Mexican Senate) announced their joint commitment to call for the renegotiation of NAFTA. Civil society groups in the U.S., Mexico and Canada have outlined concrete suggestions for what renegotiation would entail.<sup>ii</sup>

Perhaps the most encouraging outcome is that legislators and civil society were able to speak frankly about our moral responsibility to one another in this region and elsewhere. Economic integration could make sense, but not as we have seen it. Recognizing the fundamental errors with the NAFTA model, we must change our course so that integration is about regulated investment and managed trade in support of people, the environment and infrastructure, healthy and accessible food, a higher standard of living, and regional citizenship. What we are talking about is respect for communities, people and the environment, not just the profits of multinational corporations. Renegotiate NAFTA? Lives depend on it. And so does the stability of the region.

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<sup>i</sup>Dickerson, Marla. “NAFTA Has Had Its Trade-offs for the U.S.” *Los Angeles Times*. March 3, 2008.

<http://www.latimes.com/business/la-fi-nafta3mar03,0,1668218.story>

<sup>ii</sup>Alliance for Responsible Trade (USA), Common Frontiers-Canada, Red Mexicana de Acción frente al Libre Comercio (RMALC), Réseau québécois sur l’Intégration continentale (RQIC). “NAFTA Must Be Renegotiated: A Proposal From North American Civil Society Networks.” March 3, 2008.

<http://www.tradeobservatory.org/library.cfm?refid=102003>