

By Philip Martin

Abstract: *International migration involves the movement of people over national borders, while international trade deals with the production of goods or services in one country and their consumption in another. Migration and trade can be substitutes, so that lowering barriers to trade between countries with different wage levels reduces economically motivated migration "naturally" as trade in goods narrows the differences in wages that can lead to unwanted migration. Or migration and trade can be complements, when there is both more trade and more migration. NAFTA was sold as a substitute for migration, but turned out to be a short-run complement. The end of the Mexico-U.S. migration hump justifies a new attitude toward migration.*

The North American Free Trade Agreement was the first reciprocal and rules-based trade agreement between an industrial and a developing country. Canada and the U.S. signed a free trade agreement in 1989 with little fanfare in the U.S., and Mexican President Carlos Salinas in 1990 proposed a similar FTA with the U.S. to lock recent Mexican economic policy changes into an international agreement and reassure foreign investors. The major opposition to NAFTA arose in the U.S., where presidential candidate Ross Perot in 1992 predicted that there would be a "giant sucking sound" as U.S. jobs moved to Mexico. Unions led by the AFL-CIO made the defeat of NAFTA their primary goal in 1993.

NAFTA was narrowly approved by the U.S. Congress in 1993 and went into effect January 1, 1994. The purpose of NAFTA was to increase trade and investment between Canada, Mexico, and the U.S., and a hoped-for side effect was less unauthorized Mexico-U.S. migration. NAFTA accomplished its trade and investment goals, helping to forge integrated supply chains between Canada, Mexico, and the U.S., especially in the auto industry. NAFTA also encouraged more Mexico-U.S. migration, a migration hump.

Freer trade speeded up changes in all three countries, including movement out of agriculture in Mexico and deindustrialization in Canada and the U.S. Workers displaced from factory jobs in Canada and the U.S. did not move to Mexico, but many children in the already poor rural Mexican families dependent on small-scale production of corn (a product that could be imported cheaper from the U.S.) soon realized that they could not get ahead farming

as their parents had done for generations. The young people needed geographic and occupational mobility, viz., to get out of rural Mexico and small-scale farming. The result was a Mexico-U.S. migration hump that peaked in 2000.

An average of over 3,000 Mexicans a day were apprehended just inside U.S. borders during the late 1990s, when the Mexican labor force increased by a million a year but only 350,000 formal sector jobs were created annually. The U.S., by contrast, was adding over 10,000 jobs a workday or 2.5 million a year, and many farm, construction, and service employers were eager to hire rural Mexicans with relatively little education.

The Mexican government and many researchers urged the U.S. government to expand and create new guest worker programs so that Mexican workers could enter the U.S. legally. President Bill Clinton strongly opposed new and expanded guest worker programs, saying: "When these programs were tried in the past, many temporary guestworkers stayed permanently—and illegally—in this country. Hundreds of thousands of immigrants now residing in the U.S. first came as temporary workers, and their presence became a magnet for other illegal immigration." In other words, Clinton rejected the notion that large-scale Mexico-U.S. migration was inevitable and feared that admitting some Mexicans as guest workers would further increase rather than decrease illegal migration.

By 2007, over 10 percent of the 120 million people born in Mexico were living in the U.S., and 60 percent of the estimated 12 million unauthorized foreigners in the U.S. were Mexicans. Over eight million unauthorized foreigners were in the U.S. labor force, making one in 20 U.S. workers unauthorized.

The 2008-09 recession slowed Mexico-U.S. migration, as the U.S. unemployment rate topped 10 percent and federal and state enforcement efforts made it more difficult for unauthorized foreigners to enter the U.S. and find jobs. Mexico-U.S. migration began falling, so that the upsurge in Mexico-U.S. migration between 1990 and 2010 appears as a hump, first rising with the changes wrought by NAFTA before falling below the level that would have occurred if there had not been NAFTA.

NAFTA contributed to faster economic and job growth in Mexico that "saved" unwanted migration in the long run, but increased migration in the short term. The NAFTA experience shows that industrial countries can succeed in

“attacking the root causes” of unwanted migration with freer trade, but there may be a migration hump that persists for a decade or two. There are many reasons for migration humps, but the simplest is that freer trade can displace workers quickly, while time is normally required to invest in factories or other businesses that create jobs in the poorer countries. If workers made worse off by freer trade have connections to jobs abroad, they may cross national borders, leading to a migration hump.

What’s Next?

Mexico-U.S. migration is poised to remain on a downward trajectory due to slower labor force growth in Mexico and better education systems in rural areas that prepare Mexican youth for jobs in Mexico. At the same time, the U.S. has made it more difficult to cross the U.S.-Mexico border illegally and work, and this combination of decreasing push factors in Mexico, tougher and more costly illegal border crossings, and more difficulty finding work in the U.S. promise less illegal Mexico-U.S. migration in the future. However, legal guest worker migration from Mexico to the U.S. (and Canada) is rising, with 150,000 or more work H-2A and H-2B visas issued each year to Mexicans to fill seasonal U.S. jobs.

U.S. agriculture, which has been a port of entry to the U.S. labor market for rural Mexicans, is complaining of labor shortages and asking for easier access to legal guest workers. The policy question is whether to make it easier for U.S. farmers to hire rural Mexicans as guest workers, since fewer are arriving as unauthorized workers. Rising labor costs are encouraging mechanization, and the next decade is likely to witness a race between machines and migrant guest workers in U.S. farm fields.

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