The Game of NAFTA
Winners, Losers, and Policy Implications
Shelby Flores
Washington and Lee University • Lexington, Virginia • Latin American and Caribbean Studies Program • Winter Term 2015

The Game
- NAFTA signed in 1992, took effect in 1994
- Objectives include:
  - Eliminate trade barriers and increase investment opportunities
  - NAFTA lacks a social component
  - Unlike the EU, NAFTA does not address labor migration or allocate funds to develop the less advanced country
  - Unfair playing field between the U.S. and Mexican agricultural sectors
  - U.S. farm industry heavily subsidized by the government
  - North American Agreement on Labor Cooperation (NAALC): labor agreement passed with NAFTA
  - Weakened, rather than strengthened, labor standards in Mexico

Winners
- Quantitative Data
  - Between 1993 and 2011:
    - U.S. agricultural exports to Mexico rose by 408%; sales topped US$18 billion in 2011
    - Total U.S. exports to Mexico increased by 330.1% and total U.S. imports from Mexico increased by 485.3%
      (approx. 40% of the content of imports is of U.S. origin)
  - No “giant sucking sound” of jobs going south to Mexico

Personal Narratives
- Caterpillar Inc.
- Toyota Motor Corp.
- Mississippi and Florida farm industries
  - Not a NAFTA success story in the U.S.
  - “I don’t know of any farmers who are making money...We need to protect our growers or we’re not going to have many left.” (Clyde Magee, grower in Mize, MS)

Policy Implications
- Mexican migration to the United States
  - Who gains/loses in the game of NAFTA: results are not black and white
  - Association with remittances from U.S. and lower homicide rate in Mexico (IDB report, 2014)
- Illegal drug and arms trade across the U.S.-Mexico border
  - U.S. consumption driving Mexican production (amplified by weak Mexican institutions)
- Trans-Pacific Partnership: “NAFTA on steroids” (a work in progress)
  - 12 countries, including: U.S., Mexico, Canada, Chile, Peru, Japan, Malaysia, and Australia
  - Counterbalance to China’s economic might
  - Includes a mechanism to “strengthen institutions important for economic development”

Losers
- Quantitative Data
  - Per capita income in Mexico rose from $6,932 in 1994 to $8,397 in 2012 (at an annual average of 1.2%)
  - Far slower than Brazil, Chile, and Peru
  - Mexico’s poverty rate of 37.1% in 2012 is not much different than the poverty rate in 1994 (45.1%)

Personal Narratives: “PRODUCT OF MEXICO”
- “...the export boom is a story of exploitation and extreme hardship.”
- “They want us to take such great care of the tomatoes, but they don’t take care of us.” (Japolina Jaimez, field hand)
- “They treated us like slaves.” (Ricardo Martinez)
- “I work because...we need money to eat things.” (Alejandrina Castillo, 12)
- “I’d like to eat a cookie, or a potato chip, but I don’t have any money.” (Catarino Martinez, farmworker)
- “To the extent U.S. retailers scrutinize conditions at Mexican farms, the focus is on food safety, not worker welfare.”

“The gringos are the ones that put up the money and make the rules.”
—Luis Garcia, labor contractor (LA Times)