

NAFTA in Oaxaca, Mexico

The effects of bringing globalization to a developing state

Introduction

Mexico is a country with a tumultuous history of efforts made to stimulate economic growth and development. When Mexico joined the North American Free Trade Agreement (NAFTA) in 1994 it was hoped that the country would reach “developed” status and be a world-class city. The effects however were not as positive as optimists had hoped. While there have been advances in technology and manufacturing, poverty has been widening, cultures lost, and economies destroyed at the micro scale. This paper argues that Oaxaca is in a developing state and that despite efforts of joining NAFTA and stimulating economic growth there have been various negative effects. Oaxaca has a rich history and cultural identities that are being lost with increasing rural to urban migration, homogeneity, assimilation, and widening poverty. This paper will explore issues of migration, integration, economic inequality, education, and labor rights and the transformation of these issues that come from processes of globalization, namely NAFTA. This paper also argues that addressing issues of “under-development” and slow economies cannot be done at a national or global scale, but must be explored and understood at the scale of cities and settlements in a state or country.

About Mexico and arguing Oaxaca is a “developing” state

Mexico is a country that has been evolving out of an authoritarian system in recent years and is still working to become a developed nation and world-class country. The Mexican Revolution was an event that sharpened the Mexican Constitution to bring freedoms to people in labor, economy, and education. The people of Mexico have economies and settlements built around rural farming, and producing artisanal crafts like blankets, clothing, baskets, bags, and other cloth products. Mexico has been struggling to grow its economy since the 1970s and has yet to have any long-term economic growth. The country signed onto NAFTA in 1994 in hopes of advancing the country and its people but since joining their standard of living has been threatened, as well as democracy, human rights and labor rights.

Northern Mexico and cities like Mexico City are quite developed as far as having large buildings, skyscrapers, high GDP, massive populations, automobiles, urbanization, and hosting international financial corporations and headquarters. The Human Development Index scores of the country is 0.770, but Oaxaca’s HDI is lower at 0.716 (2011 HDI scores). As a country Mexico ranks number 57 worldwide with “high human development”, however the state of Oaxaca is at “medium human development”. 1/3

of Oaxaca's population is indigenous, and over 75% of the population lives in extreme poverty (Haber et al., 2008). The developing status of Oaxaca is close to African cities, India, and occupied regions of Palestine (<http://hdrstats.undp.org/en/countries/profiles/MEX.html>). Oaxaca is a country with a large city center, Oaxaca City, that has high poverty, homeless populations, poor education, low educational attainment (high dropout rates at the youngest ages). Oaxaca also has a very high amount of isolated indigenous peoples. The result of such a high indigenous population is a rich culture and history across the state. There are many cultures, small-scale economies, dialects, traditions, and historically very little homogeneity. Oaxaca state has the most municipalities of any other in Mexico, resulting in political fragmentation. Economic inequality is one of the biggest issues that has been plaguing Oaxaca since the early 20th century.

A Historically Authoritarian Government: corruption and economic inequality

As far back as 1917 I learned that Mexico has had a longstanding need for economic growth. One of the reasons states in Mexico are so poor is because of corruption in the government and corrupt alliances with institutions (Haber et al., 2008). Corruption is a product of the social and economic inequalities in the country. Historically the authoritarian government has favored the wealthy class by giving them select benefits and low taxes. However, there was an ever-present risk of the government expropriating land from its owners and the creation of rent-seeking coalitions for revenue had opened the door up to more internal conflict. I was introduced to the Institutional Revolutionary Party (PRI) in Mexico which had power for over 70 years, but was full of corruption and had power through the 1980s. Mexico has also historically practiced trade protectionism which hindered economic growth. They started reducing trade protections in the 1980s but there was no long-term economic growth as hoped for. By the late 1980s Mexico was at an economically stagnate and there was widespread discontent with the PRI (Haber et al, p. 73).

The evolution of Mexico's banking system is a reflection of the government's strong desire for revenue, evident in actions such as privatization of banks and expropriations in the 1980s, which led to the economic collapse and bailout in 1995. Even after efforts for financial liberation started in 1997 the economy was still under-developed. Since the 1980s it's been argued that one reason for Mexico's underdevelopment is a continuing shortage of credit combined with property-rights institutions created under authoritarianism explains the under-developed financial system. Changes in the financial and banking system of Mexico are considered still incomplete and evolving, thus the "second Mexican revolution" that began in the early 1980s is still continuing.

Privatizing Education and the 2006 Uprising in Oaxaca

After the Mexican Revolution in 1910, Article 3 of the new Mexican Constitution guaranteed education rights. However, the government realized there was more money in education if it was privatized. Since the 1960s efforts to privatize education have been dominating Mexican policy (citation). In response there has been a resistance to education privatization in the form of grassroots movements of the people of Mexico. Reforms by the World Bank, International Monetary Fund, and NAFTA have further undermined the right to free public education. Privatization of education means teachers' rights and wages were decreased, and education in public schools is very poor. Most Mexicans cannot afford the cost of private schools or the uniforms.

Privatization and destabilization of Mexico's education system has led to competition within the movement for personal and political gain. Teachers started adopting ugly behavior similar to unions that are not interested in labor rights and educators lost their connections to the community. Teachers have worked together to start anti-privatization movements and pro-union efforts. The Democratic Teachers Movement is one group that has stagnated the education process. In 2006 an annual Democratic Teachers Movement demonstration escalated to one of the biggest uprisings in the nation. Riots, tear gas, and rubber bullets littered the streets of the city of Oaxaca, and a march all the way to Mexico City took place.

The issue of education indigenous populations has become more relevant in the last two decades. Indigenous cultures have been exposed to more global standards and efforts to homogenize and culture is again being lost. The Coalition of Indigenous Teachers of Oaxaca (CMPIO)-is one effort of indigenous peoples that helps communities preserve cultural identities and confront the changes brought about by globalization. Until standardization came to these cultures, there were no education programs for indigenous children. Standardization was very impersonal, for example the education system imposed the primary Mexican language which diminished dialects. There needs to be a way to teach that responds to people's needs, and there needs to be a collective effort from the people of the country to meet the challenges of globalization

Liberating Trade and NAFTA

The period of the 1940s through the 1970s is known as "the Mexican miracle" because its economy grew steadily (cite MX since 1980). Inequality increased as productivity rose faster than wages, making the rich get rich quicker while the poor got rich at a slower rate. Since the 1980s economic growth has stagnated and there has been a need for economic recovery ever since. Trade liberation was a

global trend in the 1980s and was meant to foster progress. Chile was one case-study of an economic “miracle” where wages and regulations were practically non-existent and the economy grew because of high investments and exports. Chile’s trade liberation became an economic model for growth and trade liberation. So in 1982 Mexico changed its economic policies to favor more corporate investor, creating a capitalist economy and free trade. In 1989 Carlos Salinas de Gortari was Mexico’s president and he had begun enacting legislation that worked to liberalize Mexico’s economy and lift restrictions on foreign investments. By 1994 Mexico had joined the North American Free Trade Agreement (NAFTA) and free trade began taking effect. It was a gamble that still didn’t pay off with long-term economic growth. There was some short-term growth, but because Mexico hadn’t “fully liberated” its economy the payoff wasn’t enough.

Mexico’s trade liberation had numerous negative effects, including a lack of economic growth (Haber et al., 2008). There were major violations of human and labor rights in the work force. We spent a great deal of time in Puebla and Teotihuacan learning about factory conditions and what it was like to try to form an independent union. These wonderful people told us how labor contracts were usually given not negotiated. Everything was capital-driven; factories popped up everywhere that were owned by multinational corporations. Local economies were destroyed, even factories owned by Mexicans were shut down. The only power the workers had was the work they could do; the less replaceable you become, the more negotiation power you have. A contract expressed the limits of various party’s’ behavior; the boss (who had the final say), Human Resources, and finally the worker. Filing worker’s grievances was a fear-inducing task. There were many questions raised when it came to human and labor rights and forming unions, such as ‘what does it mean to be a worker or an employee? What rights does each have?’ Forming unions was another fear-inducing task, but one that brought people together in solidarity against corporations, factory-owners and thugs.

“International trade theory suggests that countries should concentrate their production in areas of comparative advantage. In the past those advantages were mainly determined by the availability of natural resources and climate. With today’s technology of communication and transportation, as well as the abandonment of trade theory’s assumption that capital would not move across national boundaries, the basis for most nations’ comparative advantage is more than ever political rather than geophysical” (Hathaway, pg. 23). NAFTA & the global economy has opened the door to international corporations being able to build factories in Mexico and other countries that exploit workers because of cheap labor and lax policy. When Mexico signed onto NAFTA transnational corporations began to close plants in the US and Canada, then routinely deny workers in their new Mexican factories the right to form meaningful

labor unions. Corporations also ignored environmental risks and dumped toxins into waterways and continually exposed workers to toxic chemicals in the factories that caused birth defects in their children.

The FDI that came to Mexico after signing onto NAFTA was mostly brought to the manufacturing sector of Mexico's industry and economy. The results did not produce long-term growth. NAFTA displaced roughly 1 million Mexican farmers (cite and explain more). US corn was cheap, minimum wage was decreased, and the number of *maquilas* (factories and sweatshops) doubled. NAFTA has left rural areas with few economic resources, thus these areas are exploited for their natural resources. Violence and starvation are tactics often used to drive indigenous communities from their land. Processes of globalization and international trade are also bringing housing, labor, education, and economic standards to isolated indigenous communities that are causing people to migrate to larger cities in the country, reducing cultural identities of people, and diminishing their resources. Outmigration has been one of the largest issues in Mexico in the last two decades because previously isolated cultures cannot compete with the global market so they migrate to larger urban cities.

Human and Labor Rights Efforts

With a global economy comes the question of democracy. New companies that have been building factories in Mexico since the implementation of NAFTA have been unwilling to spend money on Human Rights and Labor Rights. Mexico's participation in the global market gave hope to those who wanted a chance at wealth by getting a legitimate factory job. Labor contracts were usually given, not negotiated, and factory bosses were driven by capital. Efforts to unionize *maquilas* were made to ensure workers and company cooperation and to ensure human rights were not violated by companies. Unfortunately efforts to unionize are being met with resistance that includes firing of individuals associated with union efforts, bombing homes and organizations, thugs hired to intimidate and beat individuals, and many more atrocities against individual rights. *Frente Autentico de Trabajo (FAT)*, an organization that fights against political and social systems of inequality, is one of many entities working to unionize *maquilas* throughout Mexico.

Everyone but the worker benefits from Mexican labor. Labor is cheap, resources are cheap, profits are high, production is quick, and there is no respect of any laws except capitalism and globalism/global economy. This global economy has allowed a few corporate elites to benefit and profit massively, while the rest of us are negatively affected by economic inequality, human and labor rights violations, un-sustainable manufacturing of goods, and local economies are destroyed. It's not just Mexican labor workers that are negatively affected. They get the brunt of it, with physical violence and

human rights violations, but these problems affect Mexico as a nation and us as an entire continent trying to succeed in a global economy. I think success may be possible (in theory perhaps) but the way policy is structured now is not working.

“The treatment of factory workers in the northern maquilas also indicates an economic system that treats workers as less than human” (Hathaway, p. 15). Mexico’s Authentic Labor Front (FAT) is offered to help the process of creating an independent labor union and allies. The FAT has been in existence since 1960. Since that time, it has been struggling to increase the wages and improve the working conditions of Mexican workers and to help them achieve a sense of dignity and control over their own lives. FAT helps workers form independent unions, each of them representing different interests of the workers.

Unions work toward wage increases, health & safety, human rights. Some workers earn less than one tenth what the same workers earned in the US & Canada. There are unions created by the factory owners but those unions do not work for human or labor rights. They work in the interests of factory owners, profiteers, businessmen, capitalists in the global economy. There are also “phantom unions” created by factory owners that never held meetings or elections, but were created to basically shut the workers up and take more money from them. The focus that came with neoliberalism put a higher priority on profits rather than human needs. All of these human rights violations, drastic economic inequalities, lower wages, and class exploitation were justified by neoliberalism and globalization.

Outmigration and Assimilation: Case-studies of how Mexico residents are coping

As Mexico tries to integrate into the global economy, loss of culture. Indigenous culture, language, sustainable local economies. Previously isolated pockets of indigenous peoples are becoming more exposed to multiple cultures, and assimilated with Mexican culture/dialects. This is because indigenous people are now having to travel to the marketplace, sometimes in the city center, because they are forced to participate in the market.

The village of La Nevería in the North Sierras of Oaxaca is an indigenous village that is struggling to make money while forced into a global market. The village of approximately 82 people has created an eco-tourism destination with cabins, hikes, and ziplining. The village used to thrive on the herb *berros*, which drove their economy and was a natural resource unique to their village. The eco-tour facility is their last attempt to keep the village thriving. If it fails all of the residents will migrate to Oaxaca city with little to no resources. The settlement used to be more populated but many people have migrated to the city because that is where the market is. People want to be closer to the economic

“action” because they don’t have to worry about affording gas driving from their rural homes to the urban city. Their indigenous language and dialect has diminished as well because traveling to the city center and acting in the market requires speaking the country’s primary Mexican language. Hardly any of the 82 residents left speak the indigenous language anymore, the few who do are older and dying off. If the eco-tour does not succeed this indigenous culture will die off in the next few years, which has been happening all over Mexico because of processes of globalization.

Carmelina is one of many indigenous women that sells her handmade crafts in the city of Oaxaca. She lives in a previously isolated indigenous settlement of Teotitlán del Valle. Her husband used to work in the city but was killed in a car crash. Since then, she has had no money to start her business. Thanks to a local nonprofit organization, *Fundacion En Via*, Carmelina was able to get a small \$700 loan with 0% interest to buy a weaving loom. Few entities exist that provide 0% loans. ...go into loan corruption and En Via. Carmelina is struggling to make enough money to support her family with food and education. One of the hardest struggles for her is selling bags at a profitable price. Because of the ease of importing goods, bags made in Guatemala have become very trendy and they are much cheaper than hers. This is just one of many situations where handmade goods are becoming less valuable because of globalization.

Conclusion

It’s unbelievable how corruption and violence can happen so quickly and so often. Since 1982 Mexico has worked to attract international investment, and when this is paired with low-priced natural resources, low-priced labor, lowered land restrictions, and no barriers to imports, it leaves room for many political and economic problems. Through Mexico’s more recent history presidents have been more than willing to offer international investors a “cheap and controlled workforce” in Mexico, which keeps Mexico’s wealthy and poor exactly where they are. There is no middle class and “as the market has taken on an ever larger role in determining the quality of people’s lives, the political system has lost a major means of maintaining its control” (Hathaway p. 38). Something as far away as a factory worker in Southern Mexico relates to economic problems in both countries. The US and Mexico are bound together in a relationship where people profit and people suffer-in both countries.

Seattle’s WTO riots in 1999 were an individual-level movement of the people that responded to globalization and the kind of changes people need. Individual voices are not heard by the corporate elite, the few whose profits are great in numbers and are in control of most trade and business these days. Seattle’s WTO riots were a great illustration of people coming together to fight for fundamental changes needed that go against the interests of multinational corporations. The goals of the WTO and of anti-

globalization movements in Mexico are to “democratize the global economy” through alliances that build on international solidarity to solve problems instead of trying to solve them at the national or global level.

The point is that changes are needed in this global economy. The problems caused by processes of globalization are not the fundamental concept, but the practices that come with it. Globalization practices are negatively impacting Mexico’s labor standards, government, policing, economy, and quality of life. FAT works to bring about these changes, as does other unions, but they have been attacked in nearly every country. These attacks further drive home another point; that solidarity and support is incredibly important. “Only the will of these Mexican workers, with whatever international support they can muster, will determine if their rights are respected or not. Alliances help inspire other unions to overcome their nationalistic blind spots and find allies across the border.” (Hathaway 2000). This is a call to action for us to work together as comrades in this effort to make globalization a more humane process, and to scrutinize how NAFTA and international policy can affect our neighbors.

Sources:

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