
Devastation in Mexico

NAFTA devastated Mexico's rural sector, destroyed tens of thousands of small businesses, harmed workers, and forced many to leave their homeland.

Before NAFTA, Mexico only imported corn and other basic foodstuffs if local farmers were not able to produce enough to meet the needs of the Mexican population. NAFTA eliminated Mexican tariffs on corn and other food and required the Mexican government to stop providing programs that supported small farmers. But NAFTA allowed the U.S. government to continue subsidizing U.S. agriculture. The result was that cheap U.S. corn flooded the market, forcing about two million Mexicans engaged in farming and related work to lose their livelihoods. To be a part of NAFTA, Mexico also had to change its Constitution, undoing provisions that guaranteed small plots (*"ejidos"*) to millions of Mexicans living in rural villages. As corn prices plummeted, indebted farmers lost their land, which paved the way for foreign companies to buy up the land into large plantations.

Since NAFTA, Mexican employment has shifted away from formal jobs that provide wages and benefits and toward informal jobs without wages or benefits. Even formal employment provides fewer benefits than in the pre-NAFTA era. *Maquiladora* (sweatshop) employment, where wages are almost 40 percent lower than in heavy non-*maquila* manufacturing, surged in NAFTA's first six years. But since 2001, multinational corporations have moved hundreds of factories and hundreds of thousands of jobs in this sector to China after it joined the World Trade Organization.

An estimated 28,000 small- and medium-sized Mexican businesses were destroyed in NAFTA's first four years, including many retail, food processing and light manufacturing firms that were displaced by NAFTA's new opening for U.S. big box retailers that sold goods imported from Asia.

Mexican consumers didn't benefit either. Though the price paid to Mexican farmers plummeted after NAFTA, the price of tortillas – Mexico's staple food – shot up 279 percent in the pact's first 10 years. Other NAFTA rules led to large companies taking over grain trading, milling, baking and retail, so in short order the relatively few remaining large firms dominating these activities were able to raise consumer prices and reap extra profits even as corn commodity costs declined.

Today, over half of the Mexican population, and over 60 percent of the rural population, still fall below the poverty line, despite the promises made by NAFTA's proponents that the pact would raise Mexican living standards. And Mexican wages have declined since NAFTA – the average Mexican worker is making 14,000 pesos, or \$1,500, less per year today than the year before NAFTA. Income inequality has also remained a problem. The richest 20 percent of Mexico's population collects over half of the nation's income while the poorest 20 percent earn just 5 percent. Despite the promises of NAFTA proponents, the nation's income inequality index remains among the highest in the world.

These devastating policies wrought by NAFTA left many Mexicans with no choice but to risk their lives crossing the U.S.-Mexico border, and join the ranks of millions of undocumented immigrants in the United States. The number of undocumented immigrants from Mexico living in the United States more than doubled under NAFTA, from about 2.9 million in 1995 to a peak of 6.9 million in 2007, just prior to the financial crisis. The number of undocumented immigrants in the United States sharply declined when the number of available jobs plummeted as the economy fell into the Great Recession. As the U.S. economy has slowly recovered, the number of undocumented immigrants in the U.S. has leveled off at 5.8 million.

Popular resistance to NAFTA in Mexico has been consistent since day 1. On January 1, 1994, the day NAFTA went into effect, a group of indigenous people in southern Mexico, calling themselves the Zapatista National Liberation Army, organized armed resistance against the Mexican government, claiming that NAFTA was a death sentence for Mexican indigenous people. Opposition to NAFTA was much more widespread than only the Zapatistas as well. The Mexican Network Against Free Trade (RMALC) was a large and broad coalition of small farmers, workers, environmentalists, human rights groups and many more that worked successfully to defeat the expansion of NAFTA to the whole western hemisphere in the early 2000s. Those Mexican civil society organizations fought hard to oppose their government's participation in the TPP as well and have joined with immigrant rights groups and other civil society groups in the United States to demand a NAFTA replacement.

Featured Resources:

- [Trinational Statement: Groups from Mexico, Canada and the U.S. Demand NAFTA Replacement](#)
- [Mexican Network Against Free Trade/Red Mexicana Ante el Libre Comercio \(RMALC\)](#)