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# NAFTA and its effect on corn, migration and human rights in Mexico

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**NAFTA and its Effect on Corn, Migration and Human Rights in Mexico**

**A Thesis**

**Presented in**

**Partial Fulfillment of the**

**Requirements for the Degree of**

**Master of Arts**

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## PART ONE

### INTRODUCTION

Corn was said to be invented almost 7000 years ago in Mexico (Brush, Bello Corrales, Ella 1988:309). It started from a wild grass called teosinte. Corn or maize (*zea mays*) as it was called was considered a sacred plant, and great civilizations of Mesoamerica, the Maya, Aztec, Toltec, Zapotec, Mixtec, Olmec, and others, could not have existed without it. It formed the basis of their diet and was their most revered crop. Corn not only played a nutritional role but it also held a sacred position in native society.

The indigenous people lived by and for corn; it was integral to all aspects of life from religion to mythology. The Maya considered corn a gift from the gods and believed that cultivating it was a sacred duty. In the Mayan Book of Origins, *The Popol Vuh*, there is a sequence of four efforts that were performed at creation: First animals were created, but they could only speak in animal tongue and therefore did not have the humanness to speak their creators' name. Then wet clay was tried, but this just crumbled and dissolved away. Next wood was used to fashion dolls, but they had no blood or sweat and were deemed useless. So last, the creation of the first ancestors was fashioned from maize dough that was produced by the gods mixing their own blood with corn flour to create humankind. And from then on the Maya were referred to as children of the corn who worshipped the tall grass that fed them and enabled their culture to flourish. Corn was not only nutrition but played a divine role in the lives of the natives, and today corn remains the staple crop in Mexico and still holds its divine place in Mexican society.

Moreover, today corn remains a fundamental element of Mexican culture. Corn shapes the daily meals in Mexico and is used in staple foods like the tortilla, taco, tamale and pozole (made from hominy, a traditional soup or stew from Mexico, which once had ritual significance) to name a few. Corn is still associated with sacred meaning in Mexico and is the center of many festivals and religious ceremonies where the plant is worshipped. Many indigenous groups in Mexico continue to use corn to create things as elaborate as shelter or as simple as crafts that can be sold to the tourist. Corn is the lifeblood of Mexican culture and society and today as well as centuries ago it continues to feed the body and soul of its people.

I have been fortunate enough to experience firsthand the importance and significance of corn in Mexican culture, when I lived there for a period of time, in a little town outside Mérida Mexico. I lived with a local family, in a modest house outside the center of town. Every morning as the rooster crowed, we would wake to the smell of the corn tortillas being cooked on the traditional comal (a flat griddle placed over the fire to cook tortillas). Tortillas were served at every meal and I quickly learned of their versatility. I remember when I had my first meal with my host family, I watched closely and was amazed at the ingenious way they used the tortilla not only as food but also as a utensil, scooping up food as one would use a fork or folding the tortilla into a neat pocket that allowed the recipient to enjoy every morsel that was on their plate. Corn was served everywhere, in every house and establishment, it was the main staple of the Mexican diet, but the consumption was only part of the story.

I remember many days that I would accompany my host family on trips to the Molina (corn mill), to get the ground corn paste to make the tortillas. As you approached the Molina you could hear the sounds and smells of the raw corn being processed. The machine doing the work was enormous, with a myriad of moving archaic parts all working in unison,

chugging along to wring out the corn meal into the waiting containers of the local clientele. As you entered the Molina you were always greeted by the owners and their family who were all taking part in the production. There were customers, onlookers and passersby all exchanging pleasantries, news and the town's gossip. This was more than just a place to get corn ground; this was the town water cooler. Corn was everywhere, and it linked everything and everyone together. This ancient, manipulated plant was much more than just an ingredient to make tortillas, it was the heart of the people who called Mexico their home. Corn has always been the economic and cultural life blood of Mexico. For years corn farmers and their families have been working the soil to grow corn, but the economic, social and cultural landscape is/has rapidly changed with the North American Free Trade Agreement (NAFTA).

#### THESIS:

Many people have opposed the passage of NAFTA and large uprisings like the Zapatista movement have highlighted opposition to this agreement. While the U.S. and Mexican governments backed the NAFTA agreement as a way to create jobs in Mexico and reduce illegal immigration to the United States, the opposition regarded NAFTA as an instrument that would put into place economic policies that would marginalize Mexico's lower class especially hurting rural indigenous communities.

NAFTA did prove to devastate rural livelihoods, increase unemployment, and cause a mass exodus of illegal migration to the United States. The number of Mexicans migrating to the United States increased steadily from approximately 350,000 per year before NAFTA to 500,000 per year by the early 2000s. (Gonzales 2011: 725). The U.S. continues to focus on border security and enforcement without taking into account the economic devastation that is

a clear consequence of the NAFTA agreement. Mexicans fled their homeland after many experienced the effects NAFTA taking away their livelihoods, leaving them little choice but to look north for more opportunity as a cure to their economic plight.

The United States views Mexican immigration as a national security and economic problem. The U.S. is in a constant state of looking to increase border enforcement instead of looking at core reasons for why Mexicans have been migrating to the U.S. higher rates. NAFTA has caused a great deal of pressure on small farmers in Mexico and, as I examine the treaty, I will show that because of the impact of trade liberalization, Mexico's indigenous and poorer classes have been put at a disadvantage and are struggling to compete in the realm of NAFTA.

The thesis argues that NAFTA transformed the production and distribution of corn in Mexico in ways that impacted negatively on the lives of small farmers through economic and, eventually, spatial displacement. I first look at the history of corn and Mexico to show how the past put Mexico at a disadvantage from the beginning of the NAFTA regime. Second, I describe the work and effects of NAFTA-era social movements that pursued economic justice for indigenous and lower classes and brought their issues to the public. Third, I examine the NAFTA deal that set the indigenous of Mexico at a great disadvantage through unfair subsidies and corn dumping. Fourth, I critically evaluate the theory of comparative advantage in the context of the NAFTA treaty. Fifth, I look at the Zapatista movement and NAFTA as a dialectical phenomenon, best understood as having been mutually shaped through the treaty's neoliberal regime of "free trade" and the social movement formation that arises as contestation and alternative to such a regime. Lastly, I consider solutions for NAFTA and

future agreements and look at how economic justice concepts can help avoid repeating the mistakes of NAFTA.

## THE HISTORY OF CORN

The English word “corn” is itself somewhat of a misnomer since the plant is properly called maize. The word “corn,” which originally meant grain, came to stand for the one arguably most important grain throughout the world. Botanically, maize or corn is a grass, of the family *Gramineae*, which includes such common plants as wheat, oats, barley, rye and rice, the sorghums, sugarcane, and the bamboos. These and many other species of lesser importance are classified in some twenty tribes, of which *Maydeae* is one (Walden 1966:2). When we think of corn we think of the yellow kernel on a cob, but the fact is that corn comes in many different forms and varieties with various applications.

The *Maydeae* includes corn in all its varieties: dent corn, flint corn, flour corn, popcorn and several others in the genus *Zea*, and two closely related genera, the wild grasses *Euchlanena* (commonly called teosinte) and *Tripsacum* (Walden 1966:2). The scientific name *Zea Mays* is the name given to maize by the Swedish scientist Karl von Linne, who established, around 1750 the system of binomial nomenclature. *Zea* is derived from the Greek word meaning grain or cereal; *mays* (which eventually evolved into maize) stems from the aboriginal American sound maize, approximating an inference of the universal mother, or that which sustains life. Over a period of a thousand of years corn was discovered, transformed and passed on to the rest of the world.

Native Americans were crucial in purposefully transforming maize through special cultivation techniques. Maize was developed from a wild grass called teosinte, originally growing in Central America (southern Mexico) 7,000 years ago. The ancestral kernels of teosinte looked very different from today's corn. These kernels were small and were not fused together like the kernels on the husked ear of early maize and modern corn. The Native Americans scientifically worked with the plant teosinte and were able to produce a viable new food source.

By systematically collecting and cultivating those plants best suited for human consumption, Native Americans encouraged the formation of ears or cobs on early maize. The first ears of maize were only a few inches long and had only eight rows of kernels. Cob length and size of early maize grew over the next several thousand years which gradually increased the yields of each crop (Fussell 2004:16).

Eventually the productivity of maize cultivation was great enough to make it possible and worthwhile for a family to produce food for the bulk of their diet for an entire year from a small area. Although maize agriculture permitted a family to live in one place for an extended period of time, the commitment to agriculture involved demands on human time and labor and often restricted mobility. The genetic alterations in teosinte changed its value as a food resource and at the same time affected the human scheduling necessary for its effective procurement. When Europe began to explore the new world corn would become a discovery that forever changed the food industry around the world (Fussell 2004:19).

For western civilization corn began with Columbus in 1492 when two of Christopher Columbus's men reported back to their captain from a journey to explore the interior of Cuba.



Columbus recorded in his journal that the men had found the land planted with “a sort of grain they call Maize, which is very well tasted when boiled, roasted, or made into porridge” (Fussell 2004:17). When Christopher Columbus encountered corn for the first time he was probably not aware that he had come across a commodity that would prove to be more valuable than the gold and spices he had originally set out to find.

The story of corn and the early Americas is well-known. We know that the corn John Smith and Jamestown colonists stole from Indian caches helped them to stave off hunger; we know that the Whiskey Rebels cared about liquor less for drinking than as a way to get their fragile corn crop to distant markets. We know that the Ohio Valley, with its corn and hogs and whiskey, was a buffer between the North and South in the antebellum years, and how westward migration undercut the Ohio Valley Region’s political power until it could no longer stave off war (Richardson 2010: 2). Corn has a long history whose story is lost to the many that enjoy it on a daily basis

Few of us pay much attention to the later history of corn, although there is no food in America that has a bigger effect on our lives. It is the country’s biggest crop. The USDA reports that in 2009, the nation produced a record corn crop of 13.2 billion bushels. Only China comes close to the U.S. production of corn, but its production has not kept up with its growing population, and it has been importing corn from the U.S. (at least until recently, when it rejected a U.S. cargo ship full of corn because the ship contained a strain of genetically modified corn outside of trade agreements) (Richardson: 2010). Corn has fallen under several forms of protectionism over the years and it continues to be regulated today.

The rise of corn started in the late-nineteenth century, when impoverished western farmers agitated for a system in which they could store crops rather than sell them in a weak market. This idea grew until the Great Depression, when, under Franklin Delano Roosevelt, the government began to regulate production, paying farmers to keep land uncultivated and offering loans to sustain farmers during bad market periods. The restriction of corn production managed to keep prices high enough to keep farmers from starving, but it did make food prices susceptible to sudden rises, a volatility that could be a terrible political liability for any president.

Federal regulation of production managed the corn crop until 1972, when the sale of 30 million tons of corn to Russia combined with a bad harvest made domestic corn prices spike. This meant that animal feed prices rose, too, and higher prices found their way to the supermarket. By 1973, food prices were so high that meat became a luxury and middle-class mothers worried about feeding their children. President Nixon well understood the political power of a restive middle class, and he launched a new program to make sure that food prices fell quickly (Richardson: 2010).

Nixon's second Secretary of Agriculture, Earl Butz, dramatically changed government support for corn. No longer would the government support prices by managing the crop. After the carefully-named Agricultural and Consumer Protection Act of 1973 (aka the Farm Act of 1973), the government urged as much production as possible and guaranteed farmers a target price for their corn. Rather than limiting production, the government made direct payments to farmers for every bushel of corn they produced. Under the new system, production climbed into billions of bushels.

Production got another boost after 2005 when the Energy Policy Act passed into law and required increasing amounts of ethanol, made from corn, to be mixed with gasoline. Two years later, President George W. Bush launched an initiative to turn even more dramatically to ethanol to reduce the nation's dependence on oil by 20% by 2017. The scientific journal *Nature* immediately warned that this initiative would actually move the development of biofuels backward since corn is inefficient as fuel, but corn farmers loved the proposal. Corn production leaped even higher. Today more than a quarter of that production goes to produce ethanol (Richardson: 2010). The flood of cheap corn on the market caused a number of dramatic effects and has involved the government deeply in agricultural corn production.

Corn farmers were faced with little choice as the price of corn dropped; the only way to survive was plant more and more so they could collect sufficient subsidy revenue. Farm subsidies now run over \$12 billion a year. Government statistics don't easily reveal how much of that money goes to corn growers, but, according to the USDA, 97% of the farms that grow grain collect subsidies, and 90% of grain growers produce corn. It has cemented the power of agribusiness as more than 60% of subsidy money goes to big growers. The push for production favors agribusiness, which can exercise huge economies of scale. Nixon and Butz not only foresaw this move but encouraged it because they believed it would keep prices down and keep them favorable in the public's eye (Richardson: 2010). Having this tremendous surplus of corn has had food scientists scrambling for ways to develop new uses for it.

Cheap corn has also changed the way we eat. It finds its way into most of the foods in American supermarkets, as high fructose corn syrup (HFCS) into soda and processed foods, of course, but also into less obvious places like beef, since corn was so cheap cattle growers began

to use it to feed animals that had always fattened on grass. Organizations that are concerned about America's obesity epidemic have pointed to the ubiquity of cheap corn as a key ingredient in our increasing health problems.

It has also most likely changed recent demographics. Researchers speculate that heavily subsidized US corn, when combined with NAFTA, disrupted employment and livelihood possibilities in rural Mexico, where small farmers can't compete with cheap US corn and as a result small Mexican farmers have left rural regions to move to large cities in Mexico. As displaced farmers look for opportunities they begin to migrate north and set their sights on US farm operations to find work.

The Great Plains states that decry big government and demand a smaller federal budget depend on agricultural subsidies. According to the Department of Commerce, subsidies provide up to 40% of personal income in counties across the Great Plains. In the current drive to slash the budget, it's hard to see how the \$12 billion price tag of agricultural subsidies cannot be on the table for cuts, but it's also hard to believe that Plains voters will support such cuts. How this will play out is anyone's guess, but it will certainly be a factor in the political debates of the next few years.

Corn is a vital and politicized crop in both the United States and Mexico and the World. Corn defines many different areas of society and can even take on significance as a marker of autonomy by its users. Threats to corn can call into question a people's or a nation's food sovereignty, the right to maintain and develop a community's capacity to produce culturally appropriate staple foods of its people. NAFTA has threatened Mexico's

sovereignty in corn by forcing trade regulations on the grain that have pushed many small Mexican farmers out of business, changing the landscape economically and socially.

## THE HISTORY OF SOCIAL MOVEMENTS AND ECONOMIC JUSTICE IN MEXICO

The environmental justice movement began to appear in the 1980's. The movement was aimed at the fair treatment of all peoples regardless of race, color, sex, national origin or income in regards to environmental issues. This movement sought to give all peoples protection against environmental hazards and a say in environmental law so that no one group had carte blanche over another in environmental issues. This meant that low-income communities and communities of color would not be overrun by agribusiness that might otherwise choose profit over wellbeing. The environmental justice movement took on many issues and gave the disadvantaged a voice that sought to protect them against the environmental injustices facing them.

There have been and continue to be environmental movements in Mexico. These are grassroots struggles over the natural resources and right to life that have sought to bring out in the open and resist injustices that are being imposed upon them. These movements have varied in their purpose but one thing that remains constant is that the groups that are involved are identified by high levels of poverty and marginalized social status. These groups fighting for environmental justice can also be seen as fighting for the bigger cause of economic and social justice.

Indigenous peoples in environmental justice hold a unique position because of their rights as the original inhabitants of their land. In the United States there are federally recognized Indian tribes that hold complete control and authority over the lands they occupy.

In Mexico the indigenous inhabitants have not achieved the same autonomy that Indians in the United States have achieved. The Zapatista movement in 1994 brought to the forefront the plight of the indigenous in Chiapas, Mexico who enjoyed little protection of rights or voice in economic, political and legal decisions affecting their communities.

The struggle for indigenous rights and self-determination in Mexico involves four key issues: 1) on-the ground experiences of autonomy both historically and currently; 2) the signing of the San Andrés Accords on Indigenous Rights and Culture and their implementation; 3) the creation and maintenance of a national movement for indigenous autonomy in Mexico out of diverse experiences and interpretations of autonomy and self-determination; and 4) a redefinition of the relationship between Indian peoples and the Mexican state away from the historical focus on indigenism, which had assimilation as its goal (Fox 1991:1). These issues have shaped the identity of the indigenous, and today there is still an ongoing struggle for their rights and autonomy.

The indigenous in Mexico have been labeled uncivilized by early colonizers, who taught these putatively inferior humans the ways of the civilized man. During the seventeenth century, Spanish colonizers held legal title to over half of Mexico's arable and grazing land (Gonzales 2011: 732). The indigenous in Mexico have been fighting for land rights from early history up until the present day. The Mexican Government has done little to help the indigenous to gain equal access to land and government participation.

After the Mexican independence the government's idea was to incorporate indigenous communities into local governments. Persons in power pushed indigenous to assimilate with the hope that they would mix and procreate with others and the end result would erase a

definable lineage. The government saw ingenious held land as an impediment to progress and sought to privatize these land holdings. The government proceeded to privatize land and by 1911 ninety-five percent of Mexico's rural population was excluded from ownership of land (Gonzales 2011: 732). When you are stripped of your land and identity, it becomes difficult to function in a new society that is not favorable to your identity. It was just a matter of time before all these actions against the natives boiled over and prompted the rural population to retreat back to its origin and lay the ground work for revolution.

The Mexican Revolution took back land from the wealthy and redistributed it to the poor through the *ejido* system. *Ejido* land was communally owned land that the state would parcel out to landless peasants. *Ejido* land could not be sold, rented or mortgaged. It could, however, be inherited (Gonzales 2011:734). The Mexican Revolution was successful in land redistribution, but it did not really succeed in giving back indigenous autonomy. The next revolution to take place in Mexico was not a military revolution but a Green Revolution.

During the 1950's the Green Revolution was enacted, which was an agricultural policy that focused on modernizing the agricultural sector. The Green Revolutions goal was to reduce hunger by increasing food production through genetically modified seeds that was financed by the Rockefeller and Ford foundation (Gonzales 2011:734). The Green Revolution was successful in producing an abundance of food, but it primarily benefited wealthier farmers who could afford the seeds, agrochemicals and irrigation equipment required to yield bigger crops. At this time global agriculture output was increasing, which led to commodity prices falling and hurt the livelihoods of smaller farmers. The Green Revolution can be credited as one of the first agricultural policy disasters that pushed poor farmers into the cities, with many of them migrating to the United States. Once migration started it became impossible to stop and even

the Mexican government's massive investment in agriculture in the 1970's and 80's could not stop the exodus of poorer peoples to the U.S.

In the 1980's Mexico was hit with the debt crisis, which ushered in free market reforms that put an end to government subsidies to indigenous communities. The Mexican government's strategies were to focus on exports that favored large agricultural exporters, again leaving the small farmer behind. In another attempt to modernize the agricultural sector the government began to permit the privatization of *ejidos* that put an end to any redistribution of land back to the natives (Gonzales 2011:739). These agricultural modernizations would prove to be the catalysts that would push the indigenous communities to the breaking point.

There has been a history of autonomy in Mexico and there are many groups that identify themselves as culturally independent. Many of these groups have organized their communities and retained or regained native territory. These autonomous groups have created groups and coalitions that have come together in the cause of protecting their indigenous rights in and outside the boundaries of the state. The San Andrés Accords was an agreement that would give back status, insuring social justice and indigenous rights.

The San Andrés Accords are agreements reached between the Zapatista Army of National Liberation and the Mexican government. The accords were signed on February 16, 1996, in San Andrés Larráinzar, Chiapas, and granted autonomy, recognition, and rights to the indigenous population of Mexico. The accords were based on five principles of basic respect for the diversity of the indigenous population of Chiapas, the conservation of the natural resources within the territories used and occupied by indigenous peoples, greater participation of indigenous communities in the decisions and control of public expenditures, the participation



of indigenous communities in determining their own development plans, and the autonomy of indigenous communities and their right of free determination in the framework of the state. The accords were discussed and approved by representatives of all the indigenous communities of Mexico, and translated into the different indigenous languages throughout Mexico (Fox 1991:12)

The San Andrés Accords were important to the indigenous in Mexico. The Accords would give them recognition that was lacking for many years and grant a certain level of protection both politically and culturally. The Accords provide that the state will take responsibility for not only reinforcing the political representation of indigenous peoples and their participation in legislatures, but also for guaranteeing the validity of internal forms of indigenous government. They further note that the state promises to create national legislation guaranteeing indigenous communities the right to: 1) freely associate themselves with municipalities that are primarily indigenous in population; 2) to form associations between communities; and 3) to coordinate their actions as indigenous peoples (Fox 1991:3). The San Andrés Accords gave the indigenous the right to autonomy and self-determination. The big problem with the Accords was that they did not deal with any land redistribution or agrarian reform.

The San Andrés Accords did not address land reform and only agreed to address the issue in the future. The primary occupation of the indigenous in Mexico is farming. Not taking action toward land reform proved detrimental to the indigenous farmers' future. Mexico has yet to implement substantive land reform and instead has held a position that the land in Mexico is not any one group's by right and that no group shall hold any special privileges over the land. Not addressing land reform has allowed for big agribusiness to establish itself

throughout the country taking over big pieces of land and pushing the natives out of work and out of business.

Environmental advocates have been calling for fairness in trade. However, the complexity of these agreements has made it difficult for certain communities to understand and participate in these negotiations. In the next section I will examine the comparative advantage theory in trade and how the theory was used to shape the NAFTA agreement at a great disadvantage to Mexico.

## THE NAFTA NEGOTIATIONS

The impetus for NAFTA actually began with President Ronald Reagan, who campaigned on a North American common market. In 1984, the US Congress passed the Trade and Tariff Act (Orme 1996: 3). This is important because it gave the President "fast-track" authority to negotiate free trade agreements, while only allowing Congress the ability to approve or disapprove, not change negotiating points. Canadian Prime Minister Brian Mulroney agreed with Reagan to begin negotiations for the Canada-U.S. Free Trade Agreement, which was signed in 1988, went into effect in 1989 and is now suspended due to NAFTA.

Meanwhile, Mexican President Carlos Salinas and U.S. President Herbert Walker Bush began negotiations for liberalized trade between the two countries. Prior to NAFTA, Mexican tariffs on U.S. imports were 250% higher than U.S. tariffs on Mexican imports (Orme 1996:18). In 1991, Canada requested a trilateral agreement, which then led to NAFTA. It is important to look at the negotiations of NAFTA to see how this agreement was crafted.

The United States came into the negotiations already holding the upper hand. The US held almost ninety percent of the aggregate gross domestic product of the three countries at the time of the negotiations (Orme 1996:16) Gaining access to the U.S. market meant that the other parties would have to give up something. The US had leverage in the negotiations and used it to its advantage. For Mexico it was already a difficult time.

During this time Mexico was in the grips of a recession and oil prices have brought them to the brink of default on their foreign debt. To further compound the situation Eastern Europe liberalized its markets after the Cold War. This liberalization was an opportunity for foreign investment to tap into a new market that had been previously closed off. For Mexico it meant competition for investment dollars. With all these variables playing out it became a perfect time for Mexico to enter into a free trade agreement.

During negotiations distinct groups were formed to deal with different areas of trade. With regards to Mexico and agriculture the U.S. had three objectives: 1) protect U.S. producers, 2) open up Mexican markets, and 3) weaken the FTA provisions on subsidies present in the existing Canada-United States Free Trade Agreement (Pital 1992:2). The U.S. wanted to protect itself and its farmers against Mexico flooding its market with cheap grains while also having complete access to the Mexican markets. The Mexicans for their part felt that they were being impeded by U.S. tariffs and quotas and wanted a fairer reciprocity between the two countries. From the beginning Mexico was sensitive about completely opening up its markets, but the U.S. demanded that they liberalize their markets across the board. Unless Mexico opened their markets and placed corn on the table, the Mexicans would have no access to lucrative U.S. markets such as orange juice and sugar. Mexico agreed to liberalization across the board if the U.S. did the same. Because of the negotiation position

and power of the U.S. Mexico agreed to liberalize its market and include corn in the deal (Pital 1992:4). The U.S. being the strongest country in the treaty flexed their muscle at every opportunity.

The U.S. used its power to also gain an advantage in the investment and financial services. Mexico came in to the negotiations with a protectionist stance, but the U.S. using its power wore Mexico down. In the end Mexico would give the U.S. broader investment opportunities and open up banking with U.S. branches in Mexico. The U.S. held the position that if these other areas were not on the table then the deal would be off. In the beginning no financial services were to be part of the agreement, but by the end the U.S. got what they wanted and the Mexican markets were uncapped.

#### THE NAFTA AGREEMENT:

NAFTA, which came into effect on January 1, 1994, is a trade agreement between the United States, Canada and Mexico whose purpose is to gradually break down trade restrictions and barriers between these three countries over a period of 10 to 15 years. Mexico had begun movement toward free market reform in the eighties; the Salinas administration saw this as an opportunity to turn their tattered economy around. The U.S. enthusiastically welcomed Mexico into this agreement but failed to deliver the benefits that Mexico hoped a level playing field would offer – perhaps because it was not truly a level playing field.

The explicit Objectives of the Agreement were: a) to eliminate trade barriers and let goods and services pass between borders with little or no restrictions; b) to promote and create fair competition between members; c) to create investment opportunities to all parties; d) to provide protection of intellectual property rights; e) to create effective procedures for the

implementation and application of the Agreement and form a governing body for the resolution of disputes; and f) to establish a framework to enhance the agreement and promote cooperation among all three parties to the agreement.

Under NAFTA, all non-tariff barriers to agricultural trade between the United States and Mexico were eliminated. In addition, many tariffs were eliminated immediately, with others being phased out over periods of 5 to 15 years. This allowed for an orderly adjustment to free trade with Mexico, with full implementation beginning January 1, 2008.

In the beginning NAFTA looked good for Mexico as it would open up markets and spur foreign investment that would fuel the Mexican economy and create more jobs and a stronger economy. In the initial phases of NAFTA investment and trade were bolstered. Exports from Mexico after NAFTA dramatically increased. So in the beginning things looked good and prosperous for Mexico. The problem was that the heyday of NAFTA would be short lived and skewed against Mexico. For corn in Mexico NAFTA was disastrous and started a displacement of the market.

Mexico allowed for corn to be bundled into the NAFTA agreement. This was a crucial decision given that corn is the country's staple crop which, in addition to its central place in the Mexican economy, has wide-ranging ideological, social and cultural meanings for the Mexican people. The first and most obvious problem with allowing Mexican corn on the open market was that it now had to compete with U.S. corn, which was considerably cheaper. Small Mexican farmers had always had to contend with a large domestic agribusiness but allowing the U.S. into the fray tipped the scales impossibly against them. The obvious question is why would Mexico allow for the US to export its corn into the Mexican Market?

The Mexican farmer was by no means in favor of NAFTA. Farmers knew that they could not compete with cheaper and more efficiently-produced corn. Those who supported NAFTA were not completely oblivious to the possible negative effects that trade liberalization might have on the Mexican corn markets, but rather than putting in some real, upfront examination on the problem they chose instead to offer a blanket crop substitution solution that was ill conceived and something that proved easier said than done.

One directive of NAFTA was that Mexican farmers would grow alternative crops that would be something desired by U.S. and Canadian consumers, which in turn would lead to a higher demand. Mexico produces a wide variety of fruits and vegetables that were for the most part unknown in the Northern countries; there was potential to market and sell these “exotic” fruits north of the border, which in turn would create a new demand. Mango and avocados are two examples of fruits that have caught on in the U.S. and have created a market that previously was very limited. According to Mexico one of many roadblocks that undermined the successful realization of this initiative was that farmers were never given the training, support, or funds required to convert corn fields into other profitable crops (Villarreal 2010:11). Training a farmer in new crop cultivation is a primary concern. But, even when that is possible, changing a crop is a process which generally takes several years, and few farmers have the financial resources to support themselves for such a length of time, making the transition financially impossible for them. The third concern is whether there will actually prove to be a market for new crops. No one can guarantee the farmer’s success on the open market, and no one can predict the fickle taste of the consumer.

NAFTA has been very good to large agribusinesses and has delivered the fortune it promised to many of them. Since NAFTA has taken away many of the measures which were

originally put in place to protect the smaller farmers and regulate the system the power and leverage has tipped the scales to favor bigger companies that produce raw agricultural products, whose relative power and leverage has grown and exerted pressure on both farmers and consumers. Instead of safeguarding the smaller grower, the government, both in Mexico and the U.S., has made it easy for large agribusiness to control the markets (Villarreal 2010:15). How did corn flow so cheaply over the border when NAFTA originally said it would help protect the Mexican small farmer?

In 1992 the Salinas government amended the constitution and overturned its ejido laws. The ejido laws allowed landless farmers to petition the government for a small parcel of land that they could farm on. The farmer did not own the land outright, but was allowed to use the land indefinitely as long as it was not left unused for more than a couple of years. Salinas overturned these ejido laws, claiming that resulting low productivity was a barrier to the country's progress. In reality the laws were overturned because the ejido system, which predated the Spanish Conquest of Mexico, and symbolized the agrarian reform ushered in with the Mexican Revolution, contradicted NAFTA's ideology of privatization. After NAFTA took effect, ejido lands were taken away from small farmers and turned over to the control of big companies. With the repeal of ejido laws small farmers saw their land confiscated and their livelihoods lost, and many were driven out of their communities, forcing them to look for a new source of income to make a living. The repeal of the ejido put many small farmers out of work and the ones who were left would soon have to contend with a much bigger monster that would threaten their livelihoods, coming in the form of cheap U.S. corn, fueled by subsidies (Pital 1992:10).

NAFTA provided for a 15-year timetable that would gradually phase out Mexican tariffs on corn, but the Mexican government decided to lift all tariffs almost immediately, and dismantled key programs, such as crop price supports to staple producers, subsidies for agricultural inputs, credit and insurance, state owned retailing, and targeted state consumption subsidies. Removing these safeguards sent a shock wave through the small Mexican farming industry, and with nothing to protect them small farmers were at risk of losing everything they had worked for. In the end, according to The Institute for Agricultural and Trade Policy, the Mexican government cut its overall investment in agriculture by 90 percent in the first seven years of NAFTA as well as its farm support payments by more than half. The Mexican farmer now had to compete unfairly in the free market with no safety net while the U.S. was exporting its highly subsidized corn into Mexico. It is noteworthy that the United States continued to subsidize its corn industry after the implementation of NAFTA, while comparable or reciprocal practices in Mexico, whether in the form of tariffs or subsidies, were discontinued (Pital 1992:22).

#### IMPACT OF NAFTA ON MEXICAN CORN

While many of the arguments for NAFTA rested on assumptions around idealized free markets and their benefits, the reality on the ground has been rather different. Since Mexico began importing corn from the United States, Mexican producers have found themselves competing directly with U.S. producers who are selling at prices significantly lower than those in Mexico. Low U.S. corn prices set the international price because the U.S. is the largest producer and exporter of corn.



Corn was of great importance in Mexico's agricultural sector and was initially to be treated very carefully. Many farmers and families depended on corn and NAFTA was a looming reality that could threaten the livelihood of many people. In the beginning NAFTA was to establish a long transition period for the corn sector, allowing fifteen years for corn to align domestic corn prices with international prices. At the start of the transition period a tariff-rate quota (TRQ) system was applied that would phase out over time. A TRQ combines two policy instruments that nations historically have used to restrict such imports: quotas and tariffs. In a TRQ, the quota component works together with a specified tariff level to provide the desired degree of import protection. During the fifteen year transition period, the tariff-free quota (initially set at 2.5 million tons per year) was to expand at a constant rate of 3% per annum, while the applicable ad valorem tariff for imports exceeding the quota would be reduced from 206% in 1994 to zero by 2008 (Nadal 2000:5). This phase-out system would give Mexico time to adjust and adapt to the staggering amount of low priced corn that would soon enter its markets.

Mexican farmers were assured that during the transition period they would receive support through various mechanisms, such as infrastructure investment and new agricultural research and development. In theory by the time the TRQ was dissolved the Mexican farmers would be trained and ready to compete in other agricultural products. Giving the Mexican, small farmer time to adapt to the treaty seemed a better option than eliminating all safeguards at once, but this is what happened (Siacon 2003). Mexico decided early on that it would waive the TRQ due to domestic production shortfalls and inflationary pressure. In Mexico, the flood of imports produced a significant drop in producer prices. Real prices fell by 25% in the years following NAFTA. By 2002 they were 47% below their pre-NAFTA levels (Siacon

2003). Cheaper prices for corn did not initially cause harm to the Mexican corn farmers, because during this time corn consumption rose from 8.9% of total corn consumption in the pre-NAFTA period to 21.3% according to Nadal. What was the reason for this? There are several: first because the Mexican government did not subsidize corn, corn farmers increased their production in order to keep their incomes stable; second, Mexican farmers knew how to grow corn and changing to alternative crops would open them up to all kinds of trade regulations and rules as the U.S. and Canada had strict quality standards that would be very difficult to meet. There was also the question of processing, packaging and transportation costs of alternatives that the farmers did not currently face while producing corn. Corn was what many Mexican farmers knew, and for many it held a deep traditional value that was part of their indigenous life.

There are distinct groups of farmers in Mexico: 1) large export farmers who are well equipped and funded to produce mass quantities of agricultural goods; 2) intermediate farmers who grow for local and regional consumption; and 3) small local farmers who consume the majority of their crop and only sell what is needed to cover growing and household expenses.

Large farms under NAFTA were able to deal with dropping prices by increasing their production. Such farms usually have an excess of land available that they can rotate into production when needed. Large farms that produce for export are more likely to have available income to purchase pesticides and fertilizer that can speed and increase their production to keep up with the price fluctuations. One of the biggest problems with the large agricultural producers is that when they increase their use of fertilizer and pesticides they also increased their destruction of the environment, polluting their own soil as well as surrounding lands, lakes and rivers.

Intermediate-sized farms more or less maintained their output and were subjected to loss or profits. Unlike the large farms, the intermediate farms did not have access to more land or money to invest in new pesticides and fertilizers. The intermediate farmer adjusted to the new market conditions by cutting labor. Cutting labor put more pressure on farmers to produce more with less, and the laborers that lost their jobs were forced to look for other employment, fueling increased migration.

Small farmers suffered the most from NAFTA with its downward pressure on prices and the loss of government subsidies. The sudden drop in corn prices directly affected the small farmers by depriving them of the income they needed to continue to farm and take care of the basic necessities of their homes and families. While post-NAFTA the domestic price for corn has fallen, the price of corn-based foods, especially a Mexican staple the tortilla did not decrease; in fact, it has increased 279% according to Pital.

The reasons for this are twofold: first, and most important, tortilla prices were effectively subsidized until 1996, when manufacturers were able to transfer their increased costs to consumers. Second, the Mexican tortilla market is a monopoly where basically the two large companies control the market and operate like cartels, using their market power to set higher prices. Some small farmers increased their production of corn by taking over land they did not own, usually in protected areas and with adverse environmental consequences, such as deforestation and soil erosion, so they could meet the rising costs of feeding themselves and their families due to tortillas becoming more expensive.

Following NAFTA, the level of U.S. corn exports to Mexico increased twentyfold. Over that same period, the number of corn producers in Mexico declined by one-third from its pre-

1994 level. This finding is highly significant as unemployment is one of the best indicators of imminent migration (Pissarides 1990: 12). The poor, urban-bound corn farmers were unable to compete with the dropping prices of corn and had no alternative but to migrate out of their rural homelands and into urban areas in search of employment.

The decreasing number of active corn producers in Mexico directly follows the declining average price for corn sold in Mexico.

Immediately following NAFTA's trade liberalization, corn prices fell \$160 per ton. In the ensuing years small corn farmers disappeared at a rapid rate leaving behind many economic victims with no money and few choices. U.S. corn subsidies wreaked havoc on the Mexican corn producers who were not protected by a government that had no programs in place to help them adjust. These economic disruptions in addition to the elimination of any TRQ were the main causes of out-migration from rural Mexico.

The small corn farmers made their way into cities looking for employment. The problem was that NAFTA failed to create enough manufacturing jobs to employ all the incoming migrants who needed work. The migrants in turn were forced to look towards the north and cross the border into the U.S. where jobs were more plentiful. It is important to note here that as farmers left the rural areas they not only took themselves away but also took away the knowledge and local practices of growing diverse strains of corn that had been developed by small-scale indigenous farmers. This is very troubling for Mexico because it threatens a long history of agricultural knowledge production as well as the survival of the indigenous population that makes up many of the rural areas (Pissarides 1990:20). NAFTA's opening of Mexican markets to cheap, subsidized U.S. corn displaced a large number of Mexican farmers,

causing an epidemic of social unrest. In 2003 one of the biggest protests took place against NAFTA in Mexico City, where farmers demanded that the Mexican government renegotiate the terms of agriculture in NAFTA. The small Mexican farmer wanted the government to enforce the long term development programs and provide investment in programs to help the displaced workers acquire new skills. The newly unemployed farmers wanted their indigenous rights to be recognized and for NAFTA to provide assistance to the affected communities. The NAFTA parties did not renegotiate the treaty, but they did provide some financial assistance to those most affected and in need. Even though the protests were not able to get Mexico to renegotiate NAFTA, they did shine a light on the plight of the small Mexican farmer that would play a big part in the future politics of Mexico. Opposition to NAFTA has grown in Mexico and as years have passed Mexico's indigenous population has suffered the biggest losses from the treaty.

## CORN DUMPING

NAFTA allowed U.S. subsidy programs to remain in place, which in turn promoted dumping of corn into Mexico well below the cost of production. While U.S. corn exports to Mexico were almost all of the yellow corn variety in the mid-1990s, some 20 percent today are white corn. Even before the U.S. white corn exports began to increase, the price paid to farmers in Mexico for corn fell by over 70 percent as huge amounts of U.S. yellow corn were dumped in the Mexican market. In 2001, Mexican farmers produced 18 million tons of corn - 3 million of which were left unused (Nadal 2000:5). U.S. subsidies crippled the small Mexican corn farmer as U.S. corn flooded the market. U.S. subsidies caused prices for yellow corn, used primarily for animal feed, to fall drastically and in turn Mexican corn farmers could not sell their product to livestock farmers who turned to U.S. corn that could be bought more cheaply,

in turn increasing profits and or market share for the sellers. When white corn entered the market more havoc was caused because now the Mexican farmer was competing to sell the kind of corn used for tortillas that the majority of Mexican families eat as a staple food.

Yellow and white corns are treated as the same commodity under NAFTA. This policy has had serious consequences for Mexican corn growers, as it made it almost impossible to maintain price differentials between yellow corn and the normally more expensive white corn. In addition, corn buyers in Mexico are attracted to imported U.S. corn by the very favorable loan rates available to them through U.S. export agencies. The availability of large amounts of U.S. yellow corn, combined with the favorable credit terms, has given a small number of large corn purchasers in Mexico tremendous leverage over prices. Large Mexican corporations, with the majority being part owned or at least influenced by U.S. corporations, helped set the price of corn to the farmer, driven down through the U.S. subsidies. These corporations would demand a certain price and if the Mexican farmer could not meet their price they would purchase the cheaper U.S. corn (Nadal 2000:15). After NAFTA, Mexico began to see tons and tons of its corn not being purchased due to increased consumption of cheap U.S. corn.

While large quantities of U.S. yellow corn are used in Mexico as animal feed, substantial amounts are also used in preparing food for human consumption. The growing use of yellow corn for human food has led to outrage and mass protests throughout Mexico. Mexican activists led a charge against yellow corn for human consumption because it has been known to contain carcinogenic substances from the way it is produced. Food producers began substituting yellow corn for white corn increasing health risks from its use (Nadal 2000:8).

Prior to NAFTA, the white corn that most Mexican farmers grew was priced some 25 percent higher than yellow corn. By 1996, this price differential had disappeared (Nadal 2000:5). Under NAFTA's terms, Mexico can collect tariffs on corn imports above a certain level, but this quota includes both yellow and white corn. So while large-scale protests and intense public pressure led the Mexican government to reinstate a NAFTA-permitted above-quota tariff for imported white corn in December 2003, the Mexican Senate defeated a measure to also reinstate tariffs on imported yellow corn (Nadal 2000:7). From the perspective of small Mexican farmers NAFTA was not delivering on its promises and now the livelihoods of many were in jeopardy. The biggest causality of the dropping corn prices were the small scale farmers and the communities they lived in, which saw a growing poverty rate that threatened them and their indigenous way of life. Market prices for U.S. corn fail to capture the social costs of destroyed indigenous communities, the loss of traditional corn cultivation and the overall effect on local communities of future world supplies of food.

NAFTA and its trade liberalization relied on an inaccurate picture that represented the United States as the most efficient corn producer, which in turn harmed health and the environment while undermining the livelihoods of small Mexican farmers and their communities. The NAFTA agreement was not about comparative advantage, instead providing an advantage to the country providing the highest subsidies. The winners in this free trade agreement were the developed country parties who were unchecked in their use of subsidies, as opposed to the developing country which did not enjoy the same advantages.

It is easy to see the damage that U.S. agricultural subsidies have caused Mexico through NAFTA but it is not so simple to eliminate subsidies. Raul Prebisch and Hans Singer, were economists who argued that the price of primary commodities declines relative to the price of

manufactured goods over the long term, which causes the terms of trade of primary-product-based economies to deteriorate. Specialization in the export of primary commodities can have very negative effects for developing countries due to the decline in agricultural commodity prices relative to the price of manufactured goods (Gonzales 2011:760). Countries that rely on the export of only a couple of agricultural commodities put themselves at a high risk. Countries who may be subject to new unfavorable trade agreements like that of NAFTA, in addition to fluctuations in the market or a year of bad crops due to weather or disease may encounter problems on the international market receiving a fair and sustainable rate of exchange for their goods.

Another interesting aspect to note is the way developing countries are being required through trade agreements to forego government intervention to protect or support national industries. The U.S. and other developed countries achieved economic gains through subsidies, tariffs and state funding and have always invested and protected their producers. The U.S. has watched over and been careful not to expose certain industries, such as technology, to competition in the open market until companies were established strongly enough to survive. It is, therefore, ironic that NAFTA requires Mexico to do the opposite of what has worked to provide economic prosperity to countries like the U.S. in the past.

## COMPARATIVE ADVANTAGE

The theory of comparative advantage, which plays a central role in grounding the NAFTA agreement, is an economic theory about the potential gains from trade for individuals, firms, or nations that arise from differences in their endowments of land, labor, capital, and entrepreneurial inputs or technological progress. In this model, an economic actor has a



comparative advantage over another in producing a particular good if he/she can produce that good at a lower relative opportunity cost or at a lower relative marginal cost prior to trade. One does not compare the monetary costs of production or even the resource costs (labor needed per unit of output) of production. Instead, one must compare the opportunity costs of producing goods across countries. The principle of comparative advantage holds that under free trade, a rational economic actor will produce more of and consume less of a good for which he has a comparative advantage.

David Ricardo developed the classical theory of comparative advantage in 1817 to explain why countries engage in international trade even when one country's workers are more efficient at producing every single good than workers in other countries. He demonstrated that if two countries capable of producing two commodities engage in free market exchange, then each country will increase its overall consumption by exporting the good for which it has a comparative advantage, while importing the other good, provided that there exist differences in labor productivity between the countries (Surannovic 2015: 325).

Comparative advantage is important to this discussion because one of NAFTA's initiatives was to bolster participants' comparative advantage and promote equal shares of the market. The problem was that the U.S. had already put in place high levels of protectionism with subsidies that encouraged overproduction that depressed the market prices for agricultural commodities. Comparative advantage, effectively in an erroneous application, was a vital part of the NAFTA logic and agreement and was used to persuade Mexico to allow the U.S. entry into the corn sector with an assurance that Mexico would make up the difference through their comparative advantage in another sector. In the next section I will examine the NAFTA

negotiations and use the Mexican corn sector to analyze how NAFTA and the opening up of this agricultural commodity sector affected the indigenous population in rural Mexico.

In NAFTA comparative advantage is a term used loosely. Intervention by government in markets has proven beneficial for developed countries and it has allowed them to prosper. With strong economies and protected markets developed countries tend to get the upper hand when negotiating with weaker countries. In the NAFTA negotiations Mexico opened up its economy but because of weak industrial policy it has failed to protect itself as the U.S. had done (Surannovic 2015: 332). Mexico's growth is largely based on maquiladoras that are basically sweat shops where developed countries send their products to be assembled by cheap labor, an example being the car industry. The car industry has many jobs that are filled with low-wage, low-skilled workers. The jobs are a pipeline between the developed countries and Mexico, whereas Mexico does not really gain anything because these sectors are not integrally linked to the national economy. Another problem is that other countries like China, Nicaragua and India to name a few, compete against Mexico by offering to do the unskilled labor work at even lower wages, putting further stress on the Mexican economy. With Mexico being one of the U.S.'s biggest exporters, Mexico took a big hit in their economy with the recession of 2008 as the U.S. suffered a severe economic downturn that was felt all the way across the border.

In summary, U.S. subsidies have not helped Mexico in competing in NAFTA. For Mexico to compete with the other developing countries it needs to protect its industries through subsidies, tariffs and other policy interventions. Mexican farmers have been hit hard by NAFTA and cannot compete in the current environment. With NAFTA allowing the U.S. to dominate markets with its subsidized commodities and with Mexico waiving the agreement's

protectionist clauses has forced the small Mexican farmer out of business and caused a mass migration trend that has these farmers heading north for new means of employment.

Neoliberal thought would suggest that if Mexico's agricultural sector is shaken by trade liberalization as a result of NAFTA, the national economy will be able to adjust to this situation because the long term benefits of the agreement will outweigh the short-term disadvantages. Mexico has a comparative advantage to the United States in low-wage labor and so trade liberalization should increase U.S. demand for Mexico's labor intensive goods. This in theory should produce more jobs in labor intensive production that the displaced small farmer could fill and, if these conditions hold true, wages should increase and migration should decrease.

NAFTA unfortunately did not produce the results that negotiators had hoped for or promised. First, other agricultural sectors, such as mango production, are located in northern regions where the soil and climate is suitable. It is not so easy to tell a farmer in a southern area to switch to a crop that will not produce the yield or produce anything compared to the corn crop they had farmed. Second, the Mexican manufacturing sector was not able to grow at the pace of the rural migration because of weak industrial policy and competition from other countries that were offering their labor more cheaply than Mexico could. Several sectors already favored with natural resources, capital, proximity to the U.S. market, and infrastructure have grown during the NAFTA years, but they offer very few displaced farmers a viable option for employment. Finally, there was a disconnect that thwarted trade benefits because of the Green Revolution, structural adjustment and the policies agreed upon in the NAFTA agreement (Gonzales 2011: 722).

NAFTA AND REFORM

Mexico's neoliberal economic reforms have backfired. In attempting to modernize the agricultural sector of the Mexican economy the reforms have created havoc, and the resulting demise of many small farmers has set in motion a mass exodus of rural communities looking for new ways to provide for their families. After the debt crisis in the 1980s policies that were promoted by the World Bank and the IMF led to a decrease in subsidies that began the hardship of the rural farmer. With NAFTA being passed and Mexico being flooded with cheap U.S. corn the migration patterns only increased as unemployment skyrocketed in the rural areas.

Free marketers insist that Mexican agriculture merely needs social programs to assist while employment adjustments are made. What these positions fail to account for is how small-scale corn production has been a central part of rural society for centuries and is more than just a core economic activity. Comparative advantage does not take into account rural-to urban migration and the cultural disintegration it has caused farming communities. Trying to reconcile the social realities of this corn centered economy, based on cultural preservation, subsistence, and small-scale sustainable agriculture with the free trade model of comparative advantages is an uphill battle to say the least. When Mexican farmers demand new rural policies and a new pact between the state and rural society, they are demanding that the non-market contributions of the small farming economy be recognized as essential to food sovereignty, cultural diversity, environment conservation, and rural employment.

NAFTA has flooded the Mexican market with low-cost monoculture corn thereby reducing the economic value of rural farmers' corn, which has a genetic diversity cultivated over many years and useful in resisting certain environmental conditions and greatly lowering the risk of crop failure. Under this kind of free trade valuation, farmers' stewardship of corn

diversity goes largely unrewarded, as trade liberalization brings into the market genetically uniform strains of corn susceptible to disease and poor environmental conditions [SOURCE?].

Market integration promotes specialization and an exclusive focus on high-yield varieties, as national markets become dominated by low-priced imports from the agricultural surpluses of the largest producers. This leads to the loss of local varieties as well as minor crops. Globalization also replaces local cultural traditions with modern preferences; wheat bread supplants the market for corn tortillas in Mexico, while imported corn flour further displaces flour made from traditional corn varieties within the national tortilla market. Livelihood pressures lead to the need for off-farm employment to supplement incomes. This results in declining attention to traditional farming, and often to wholesale migration and the abandonment of farming altogether (Almekinders 2001:22). So as the world becomes more integrated tradition is left to the side as new forms production take over the market that yield more profitable results without weighing the human and social costs.

In the Mexican case it is very dangerous to leave the fate of Mexican corn to market forces. Corn biodiversity is undervalued in the current market, and as the markets have shown it is also unprotected. As Mexico's biodiverse corn goes unprotected and the market undervalues it eventually economic pressures will push the farmer out of his land, and these long developed strains of corn will soon fade out and be forgotten with consequences devastating to some rural Mexican communities.

NAFTA's effects have been the antithesis of free trade efficiency through comparative advantage. NAFTA let the economically stronger take advantage of the weaker parties to the agreement. Moreover, NAFTA did not take into account the social and environmental costs of

the treaty. The new breed of monocultural corn from the U.S. that Mexico was now using caused soil erosion whose effects are irreversible. Mexican farmers were also being made to use chemicals to fertilize their crops, polluting the air and in certain areas causing water pollution from runoff of chemicals into water supplies. Eliminating trade barriers was supposed to create efficiency by identifying the low cost producer but instead this treaty made everyone worse off by manipulating the market that led not only to economic failure but also created an increased harm to the environment and the health of the people of these farming communities.

The comparative advantage theory assumes that everyone is competing fairly and does not provide for domination of the trade sector by a select number of transnational corporations. According to Bill Vorley of International Institute for Environment and Development, two corporations control seventy-five percent of the grain trade. Six agrochemical companies control 75 percent of global agrochemical sales. Ten corporations control 67 percent of proprietary seed sales, nearly 90 percent of the agrochemical market, and 40 percent of retail grocery sales. Similar market concentrations exist for other commodities, including coffee, tea, sugar, cocoa and bananas. Transnational corporations are able to manipulate and dictate the markets that enable them to keep market prices low squeezing the small farmers out of the market because the prices that are being paid for the crops are too low to live on (Vorley 2016:1).

Corporate control often involves several aspects of a given market. An example can be seen with tortillas. With the price of corn being driven down you would expect the price of products made with corn also to decrease; however this was not the case with tortillas. There are two companies that control 97 percent of the corn flour market in Mexico (Nadal 2000:26). Tortilla prices increased with NAFTA as these companies were able to set their own prices and

without competition from the small farmer there was nothing in their way to stop them. These companies are integrated with the agro companies so that at every stage of production the deck becomes stacked in favor of the larger corporations.

Finally, transnational agricultural companies are able to use their size, power and international positions to gain information that the small farmers cannot access. With their cadres of investors, lawyers, and accountants these transnational companies have access to information of markets, and they are able to manipulate and use these markets to their advantage to increase their profits. The small Mexican farmers cannot compete in this environment and as the larger companies get bigger the small farmers find themselves unable to compete in the market.

In conclusion, comparative advantage is not allowed to function as it should and therefore distorts the market with manipulated information. The NAFTA agreement has failed the small farmer and has sided with large agribusiness. Mexico has been sold an agreement that relies on comparative advantage but because of subsidies and the market strength of the U.S., Mexico's small farmers are being pushed out of the market as large agribusiness takes over and floods the market with cheaper and plentiful agricultural goods.

## **PART TWO**

### **NAFTA AND ENVIRONMENTAL JUSTICE**

NAFTA has proven to be a bad deal for Mexico and as shown in the previous section, the logic of comparative advantage that promised greater prosperity through free trade never

came to fruition. An agreement cannot be enforced if it does not take into account environmental, social and economic conditions. In this section I will look at an environmental justice approach to trade agreements and show through the Zapatista movement how social unrest that arises from denial of such justice concerns that can devastate a community and country.

Environmental Justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. An environmental justice approach to trade policy must insure that international trade is regulated and that all parties involved are treated fairly. NAFTA did not treat all the parties fairly, and it was the indigenous who suffered the most from the treaty.

One issue that environmental justice seeks to address is that of environmental discrimination. Discrimination against the Mexican indigenous in NAFTA was due to the treaty's unfair rules that allowed dominant factions to flex their superiority, often resulting in special privileges for the dominant group and the mistreatment of non-dominant minorities. The combined impact of these privileges and prejudices meant that small communities and farmers were subject to new agro governance that led to harmful conditions that will damage the land for years to come.

Mexico's geography and history raise challenges related to food security and agriculture that have only been heightened since NAFTA's implementation. There is poverty all over the world, often accompanied by the misconception that poverty comes from food scarcity. Based upon economist Amartya Sen's pioneering study of famine and on the World Bank's influential



1986 report on world hunger, it is now widely accepted that lack of access to food rather than inadequate supply is the primary cause of hunger. People go hungry because they are poor and lack the money and resources to get food. There is also data from the World Bank that states that 75 percent of poor people in third world countries come from rural areas. People living in rural areas have limited resources and many go into farming out of necessity. These small farmers then are affected when any outside seller comes in and provides food at cheaper prices that undercuts the small farmer who now is not making money selling his crops on the market. So one of the questions to be asked is: should the developed countries be responsible for human rights and extraterritorial harm that results from their economic governance?

The NAFTA trade agreement has posed many challenges. NAFTA has allowed the U.S. to dump its agro products on Mexico and force trade liberalization on the country that it was not ready or able to handle. In an environmental justice approach trade policy would be scrutinized to insure that participants of the agreement were not being taken advantage of, economically or environmentally. In the case of NAFTA, this careful scrutiny either did not occur or the U.S. has not been held accountable for the damage it has, in fact, caused Mexico. Through NAFTA Mexico has suffered human rights and environmental damage that will continue to affect the Mexican economy and society of many years to come.

Another objective of environmental justice is to see that environmental resources are distributed equally so that no one community will be adversely affected by any environmental disaster. Environmental justice views the environment as a social good rather than as a commodity. In this view the environment needs to be allocated equitably so no one community is too burdened with the risks and rewards, and international trade policy plays a pivotal role in distributing both economic and environmental risks and rewards. Under NAFTA this means

understanding how the fundamental inequality between the U.S. and Mexico creates a treaty that assigns risks and rewards through a calculation of power, not justice.

NAFTA failed to be equitable for Mexico and did not take into account the economic and environmental risks that the country would endure. The U.S. has a great deal of influence over Mexico and wielded this power to reach a deal that benefited the U.S. more than it benefited Mexico. From an environmental justice stand point Mexico was not treated fairly and gave up too much too soon. Timelines put on corn production were hurried; causing U.S. subsidized corn to flood the market that caused the small farmers to be driven out of business. Mexican communities were overlooked under NAFTA as profit and mass production took precedence, disrupting the settled societies of rural Mexico, including the displacement of indigenous communities from the lands they once worked (Krooth 1995:34).

Advocates for environmental justice have preached the importance of giving countries and affected communities all the information that is needed to understand risks and to allow the persons that will be affected the opportunity to discuss and decide whether agreements are beneficial and acceptable. It is important in the future that environmental justice is practiced from inception to implementation in trade agreements to insure that communities do not suffer human rights and environmental degradation at the hands of corporations looking to exploit agreements for monetary gains (Krooth 1995:37).

## NAFTA AND THE ZAPATISTA MOVEMENT

As mentioned above, a crucial inflection point in the story of NAFTA has been the uprising of peasants in Chiapas under the name Ejército Zapatista de Liberación Nacional

(EZLN) or Zapatistas for short. NAFTA was the main reason this uprising took place and can be seen as the straw that broke the camel's back. The Zapatista Army went public on January 1, 1994, the day when NAFTA went into effect. On that day, the Zapatistas issued their First Declaration and Revolutionary Laws from the jungles of Chiapas. The declaration amounted to a declaration of war on the Mexican government, which the Zapatistas considered so out of touch with the will of the people as to make it illegitimate. The Zapatista declaration stressed that it opted for armed struggle due to the lack of results achieved through peaceful means of protest. The peasants in Chiapas tried many forms of non-violent protest at first trying to express their plight through sit-ins, hunger strikes and marches but nothing seemed to draw any attention or success to their cause.

EZLN's initial goal was to instigate a revolution throughout Mexico, but because of the movement's relative size and lack of resources this never came to fruition. The EZLN decided to use their uprising as a platform to call the world's attention to the problematic signing of NAFTA. The EZLN feared the treaty would devastate the peasant communities and bring even a further wealth gap between the rich and the poor. The EZLN also called for greater democratization of the Mexican government, which had been controlled by the Institutional Revolutionary Party (PRI) for 65 years, and for land reform mandated by the 1917 Constitution of Mexico but largely ignored by the PRI (O'Neil 2006:377). The EZLN did not demand independence from Mexico but rather autonomy that would allow the peasants to take control of their resources and destiny.

On the morning of January 1, 1994, an estimated 3,000 armed Zapatista insurgents seized towns and cities in Chiapas and freed the prisoners in the jail of San Cristóbal de las Casas and set fire to several police buildings and military barracks in the area. This insurgency

gave the Zapatistas hope that they could get what they wanted through force, but the armed rebellion was to be short lived as the following day the Mexican army counterattacked the Zapatista guerrillas and forced them to retreat back into the jungle. The EZLN faced an uphill battle with their uprising, but because of their fierce determination and nothing-to-lose attitude the EZLN kept fighting for their rights and self-determination.

Armed clashes in Chiapas ended on January 12, with a ceasefire brokered by the Catholic diocese in San Cristóbal de las Casas. The Zapatistas retained some of the land for a little over a year, but in February 1995 the Mexican army attacked the EZLN in a surprise breach of ceasefire, retaking land from the Zapatistas. Following this offensive, the Zapatista villages were mostly abandoned, and the rebels fled to the mountains after breaking out of the Mexican army perimeter.

The Mexican army continually tried to capture the Zapatista guerrillas and their commanders. The guerrillas knew the jungle of their homeland well and made it difficult for the Mexican army to find them. After some time the Mexican army was unable to defeat the guerrillas so the Mexican government decided to pursue a policy of negotiation. The EZLN were led by a very charismatic man who went by the name of sub-comandante Marcos. Sub-comandante Marcos developed a media campaign through numerous media outlets that brought the movement worldwide attention. Sub-comandante Marcos ran the EZLN from the Lacandon Jungle in Chiapas and made a series of declarations to the Mexican government on behalf of the peasants. The declarations were non-violent attempts to achieve rights for the peasants of Chiapas through political channels. A very important agreement was signed with the Sixth Declaration.

On June 28, 2005, the Zapatistas presented the Sixth Declaration of the Lacandon Jungle that declared the EZLN rights and future for the peasants of Chiapas. This declaration outlines and establishes support for the indigenous peoples, who make up roughly one-third of the population of Chiapas and extends the cause to include "all the exploited and dispossessed of Mexico." It also expresses the movement's sympathy to the international alter-globalization movement and offered to provide material aid to those in Cuba, Bolivia, Ecuador, and elsewhere, with whom they had a common cause. The declaration ended with an exhortation for all who have more respect for humanity than for money to join with the Zapatistas in the struggle for social justice both in Mexico and abroad. The declaration called for an alternative national campaign as an alternative to the presidential campaign. In preparation for this campaign, the Zapatistas invited to their territory over 600 national leftist organizations, indigenous groups, and non-governmental organizations in order to listen to their claims for human rights in a series of biweekly meetings that culminated in a plenary meeting on September 16, the day Mexico celebrates its independence from Spain. In this meeting, Subcomandante Marcos requested official adherence of the organizations to the Sixth Declaration, and detailed a six-month tour of the Zapatistas through all 31 Mexican states, to occur concurrently with the electoral campaign starting January 2006 (O'Neil 2006:378). Other groups in Chiapas, such as the pacifist Las Abejas, supported many of the goals of the Zapatista Revolution without condoning the use of violence to achieve those goals. A strong international Internet presence prompted numerous international left-wing groups to support the Zapatista movement.

When President Vicente Fox, the first non-PRI president of Mexico in over 70 years, took the presidency in 2001, the Zapatistas marched on Mexico City to present their case to the

Mexican Congress. Although Fox had stated earlier that he could end the conflict "in fifteen minutes," the EZLN rejected watered-down agreements and created 32 "autonomous municipalities" in Chiapas, thus partially implementing their demands without government support but with some funding from international organizations (O'Neil 2006:378). The extraordinarily complex and rich history of political discussion and organizing in Chiapas from the 1970s to the 1990s produced something genuinely original, a New Leftist language and vision that includes negotiation about what it means to be Indian within a larger Mexican nation. It includes discussion about new forms of democracy and an inventiveness regarding civil society, exemplified by the convention in the jungle when the Zapatistas asked people around the nation to comment and vote and by the accords on Indian autonomy hammered out with government negotiators in 1996.

The struggle of the Zapatistas for the indigenous of Chiapas was a very important movement that showed the economic injustice that was being forced upon the indigenous of the country. The Zapatistas were fighting against NAFTA and showing the world that the treaty was unfair and causing great harm and displacement to certain communities within Mexico. NAFTA included many policies that went against an ethos of allowing communities to survive and develop in their own way with their own traditions.

## MEXICO AND LAND SCARCITY

Many of the agricultural policies implemented under NAFTA have undermined food sovereignty in Chiapas, particularly in terms of self-determination of production and consumption. There have been three major environmental justice issues that have negatively

affected Chiapas and caused the most destruction on poor, rural indigenous communities: land security, food security, and genetically modified organisms (GMOs) and monocultures.. Clearly, issues of oppression, most often through race and class, are structural, embedded in and permeating all levels of society (Maiki 2001:22). They are at the root of numerous environmental problems in Mexico, almost all of which spring out of land insecurity.

Mexico has a long history of resource and environmental injustice. A great part of Mexico's history shows an unbalanced distribution of land. Mexico's government, throughout the nation's existence has been built on the elite holding power, creating a system that favored the rich and exploited the indigenous. NAFTA to the Zapatistas was an extension of government politics as usual, where the elite favored the elite. The Zapatistas' fears were realized as economic policies that came out of NAFTA took away small farmers' land and replaced it with large scale producers that put profit over human rights. Even ejido land became too expensive to farm and soon that land too was taken over by big agribusiness. (Villarreal 2010: 22).

Since the implementation of NAFTA and the privatization of ejido land, many of the small farmers have chosen to sell or rent their land to these businesses as a source of income. Consequently, they frequently become day laborers, working their own rented-out land as the majority of profits and benefits are going to large-scale agribusinesses, either the Mexican upper class or foreign investors, rather than to the actual farmers who have been struggling for their land rights for centuries. To further complicate the issue of land scarcity, much of the land that is available for small-scale farming is being degraded through poor agricultural practices.

Slash-and-burn clearing and the overharvesting of wood as a fuel source are just a couple of examples of land degradation. These practices and the resulting land degradation, while often carried out by small farmers, are informed by the socioeconomic systems in Mexico and of NAFTA. The marginalization of the rural poor was driven by their inability to integrate into the economic system and through increased competition that resulted from free trade and in turn has put a huge burden on the indigenous who find it almost impossible to compete under NAFTA. As a result, these communities have begun using traditional practices like slash and-burn at a rate that is unsustainable, leading to loss of nutrients in the soil, deforestation, and erosion of the land that they once took pride in protecting. The irony of this situation is that the small farmer is the one to take the blame for destroying the environment when it is the economic policies that have left them few options for surviving on their own land.

The Zapatistas feared that low corn prices and elimination of governmental policy and subsidies would destroy the small farm industry pushing the indigenous out of their land, migrating north to the U.S. The Zapatistas fears were validated, and after NAFTA was signed the indigenous of Chiapas were unable to compete in the new market and forced to look for other opportunities to make a living (Villarreal 2010: 32).

## NAFTA AND HUMAN RIGHTS

The Zapatistas are an example of an environmental justice movement that brought attention to the plight of the indigenous and showed firsthand the damage that NAFTA was doing to this community. These movements have taken place in many developing countries



and they are one of the few ways that the poor in these countries can bring attention to adverse effects of trade liberalization.

An environmental justice approach to trade policy must begin with all parties looking to see how human rights are being affected. More powerful countries need to step up and work on trade agreements that are fair to all parties and not vehicles that exploit weaker parties in order to achieve greater financial gain. The history of many nations is one of dominance where the stronger and richer groups subjugate the weaker groups, keeping them down and allowing them little access to change their situation. The world is changing and technology has allowed once isolated situations to be brought out of the shadows and posted to the internet for all to see. There have been two arguments that have been traditionally advanced to justify the hierarchical superiority of human right norms according to Carmen Gonzales.

First, as members of the Organization of the United Nations (UN), all states have pledged to “take joint and separate action in cooperation with the Organization” to promote “universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion (U.N. Charter, arts. 1(3), 55–56, 59). Article 103 of the UN Charter provides that the obligations of UN member states under the UN Charter shall prevail in the event of a conflict with obligations under any other international agreement. It logically follows that obligations under trade agreements must be set aside to the extent that they conflict with human rights norms.

Second, human rights law is hierarchically superior to obligations flowing from trade agreements because it is premised on the natural law notion of the inherent dignity and worth of every individual and is therefore not subject to compromise in the pursuit of other social

objectives, including economic efficiency (Gonzales 2011:777). Unlike trade agreements, human rights treaties do not involve reciprocal exchanges of obligations among contracting states. Rather, human rights norms are designed to codify the fundamental rights that groups and individuals possess by virtue of their humanity. The insuperable nature of human rights claims and their recognition in a variety of human rights conventions and other legal instruments require the interpretation of trade law in a manner that promotes human rights. If we look at NAFTA we clearly see that the treaty failed to give priority to human rights and caused the rights of the Chiapas indigenous to be trumped by the treaty's economic provisions, leading to loss of community, land and wealth. Human rights should be at the forefront of any trade agreement and be a guaranty that people's freedoms and autonomy will be respected.

One of the solutions Carmen Gonzales proposes for protecting human rights is to incorporate an explicit hierarchy of norms into trade agreements (Gonzales 2011:778). By including a hierarchy of norms clause in trade agreements and declaring that human rights will prevail in the event of a conflict between treaty norms, allowing greater protection for natural resources, including air and water that are the rights of all people and should take precedence in any trade agreement. If countries agree to this hierarchy of norms clause it could be good for all parties of an agreement. Weaker countries will be able to give their citizens a guarantee that they will not be taken advantage of and lose their human and environmental rights, while stronger countries can possibly have access to trade with countries that would not consider participation because they felt they and their citizens would be taken advantage of. For trade agreements to conform to an environmental justice ethic flexibility and room for making exceptions need to be built into the treaties.

Under international law indigenous peoples are protected and guaranteed fundamental human rights. International law under the United Nations represents the universal recognition that basic rights and fundamental freedoms are inherent to all human beings, inalienable and equally applicable to everyone, and that every one of us is born free and equal in dignity and rights. Whatever our nationality, place of residence, gender, national or ethnic origin, color, religion, language, or other status, the international community has endorsed an idea and system of law that imagines justice for all.

How does international law protect human rights? International human rights law lays down obligations which states are bound to respect. By becoming parties to international treaties, states assume obligations and duties under international law to respect, protect and achieve human rights. The obligation to respect means that States must refrain from interfering with or curtailing the enjoyment of human rights. The obligation to protect requires states to protect individuals and groups against human rights abuses. The obligation to fulfil means that states must take positive action to facilitate the enjoyment of basic human rights (Gonzales 2011:781).

Through ratification of international human rights treaties, Governments should undertake to put into place domestic measures and legislation necessary to achieve their treaty obligations and duties. The domestic legal system, therefore, provides the principal legal protection of human rights guaranteed under international law. Where domestic legal proceedings fail to address human rights abuses, mechanisms and procedures for individual and group complaints are available at the regional and international levels to help ensure that international human rights standards are indeed respected, implemented, and enforced at the

local level. So under international law people affected by NAFTA should have their rights protected through meaningful procedures and institutions.

The indigenous of Mexico under international law, as stated above, should have rights to their lands and resources where they live and the right to determine their own economic development and be consulted and participate in any agreements that will affect their land and rights. In the case of NAFTA the indigenous were forced to leave their land by takeover and by the fact of low priced agricultural imports that flooded the market and made the indigenous unable to compete in the market. There were some safeguards put into NAFTA to slow the transition of cheap agricultural imports but in the case of corn they were not followed, which allowed cheap corn to flood the market almost immediately, sending shockwaves through Mexican indigenous communities.

One reason that human rights were overlooked and provisions were violated was that Mexico was pressured at every step of the way to take whatever was offered to them in the NAFTA treaty. If Mexico refused to accept the terms under which the U.S. operated they would be threatened with exclusion from the agreement so the Mexican architects in the agreement took what was offered without offering any resistance. The Mexican government felt that any treaty was better for them than no treaty at all. This raises serious questions when countries are bullied into signing an agreement because they want to participate in that agreement with the hope they will reap some benefits that will outweigh the negatives aspects of the treaty. Though the NAFTA treaty was good for some it was definitely not good for all, and the persons who suffered most were the indigenous who were not given any special considerations under the NAFTA agreement. The Mexican government is as much to blame for human rights violations as the U.S. has been.

Mexico is run by the elite and the elite have a history of looking down at the other classes as uneducated and barbaric. With NAFTA the rights of the indigenous were not a great concern to anyone. Big agribusiness and the Mexican government looked at profit and what would benefit their interests. Indigenous land was a prize that big companies sought to control and use for their own financial gains. The Mexican government was more concerned with how NAFTA would affect the rights of workers who would have easier access to the United States at the border and the human rights of Mexican workers within the U.S. (Krooth 1995:47) In the negotiations of NAFTA the Mexican government wanted to gain better rights for people who lived or worked within the U.S. The Mexican government fought for better protection against abuse of Mexicans at the border and inside the United States.

President Salinas also asked the U.S. not to hunt down alleged criminals inside Mexico to bring back to the U.S. for criminal prosecution, regardless of where the alleged crimes were committed. NAFTA did establish some common policies that affected labor and the environment, but it was superficial to the agreement and quickly dismissed by many as inadequate. There was also a growing inter-relation of human rights conditions from country to country, but the parties focused on the economic provisions leaving a lot of the human rights issues buried in the background. Looking back from NAFTA's initiation until now we see that human rights were really not given the precedence they deserved, and in future agreements the need for a common human rights enforcement policy is necessary as a reflection of the growing global inter-relationship of countries on every economic, political, social, and legal level. NAFTA significantly speeds up this process and the need for full partnership in the inter-American system of human rights becomes ever more pressing.

NAFTA, as it was proposed, created a binding enforcement mechanism for violations of the new international trade law. The agreement of Canada, Mexico and the United States to such binding enforcement mechanisms under NAFTA made clear that enforcement of international law would be supported when governments have the political will to do so. The problem arose when Canada, Mexico and the United States did not adopt a mechanism to enforce their international human rights obligations. In the case of the people of Chiapas there were clearly human right offenses and it was demonstrated that the indigenous peoples did not have a mechanism to help them but instead had to resort to violence and protest to get someone to pay attention to their plight. In order to demonstrate a commitment to the enforcement of human rights, the North American partners should have agreed to the binding enforcement of international human rights law that allowed any group that felt violated to have an avenue for relief and redress of their rights grievances.

The indigenous of Chiapas tried to get the Mexican legal system to help them but it did not, which demonstrates the ongoing importance of enforcement of international human rights through domestic courts. The domestic courts failed to provide the people of Chiapas with help for the abuses they faced under NAFTA. As another source of rights protection and complaint process an international mechanism that could provide for independent oversight is needed to assure the consistent protection of human rights.

In addition to guaranteeing international human rights, future agreements need to create a system that offers a mechanism for the broad possible enforcement of violations to the agreement. The current treaty could establish a new human rights clause that would allow a third party to conduct on-site human rights investigations within each country without restrictions, giving them the authority to issue binding decisions, enforcing international law

for the protection of human rights. In regards to environmental justice, trade agreements need to afford developing countries flexibility to protect the lands, livelihoods and resources of indigenous rural communities. Developing countries have sought protection in the WTO negotiations, seeking to impose higher tariffs, import restrictions and subsidies that would protect food and rural development and exclude some imports that would have a direct effect on some communities.

In conclusion all the solutions mentioned to improve people's rights in treaties can help to provide protectionist measures to agreements, but they will prove to be useless unless countries apply their political will to implement them. NAFTA has many examples where policy makers failed to implement safeguards to help communities adapt to the changes that the treaty brought, but one that was especially disastrous was the fifteen year transition period for the phase out of corn tariffs that was written in the agreement to protect the small farmers from the devastating impact of U.S. corn dumping. Mexico's government could have imposed higher duty fees on U.S. corn, since it was heavily subsidized, which might have alleviated some of the burden to Mexico's own small corn producers. Mexico's government could have also provided greater support through higher subsidies to its own farmers. There was no comparative advantage at work in the corn sector because the U.S. corn was so heavily subsidized that even a more efficient Mexican farmer could never compete in a sector that was so skewed in favor of the U.S. Lacking help from any party to the agreement left the indigenous little options but to form an opposition party that would draw some kind of attention to their plight.

**STRUCTURAL ADJUSTMENT PROGRAMS**

All parties to a trade agreement have a right to uphold the rights of all people involved in the agreement. One way to address the violations that NAFTA has caused is by Structural Adjustment Programs (SAPs) that the International Monetary Fund (IMF) and World Bank have promoted. SAPs are economic policies for developing countries that have been promoted by the World Bank and IMF since the early 1980s as conditions of loans. Structural adjustment loans are loans made by the World Bank. They are designed to encourage the structural adjustment of an economy by, for example, removing “excess” government controls and promoting market competition as part of the neo-liberal agenda followed by the Bank. The Enhanced Structural Adjustment Facility is an IMF financing mechanism to support macroeconomic policies and SAPs in low-income countries through loans or low interest subsidies.

SAPs reflect the neo-liberal ideology that drives globalization. They aim to achieve long-term or accelerated economic growth in poorer countries by restructuring the economy and reducing government intervention. SAPs include currency devaluation, managed balance of payments, reduction of government services through public spending cuts, budget deficit cuts, reducing tax on high earners, reducing inflation, wage suppression, privatization, lower tariffs on imports and tighter monetary policy, increased free trade, cuts in social spending, and business deregulation. Governments are also encouraged or forced to reduce their role in the economy by privatizing state-owned industries, including the health sector, and opening up their economies to foreign competition (Gonzales 2011:785).

Substantially re-purposed adjustment assistance through SAPs could enable Mexico to reinvest in its own agricultural sector. Such re-purposing could target indigenous communities and protect natural resources that the communities rely on for subsistence.



Neoliberal economic policies of the recent past have hurt the rural populations of Mexico. By applying SAPs to act as a vector of social and environmental justice Mexico could get some relief from heavily subsidized corn while also providing education, credit, insurance and marketing assistance, making investing in their own agricultural sector a top priority. Adjustment assistance of this kind could benefit not only the rural communities but also the urban communities.

If rural communities could benefit from SAPs to help prop up the agricultural sector then in turn their gain will carry over to the urban centers where new commerce will be needed. Adjustment assistance in urban areas would provide financing for infrastructure and help develop new businesses that would service the small farmers and provide environmental protection. The new businesses would act on behalf of the farmers to improve environmental standards and in turn it would strengthen support for the protection of the rural farmers. Not only Mexico would benefit from adjustment assistance but also the U.S.

If adjustment assistance improves and strengthens the agricultural sector in Mexico, then the U.S. would also benefit because it would make small farm agriculture profitable. If the small farmers are able to make a sustainable living then it would reduce the economic incentive for migration. The U.S. has a longstanding battle with Mexico over illegal migration into its country from Mexico. If citizens of Mexico are given the opportunity to make a living wage in their own country then they will stay in their country. Common misperceptions in the U.S. lead to criminalization of unauthorized immigrants and to the building of walls and militarization of borders, when in reality the U.S. should be finding ways to help the citizens inside Mexico find ways to increase employment and make a decent living in their own country.

## LEGAL REFORMS

As NAFTA has illustrated trade agreements that have been based on comparative advantage are not always even-handed and can result in human and environmental rights harm. In the case of NAFTA comparative advantage neglected to take into account subsidies on corn that worked against the theory. Market prices and social costs were not taken into account in the agreement and none of the small farmers affected by the treaty were asked for input. Considering the mistakes of NAFTA future agreements should involve some legal reform that protects participants from future environmental and human rights damage. The time to start addressing environmental and human rights concerns is at the beginning of developing a treaty. In the development of a treaty human rights assessments should be conducted early and responsibly and should include extensive public participation.

Environmental impact assessment emerged as a regulatory tool in the United States with the passage of the National Environmental Policy Act of 1969 and has since been adopted by most countries and international organizations (Gonzales 2011:778). These assessments can benefit communities that may be adversely affected by a trade agreement by giving time to assess and ensure that any impacts of agreements are fully understood before any final decisions are made and that all parties that may be affected have been consulted and participated in the decision.

The United States does have Executive Order 13,141 (1999) that requires the U.S. to do an environmental review of all trade agreements. The problem with this Order is that it is only mandatory to look at effects of environmental impact within the United States; the order does not make mandatory the environmental impact on other countries. Executive Order

13,141 also does not provide for any external protection of human rights or provide any assessment or periodic review of the effects of an agreement. The agreements are also immune from having to release any information or drafts of any agreements to the public for review. The fear of this could be that something negative may be exposed in the agreement that might cause the agreement to get shelved, which could put the treaty in jeopardy of ever being signed. Executive Order 13,141 does not take into account the rights of different races, gender or ethnic origin and it does not allow for any direct action against parties who break or abuse any part of the treaty.

Executive Order 13,141 does have its flaws but it can be a starting point for governance that includes environmental and human rights assessment and protection that take into account every party that is involved. A new regime could also implement some kind of protection against commercial interests hijacking agreements for financial gain, making the negotiations open to the public to all parties making the process transparent. Including the public and especially the rural and indigenous communities in the negotiations will assure that the assessment that is being conducted is one that is fair and has the experience and input of the people most affected by the agreement. Participation by all parties of the agreement will make the agreement seem more legitimate due to the fact that everyone was included in the process of developing the treaty.

Another safeguard to performing assessments would be to require periodic evaluations of environmental and human rights to assure that the agreement have not caused any undue harm on areas or communities of the agreement. It is important to continue to check if parties to the agreement are affected negatively and, if they are, to immediately address the issue and implement a plan to alleviate any ill effects.

In regards to NAFTA, if there was an opportunity for communities to participate in the development of the treaty, then attention to negative externalities of corn production in the U.S. as compared to Mexico may have been brought to the forefront and dealt with accordingly. If the public had been allowed to participate in NAFTA negotiations, they would have had the opportunity to put pressure on the deciding parties and had a chance to correct harm before it had the opportunity to take hold. In the United States corn production has been linked to many environmental and human health risks. U.S. corn production causes harm to the environment through water, soil and air pollution from the vast array of insecticides that are used in the production process. There is also the human health risk that comes in the form of high fructose corn syrup that comes for U.S. corn production. High fructose corn syrup has been linked to obesity and type II diabetes and has found its way into many food products consumed in the U.S. In contrast the Mexican corn production by small rural farmers provides a positive environmental and human health to the community. The small indigenous farmers in Mexico rarely use pesticides from harmful chemicals, eliminating any water, soil and air risks. The corn grown is not sold to big business to be made into high fructose corn syrup but instead is grown for personal consumption or sold to be made into tortillas. If these issues had been brought out at the inception of NAFTA, then the parties may have been able to address these issues and draw attention to this cause that might have had some effect on agribusiness to reform its growth and use of corn.

The U.S. should change its agricultural practices. Large agribusiness has made itself almost exempt from being held accountable for its business practices. Reform needs to take place so everyone is on an even playing field. U.S. corn subsidies should be eliminated and redirected to more sustainable farming practices. In Mexico small farmers should be

rewarded for their environmentally sound growing practices. Rewards in the form of money could come from a tariff put on the importation of U.S. corn and be allocated to small farmers who have shown to be making social and environmental contributions in the agricultural sector. Implementing these changes would help to preserve small indigenous farmers' livelihood, and it would also promote a global good to show the significance of good agriculture and social practice.

## FIXING INEQUALITY

Globalization is the tendency of businesses, technologies, or philosophies to spread throughout the world, and for some countries it is difficult to keep up with the fast paced changes. The global economy is characterized as a totally interconnected marketplace, unhampered by time zones or national boundaries. Whether or not the establishment of the global marketplace will be beneficial is in dispute, but it is happening and the effect of globalization on the world is still being measured. Proponents believe that globalization has the potential to create greater opportunities for growth throughout the world, benefiting the developed nations while leveling the playing field everywhere else; opponents of globalization believe that it will merely increase the opportunities for the wealthier nations to take advantage of the poorer ones and, furthermore, could eradicate regional diversity and lead to a homogenized world culture. An environmental approach to globalization seeks to reduce structural inequities so there is an even playing field created and weaker countries can compete with more advanced countries. NAFTA, an agreement based on comparative

advantage, was not equal for all and relegated Mexico deeper into poverty by pushing an agenda that was economically and environmentally unfair.

An environmental justice approach to trade policy and equality must take into account every landscape including but not limited to social, economic and environmental conditions in participating countries. Trade pacts should be bound by a right to development that allows countries to develop and prosper, eliminating obstacles that would otherwise hinder their progress. International development policies need to be established collectively and individually so that there are a set of guidelines that are followed to insure that developing countries are given the chance to prosper from trade agreements and not suffer.

The 1947 GATT agreement was perceived to favor wealthy countries over poor ones because it required reduction in tariffs on manufactured goods while permitting industrialized countries to limit or exclude textiles, clothing, and agricultural product from developing countries according to Gonzales. Developing countries did try to fight these inequities by joining together to demand fair treatment but developed countries having all the power thwarted any attempts to alter the GATT. This agreement laid the groundwork for developed countries to take advantage of developing countries and changing future trade regulations would prove to be a challenge.

After the GATT came the WTO agreements, which did not do much better in improving trade policy for developing countries, though they did adopt a set of guidelines that in principle sounded good. Certainly the vast majority of the world's nations seem to have believed so for they all have signed on to the WTO regime. However, in reality, power politics have played a central role at the WTO, and the organization has been criticized by

various groups and third world countries for numerous things, including: being opaque and not allowing enough public participation, while being very welcoming to large corporations. While importing nations cannot distinguish how something is produced when trading, though it sounds good at first along the lines of equality and non-discrimination, the reality is that some national laws and decisions for safety and protection of people's health, environment and national economies have been ruled against as barriers to free trade. Also many transnational corporations (TNCs) are able to exert enormous influence in no less a powerful body than the WTO. These TNCs are closely linked to the WTO decision-makers themselves. For developing countries the WTO was another roadblock to their development. Developing countries expressed their disapproval of the WTO that led to the Doha Development Round (Gonzales 2011:769).

The Doha Round was the response from dissatisfied countries to the WTO. Its aim was to achieve major reform of the international trading system through the introduction of lower trade barriers and revised trade rules to help alleviate some of the inequality that was keeping developing countries from competing fairly in trade. The Round was officially launched at the WTO's Fourth Ministerial Conference in Doha, Qatar, in November 2001. The Doha Ministerial Declaration provided the mandate for the negotiations, including on agriculture, services and an intellectual property topic, which began earlier. In Doha, ministers also approved a decision on how to address the problems developing countries face in implementing the current WTO agreements.

Agriculture has become the most important and controversial issue at the DOHA round. Agriculture was particularly important for developing countries because around 75 percent of the populations in developing countries live in rural areas, and the vast majorities

are dependent on agriculture for their livelihoods (USAID: 2010). The first proposal in Qatar in 2001 called for the end agreement to commit to substantial improvements in market access reductions (and ultimate elimination) of all forms of export subsidies and substantial reductions in trade-distorting support.

The United States is being asked by the European Union (EU) and the developing countries, led by Brazil and India, to make a more generous offer for reducing trade-distorting domestic support for agriculture. The United States is insisting that the EU and the developing countries agree to make more substantial reductions in tariffs and to limit the number of import-sensitive and special products that would be exempt from cuts. Import-sensitive products are of most concern to developed economies like the European Union, while developing countries are concerned with special products, those exempt from both tariff cuts and subsidy reductions because of development, food security, or livelihood considerations. Brazil has emphasized reductions in trade-distorting domestic subsidies, especially by the United States (some of which it successfully challenged in the WTO U.S.-Brazil cotton dispute), while India has insisted on a large number of special products that would not be exposed to wider market opening (USAID: 2010).

Most countries participating in the negotiations believe that there was some economic benefit in adopting the agreement; however, there is considerable disagreement over how much benefit the agreement would actually produce. Many believed that the Doha Round was successful, however, in making a global concern the restructuring and adjustment of costs required to prevent the collapse of local industries, particularly in developing countries.



Trade agreements must begin to allow for developing countries to have a say in policy issues. In trade agreements we find that developed countries are the ones in control of dictating what the terms are in agreements. There need to be protectionist policy added to agreement that allows for weaker countries to compete fairly in trade. Wealthy countries need to afford the same benefits in trade agreements to developing countries as they take for themselves. If markets are to be free and open then parties in agreements cannot put protectionist barriers or demands on weaker countries. Trade needs to be equal and needs to help the developing world compete fairly and openly with the developed world.

#### A NEW WAY TO LOOK AT DEVELOPMENT

Developing countries, I think most would agree, should be able to determine their own destinies. The developed world needs to reassess its own hegemony and try to stop getting countries to accept its values and instead embrace the differences and look for a way to work together more democratically with other countries of the developing world.

Development has been seen as a way in which societal conditions are improved; however, the term improvement can mean different things to different people. A modernization perspective based on neo-classical theory assumes that the western model is the most desired. The problem here is that a lot of developing countries do not think the western model is the best and look at it more as imperialist imposition that forces social change on countries to get them to act in a way the west deems acceptable. Many countries are based more in a liberal model that lends itself to a more communal society, one in which wealth is shared evenly. In developing countries the liberal theory is accepted and thought of

as the way to empowerment while serving the community as a whole. The new globalization can look to many poorer countries like another move by imperialist powers to dominate the poorer and formerly colonized countries.

Indigenous peoples have always fought against development initiatives that threaten their communities and way of life. Many organizations including the Zapatistas have denounced globalization as the West's way of taking over and subjugating poorer countries into servitude for their economic gain. For these poorer countries and with treaties such as NAFTA it seems the worst fears are being realized as indigenous groups watch their land and resources being taken away as big business drives them out of economic viability.

Looking at this issue from an environmental justice approach we must then begin to respect the differences of countries and fight to protect their right to self-determination. In regards to NAFTA and the displaced corn farmer, it is not right to ask them to leave their land and relocate to urban centers to find work. One of NAFTA's missions was to take displaced workers and train them in other fields and help them readjust into new communities. This has proven not to work and has left many communities broken, with families displaced and separated as many look north to make a living. The U.S. and Mexico have benefited from the agreement, but only a small sector of upper class elites have prospered in Mexico leaving the poor even poorer. There is also a trickle-down effect from the displacement because as one person leaves communities suffer because they are not getting the pure affordable corn that they were once getting from one of their community members. If we can recognize these problems before we implement trade agreements then we can address and find alternatives that would serve communities better.

Recognizing alternative models of development is a key step to re-conceptualizing development. Globalization has been sold to the world as a way for all countries to participate in global commerce that brings the potential for economic growth. The truth of globalization is that when certain interests or approaches dominate the constructions of free trade policy and, as in the NAFTA case, this policy is forced upon parties, it then becomes something that may threaten the ecosystem and cause harm to communities. This model of trade and development does not promise the globalized utopia we have been promised. In the future treaties need to look at different ways an agreement can be implemented. There is room for experimentation to find what works and what does not, but it should not be done at the expense of the poor. The current models are being fought by groups as the Zapatistas and leaders need to listen to them if they are to change current models for the better.

Competition is not perfect in NAFTA, and comparative advantage does not seem to apply under the non-market circumstances at hand. Through unfair trade advantages from subsidies one group has extracted economic rent from another and unbalanced the system that has lead NAFTA to cause great hardship on the small indigenous farmers who has had to abandon traditional ways of farming and living and suffer more displacement Big agribusiness has defeated small farming through lower prices and an abundance of product. Big business has also used its influence on political leaders, who are not accessible to the small farmer, in order to get policy favoritism that gives them unlimited power in the trade arena. The only way to even the playing field in trade is to develop legislation that would keep big business from overstepping fair boundaries (Gonzales 2011:772).

Antitrust legislation is necessary to mitigate the economic power of big agribusiness. The United States Department of Justice needs to participate in negotiating agreements like

NAFTA to make sure that all parties are being treated fairly. In NAFTA I have shown that big agribusiness has been favored by the agreement this has caused great stress to the poorer populations in Mexico. In the future big business that operates unfairly and dominates various sectors that harm smaller business should be investigated to see if they are overstepping their boundaries, and if they are found guilty they should be excluded from participating in the agreement.

The big problem is that competition usually is focused on the consumer and getting the best price for the consumer that will in turn generate a bigger profit for the provider of these goods. Policy needs to focus as well on the small producers. It is fine to get a product at a good price for the consumer, but if you are harming people in the production of the product then the damage outweighs the lowered consumer cost. If markets are to be truly global then there should be some kind of independent legal authorities that can look at markets and decide if they are being run equally and fairly.

## CONCLUSION

The NAFTA treaty is a valuable case study for future agreements where social, economic and ecological factors can be examined and evaluated to see if equality in trade was being met. As I have shown Mexico has suffered greatly from the NAFTA agreement and caused a great number of migrants to leave their homes and head north to the United States for employment. Mexico's urban areas have been ill equipped to handle the first wave of migration from rural areas that have left the small farmers little choice but to continue to the border for a chance at getting to the U.S. to find work. NAFTA has proven to be a disaster for the small farmer and caused a mass exodus that is pulling apart families, increasing urban

poverty, precipitating social unrest and threatening the physical, cultural and spiritual survival of indigenous communities. The world will also suffer from the displacement of workers and they will lose the environmental friendly farming practices and genetic strains of corn that have been developed over centuries of cultivation in Mexico.

Mexican migrants to the U.S. have been labeled as undesirables and criminalized for crossing over into the U.S. It is time to look at our own contribution to the mass migration of Mexicans into the U.S. and find ways to alleviate the problem. Building a wall and militarizing the border will not stop migration. It would serve the U.S. and the world better to look at solutions to immigration problems instead of blaming one side for the problem. The surge in immigration is one symptom of a bad economic agreement, where human needs are overlooked for maximized profits. The only solution to alleviate the immigration problem is to provide stable employment and social services that benefit Mexican laborers. If we invest and Mexico invests in its own country, than workers will have no reason to leave a land they love to come to the United States to work in low wage jobs to support their families back home.

The North American Free Trade Agreement (NAFTA), which was to embrace globalization and open up markets and promote free trade, really turned out to be an agreement laden with protectionist initiatives that erected new barriers to equitable trade and development and instead brought more economic hardships to Mexico. In the future we must learn from our mistakes and use our knowledge to create treaties that work to favor all.

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