AID, Trade, and Integration: A Coordinated Approach to Reducing the Flow of Mexican Immigration

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Introduction
The following analysis explores a combination of strategies aimed at addressing the issue of immigration to the United States. Specifically, this analysis will suggest that in order to curtail the flow of Mexican immigration to the U.S., the countries of North America will have to facilitate aid, trade, and integration in the entire region. This policy paper will focus specifically on Mexican immigrants because of the unique relationship and level of integration between the U.S. and Mexico.

It is important to address the issue of immigration in the United States because it has been a controversial topic since America’s inception and is currently a major focus of public, media, and policy maker debate. Although peoples from all over the world are affected by U.S. immigration policy, in terms of numbers, Mexican immigrants are most affected and therefore have the greatest potential effect on the United States. Thus, this paper will examine what long-term, interconnected, and comprehensive actions can be taken to genuinely improve the immigration crisis in the United States so that all North Americans can better prosper.

Historical Background/Context
Long before the world had heard of international investment or trade, people were migrating to escape poverty and secure a better quality of life. It was the migration of primitive hunter-gatherers from Africa to Egypt and Mesopotamia that “gave rise to civilization itself.” Thus, immigration is as “core to humanity” as the search for basic survival. Lack of opportunities in native lands provokes immigration to foreign countries.

The United States of America is a prime example. This search for greater opportunities to secure a better life propelled North America’s first modern immigrants to make the journey to this country between the late 17th and early 19th centuries. Later waves of immigrants followed in the 20th century and forever changed the cultural make-up of the country. Thus, America’s history is “colored by its immigrant past. Immigrants, past and present, have enriched the nation’s tapestry, and invigorated U.S. communities.” Yet, explains historian Victor Davis Hanson of Stanford University’s Hoover Institution, despite the fact that the U.S. owes its establishment and success to immigrants, “America has always struggled with issues of immigration,” especially “when it was a matter of the poor, dispossessed non-Anglos or non-Protestants coming in by the millions.”

Today is no different. The topic of immigration continues to conjure up strong emotions for and against immigrants, often without productive dialogue that recognizes the shared responsibility to address this issue. In order to fruitfully address and resolve the crisis of illegal immigration into the U.S., says legal scholar Michael Krauss, it is important to understand who these immigrants are and what they seek: primarily “opportunity and more specifically, work.”

Legal or not, Krauss explains, most Mexican immigrants come to the U.S. “headed for a specific town or city where some family member or friend from their village is now or has been, and where they will be received by an extended family that provides initial shelter and will show them the ropes” — a kind of “combination social service and employment agency, provided tax free.” The majority of Mexicans head to the U.S. looking for work, and — although current economic conditions have created some changes — the U.S. economy generally has a place for them. In fact, in industries such as meat packing, food processing, agriculture, and hotel and restaurant services, the American economy has a critical need for them. Thus, as noted by Robert Pastor, Professor at the Center for North American Studies at the American University, immigration is primarily an economic and social issue, in that the “U.S. wants cheap labor and

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Mexicans want better wages.” A large portion of wages earned in the U.S. by Mexican workers are sent home to Mexico as “remittances.” According to the Foreign Policy Association, Mexicans living in the United States sent a record $24 billion back home in 2006, making remittances Mexico’s second largest source of foreign revenue, behind oil and ahead of tourism.

Although Mexican immigrants form an essential part of the American labor force, they “exist on the margins of the nation’s political and social life,” according to historian Mary Odem. Mexican immigrants have always been considered cheap and temporary laborers “who are accepted as hard workers but not desired as permanent citizens.” In fact, Mexican immigrants “contribute to capital accumulation” in the United States while helping “sustain the fragile socioeconomic stability” of Mexico, according to Raul Delgado Wise and Humberto Marquez Covarrubias of the Development Studies Institute, University of Zacatecas, Mexico. But most Americans do not recognize this, and the immigration debate has antagonized Mexico and Mexicans while remaining unresolved.

Another crucial challenge is the lack of an effective process to lawfully manage the numbers of Mexicans seeking to live or work in the U.S. At the moment, there are an estimated 11 million “undocumented workers” in the United States, of whom about 6.3 million are Mexicans. Through inaction and inattention, says Krauss, policy makers have “manufactured a crisis” by failing to establish an effective process to “regularize the status” of Mexican immigrants while maintaining a steady flow of temporary workers. To make matters worse, explains Pastor, any and all proposals to “regularize” undocumented workers provoke “a new wave of illegal migration” in addition to its corresponding negative backlash.

Moving Forward
How can we finally address the immigration debate in a constructive manner? In the short term, we need to reform the legal process and establish a better way to manage the flow of immigration. Krauss believes the U.S. must consider the creation of “a series of modern-day Ellis Islands” in the interior of Mexico, fully staffed and funded to identify Mexican immigrants, figure out where they are headquartered, and match them with legal employers in the U.S. (To this end, we can look at Operation Global Reach and possibly use it as a model for such a strategy, according to Dr. Mathew Coleman of Ohio State University, an expert on the geopolitics and politics of immigration.) Krauss suggests that such a process would determine if the Mexican immigrants are temporary workers or have intentions of becoming Americans, and would allow for properly monitoring and assisting immigrants in the United States. Only after such action is taken would it make sense to “revisit the legalization process for those who are already established in the country.”

For the long term, which is the period we should be thinking about, only raising the living standards of the Mexican people will curtail the flow. Pastor and Krauss believe that in order to dramatically affect the flow of Mexican migration to the United States, the development gap between the United States and Mexico must be narrowed. As long extreme disparities in the living standards of societies living in such close proximity to each other exist, migration to the more prosperous society will continue. Simply put, “[T]he wider the gap, the greater the flow.” The Economist noted recently that as long as the wage gap between America and Mexico persists, Mexicans will continue to be a critical part of the American labor force. In order to genuinely address the issue of immigration in the United States, we must design, develop, and implement a combination of interrelated efforts consisting of aid, trade, and integration. Only then will Mexico be able to engage in and benefit from sustainable development, and, as a consequence, significantly impact the migration pattern of its citizens.

In order to undertake such a task, however, we must expand the definition and scope of what we consider “aid.” To “aid” is simply to help (others); and a lot of measures already undertaken by public, private, and nongovernmental actors aim to help others secure and maintain a better quality of life. Therefore, we must analyze the wide range of existing aid and foreign assistance efforts, established economic agreements, and potential benefits from greater regional integration and construct a “help package” that genuinely addresses one of the root causes of immigration: development, or a lack thereof. If we want to genuinely address immigration into the United States, we must recognize the need for a broad, long-term, multi-faceted, and regional approach. Undertaking such an initiative will ultimately limit the desire and propensity to migrate to the United States by facilitating and encouraging a regional environment conducive to reducing the income gap and ensuring sustainable development in Mexico.

What is required is a comprehensive and interconnected formula that consists of increasing aid, facilitating fair trade, and embracing regional integration. The analysis that follows explores these three key factors in the flow of immigration to the U.S. from Mexico.

Analysis

Aid
The first mechanism that must be used to stem the flow of Mexican migration is U.S. foreign assistance. Foreign assistance, commonly and no longer politically correctly referred to as aid, originated in the years directly following World War II as a U.S. tool used to combat the spread of communism in Europe. Between 1948 and 1951, the Marshall Plan provided over $13 billion to 16 different western European countries to strengthen and support their economies and governments.

In the early 1960s, President John F. Kennedy launched the Alliance for Progress in Latin America to increase economic cooperation between the U.S. and Latin America and serve as a strategy
against communism. It was also under Kennedy that Congress passed the 1961 Foreign Assistance Act (FAA), which was designed to rationalize existing U.S. foreign assistance programs. Under this legislation, President Kennedy created the U.S. Agency for International Development (USAID) to spearhead and coordinate U.S. assistance programs, and separated military aid from economic aid. Since 1961, however, U.S. foreign assistance has become a convoluted system of overlapping jurisdictions and redundant programs, with little leadership or organization.

The reality is that the FAA is outdated, its goals reflecting the Cold War context in which it was drafted. Over the years, a host of new initiatives were developed to correct for problems not covered in the FAA, which fragmented U.S. foreign assistance and made the entire system unwieldy. In other words, U.S. foreign assistance has lacked a coherent “national strategy”; instead, it has become a series of projects being undertaken by a number of agencies without an overarching foreign assistance plan. A related problem that has emerged is the encroachment of the military in development projects. As the institutional capacities of the Department of State and USAID have deteriorated, the military has continued to increase its involvement in development, partly because it is easier to secure funding for projects administered by the military than by the State Department or USAID. Ironically, the difficulties traditional development agencies have had in securing funding for development projects has undermined their institutional capacity and delegitimized their authority, making it even more difficult for them to secure funding.

Fortunately, the U.S. Congress has made foreign assistance reform a priority and is currently working on legislation that would rationalize the existing foreign assistance programs. Secretary of State Hillary Clinton has also called for foreign assistance reform, and has mentioned her intention to further elevate socioeconomic development in U.S. national security considerations, often referred to as the “3Ds”: Defense, Diplomacy, and Development. Although still in its nascent phase, foreign assistance reform will likely modernize the goals of the 1961 FAA, refocus aid on the mission of poverty reduction, incorporate the Office of the President in aid delivery, and reaffirm the State Department and USAID as the lead agencies in foreign assistance. Foreign assistance reform will commit greater resources to empower the State Department and USAID, both understaffed and underfunded institutions, and encourage more direct implementation of development projects, as opposed to contracting out to private firms.24

It is crucially important that foreign assistance reform include Mexico in its planning and corresponding budget allocation. According to the Director of U.S. Foreign Assistance (DFA), the U.S. vision of foreign assistance is to “respond to global needs, make the world safer, and help people better their own lives.”25 Essentially, these ends promote and encourage development in recipient countries. It is vitally important to include Mexico in any and all foreign assistance reform as a way to promote, facilitate, and monitor development in Mexico, and, consequently, curtail the flow of Mexican immigrant. By using development as “a tool of social transformation,” explain Delgado Wise and Marquez Covarrubias, the U.S. can curtail Mexican migration to the United States.26

Trade – the North American Free Trade Agreement (NAFTA)

The North American Free Trade Agreement (NAFTA) is a trilateral free trade deal created to abolish tariffs on products traded among the United States, Mexico, and Canada. While it is difficult to assess NAFTA’s precise impact, “given the complexities involved in assigning direct causality between NAFTA’s implementation and economic shifts,” trade experts at the Peterson Institute for International Economics confirm that, “on a basic level,” NAFTA has had a positive impact on North American companies. As an agreement that “was designed to promote economic growth by spurring competition in domestic markets and promoting investment from both domestic and foreign sources,” NAFTA “has worked. North American firms are now more efficient and productive.”27

Pastor documents how NAFTA has helped broadened trade relations among its signatory members, facilitated overall economic growth in all three nations, and increased interconnections among all three economies. As a consequence, the implementation of NAFTA has helped a number of national firms became North American firms that produce and market their products in all three countries.28

In addition, the international sector of all three economies has grown, which is significant because “export-oriented firms pay wages 13–16 percent higher than the national average.”29 According to the office of the U.S. Trade Representative (USTR), “the overall value of intra-North American trade has more than tripled since the agreement’s inception.”30

Furthermore, as Pastor documents, North American exports as a percent of their global exports increased from 43 percent in 1990 to 57 percent in 2000, “a level of integration almost matching that of the European Union after five decades of integration.”31 Most people do not realize that “North America, not Europe, is now the largest free-trade area in the world in terms of gross product.”32

While many economists agree that NAFTA has had some positive impact, most also agree that “gains have been accompanied by some painful side effects,” according to the Council on Foreign Relations.33 The trouble is that trade deals such as NAFTA reinforce the globalization of national economies. As the market expands, competition grows more intense. Thus, one of the outcomes of NAFTA has been to “force workers into more direct competition with each other, while assuring them fewer rights and protections.”34 It makes sense then, says Pastor, that the benefits of NAFTA
“have not yielded a positive consensus, in part because they have not been equitably shared with those who paid a price.”

One continuing concern to Mexico is the failure to implement NAFTA’s mandate that Mexican trucks be allowed to enter the United States starting in 1995. The first 55 trucks crossed into the U.S. in March 2008 on a pilot project that Congress tried to stop several times and successfully defunded in March 2009 with the signing of the 2009 Omnibus Budget Reconciliation Act. Mexico immediately retaliated to the ending of the pilot project with 45% tariffs on fresh grapes and 20% tariffs on 55 other fruits and vegetables.

According to Pastor, “about 4.2 million Mexican trucks bring their products to the border each year,” and “more than four billion pounds of fruits and vegetables are placed on trucks in the Mexican state of Sonora” alone. “When the trucks reach the border crossing at Mariposa, the produce is unloaded in a warehouse, then retrieved by another truck that takes it several miles into Arizona, where it is unloaded again into another warehouse and then retrieved by an American carrier. With 280,000 trucks coming to the Arizona border each year,” transferring fresh produce three times to cross one border represents huge costs and inefficiency.

According to Pastor, although NAFTA has succeeded in what it was designed to do — dismantle trade and investment barriers — it has been discredited and undermined by protectionist fears and attitudes. As consumers, all North Americans have benefited from greater choices, lower prices, and higher-quality products through the implementation of NAFTA, but the price paid by certain people has prevented “a positive consensus” among the region’s governments and societies, and any further integration. Instead, public opinion towards NAFTA “in all three nations has deteriorated,” and North American “leaders are looking backwards at NAFTA rather than forward by articulating a new vision of shared continental interests.”

In the United States, attacks from both sides of the political spectrum have transformed the debate on NAFTA, according to Pastor. Conservatives argue that greater cooperation will lead towards a North American Union. Liberals claim that unfair trading practices will lead to job losses. “These two sets of fears [ seem to] come together in a perfect storm that is pushed forward by a surplus of hot air from talk-show hosts” like Lou Dobbs, who personifies the “strident and angry voice... which argues that Mexicans have little in common with Americans, that free trade hurts workers and the economy, and that the United States can solve the ‘immigration problem’ by building a wall.” Consequently, debate in the United States has become radically “insular” regarding NAFTA and further integration.

History indicates “that positive long-term economic change often is accompanied by job-market turbulence,” says Pastor. While trade agreements may “divert trade and disrupt labor markets in the short term, such arrangements can also expect to have “major long-term benefits.”

The director of the Center for Trade Policy Studies at the Cato Institute affirms that job losses are “part of a structural shift” of integrating the three economies.

Another study by prominent trade experts notes that although “the idea of trade blocs is relatively new in North America,” similar agreements in other parts of the world have “shown consistent gains when viewed from a long-term perspective.”

Thus, we must consider the regionally strategic and sustainable development that can come from greater North American integration. This means we need to stop viewing NAFTA as a problem, and instead, start considering the concept of “North America” as “a magnificent opportunity.”

Moreover, NAFTA should be one of a variety of tools used “to achieve a first-world economy and close the development gap.”

Although NAFTA did expand trade in North America, the development gap and undocumented migration did not diminish. And “as it became clear that free trade did not achieve the promise of development,” many in Mexico and Latin America understandably questioned the utility of free trade. Until free trade can prove beneficial to its poorest members, the prospects for expanding NAFTA will remain small. The people who are negatively affected by increased competition under NAFTA need to be able to reap the benefits while at the same time being provided with wage insurance, education, trade adjustment assistance, and health care. More broadly, free trade alone is not enough to enhance Mexico’s development.

Regional impact within Mexico is a key concern. Since the establishment and implementation of NAFTA a decade ago, northern Mexico “has grown ten times as fast as the southern part because it is connected to the Canadian and American markets.” Thus, writes Pastor:

...the Zapatistas got it backwards when they launched their uprising in Chiapas to protest NAFTA. They were correct that NAFTA would not help Chiapas but not because of free trade; because of the lack of it, as the south and center of Mexico were not connected to the markets of the north. The success of the export sector and the northern part of the country are proof that NAFTA succeeded where it connected.

For the rest of Mexico to develop, a new strategy is required. The countries of North America can “wait a hundred years for southern Mexico to catch up,” or they can “accelerate its development.” Doing so means the entire region and its inhabitants will benefit from the positive consequences of “reducing emigration, expanding trade, and investing in infrastructure to help Mexico enter the developed world.”

Integration
While better managing aid and facilitating greater fair trade are a significant start, “serious progress is not possible until the
three governments begin to construct a ‘community of interests’ in which each of them commits significant resources and undertakes reforms to close the income gap between Mexico and its two neighbors.” Pastor, a major proponent of North American integration, believes that unless the income gap is drastically narrowed, Mexican migration to the U.S. will continue to expand. Some scholars believe that if the wage gap can be closed, “the probability of migration sinks to practically zero.” But as long as Mexicans can earn more in the United States, “the lure of immigration will remain compelling.” In order to effectively curtail the flow of Mexican immigration, long-term development in Mexico is required. Thus, the three North American governments must “articulate a North American Community and pledge to contribute, each in its own way, to a strategy that will close the income gap and build institutions to resolve old problems and address new opportunities.”

The growing importance of immigration, remittances, and brain drain have led to widespread recognition that migration is indeed a global issue and that transnational action is needed to address the challenges to the source and host countries, and even more important, “the social and economic challenges to the migrant themselves.” Recognizing this reality, the United Nations launched the first multilateral initiative on migration with the establishment of a Global Commission on International Migration (GCIM). In an October 2005 report, the GCIM found that “the international community had failed to realize the full potential of international migration and had not risen to the many opportunities and challenges such migration presents.” The GCIM’s report stated that “greater coherence, cooperation, and capacity are required for more effective governance of migration at the national, regional, and global levels,” and that “migration and related policies must be based on shared objectives and a common vision.”

A North American approach needs a vision based on the simple premise that each country benefits from its neighbors’ success and each is diminished by their problems or setbacks. With such a vision, it becomes logical to consider a North American investment fund to reduce the income disparity between Mexico and its northern neighbors. With such a vision, all three governments should see one another as part of the transnational problem and thus essential to a solution.

It is in the long-term interests of all three countries to build institutions that will reduce the imbalance. The genius of the Marshall Plan was that the United States used its leverage not for short-term gain but to encourage Europe to unite. After World War II, the United States had the option to negotiate separately with each country and assure its dominance, or take a long-term approach and provide aid to Europe on the single condition that Europe would unite. The U.S. chose the more enlightened approach with the Marshall Plan. According to Pastor, “The time has come for the United States to follow a similar path in North America.”

Conclusions
It is imperative that we consider the extreme challenges of our current political, economic, and social environment. These challenges require superior leadership, innovative initiatives, and comprehensive, long-term regional strategies that work towards a greater sense of community. Now is not the time to fall victim to protectionist attitudes and engage in trade wars. Now is not the time for competition. Now is the time of integration; now is the time of cooperation, collaboration and coordination. Now more than ever, our economic, political and social institutions and arrangements must be integrated. If the global financial crisis of 2008-09 has brought to light one truth, it is that the organic interconnectedness of our political, economic, and social system must be nurtured and developed through entities that effectively and efficiently manage 21st century global human relations.

We must look for new ways to live as one in a shared environment. As Pastor puts it, we must integrate into a larger North American community that manages and administers our peace and security, our politics and economy, and our environment and use of energy, “not as separate and competing sovereign nation-states, but as a united alliance” whose interest is the greater concern of the region and all its inhabitants. Aid and trade are essential, but donors, recipients, beneficiaries, and participants will feel their contributions are more productive if we establish “a vision of community.”

The basis of such a community is that each of the three countries benefits from its neighbors’ success and pays a price for its neighbors’ failure, crisis, or setback.” We must therefore embrace integration, mutual growth and regional development. We must welcome integration and be “willing to experiment” with “new forms of partnership” in the 21st century management of global human relations.

No doubt, this seems like a daunting agenda that will transform North America and each of its states. Thus, it requires real leadership and credible institutions that recognize the benefit of consulting with their neighbors on important issues that affect all of them. It requires working closely “to build rule-based institutions and to develop a formula for closing the development gap.” Above all, the three heads of state must also “commit to building a new consciousness, a new way of thinking about one’s neighbors and about the continental agenda. Americans, Canadians, and Mexicans can be nationals and North Americans at the same time.”

Thus, what is necessary is what Pastor describes as a “fresh approach... devoted to building a North American Community.” We must “redefine the face of North America for the twenty-first century. If the principal foreign policy challenge for the next administration is to restore trust in the United States, then the first step is to demonstrate to the world that it can work with and respect its neighbors.”
Recommendations

Aid
1. The U.S. Congress, Department of Defense, Department State, and USAID should carry out comprehensive foreign assistance reform, ensuring that any and all reform includes and details foreign assistance to Mexico in its planning, budget allocations, implementation, and monitoring and evaluation. USAID should lead an engagement process with 2. The World Bank Group and the Inter-American Development Bank to review each institution’s respective development portfolio in Mexico. USAID should encourage and assist a streamlining process similar to that being done by U.S. foreign assistance reform.

2. The World Bank Group’s and Inter-American Development Bank’s Civil Society Units should investigate all the civil society organizations (CSOs) working in Mexico and incorporate them into the process of aiding Mexico’s development by establishing a policy forum to discuss how they can aid in Mexico’s development.

3. The U.S. Department of State, USAID, the World Bank, the Inter-American Development Bank, and key CSOs should review and establish links among the various international aid efforts aimed at narrowing the wage and poverty gap between Mexico and its neighbors, as well as those efforts aimed at promoting and ensuring sustainable development in Mexico.

4. These same organizations should then document how much money is being contributed to Mexico through national organizations, international institutions, and civil society organizations, respectively. These institutions and organizations need to analyze all the issues being addressed to see how, or if, they contribute to sustainable development in Mexico. They should then document how much money is going to how many different types of aid programs and the effectiveness of these programs.

5. The U.S. Department of State, USAID, the World Bank, the Inter-American Development Bank, and key CSOs should work together to create a regional network that makes efforts more efficient through public, private, and nongovernmental cooperation and integration. They should develop measures that allow determination of whether programs are functional or not in providing sustainable development in Mexico and thus helping curtail the flow of migration.

NAFTA
1. The United States; Mexico, and Canada should comply with NAFTA and harmonize the three countries’ regulations on truck safety to allow trucks to travel in all three countries. The three countries of North America should then build regional infrastructure to support NAFTA because greater investment is needed for infrastructure along the borders and roads that connect the three North American countries.

Integration
1. The United States; Mexico and Canada should establish a North American Investment Fund. The three countries of North America need to invest in Mexico on the scale of a Marshall Plan in order to narrow the income gap that separates Mexico from its northern neighbors. The Fund should target $20 billion a year to connect central and southern Mexico to the United States with roads, ports, and communications.

2. The three countries of North America should establish a North American Commission composed of independent and distinguished leaders from academia, civil society, business, labor, and agriculture and with an independent research capacity. The Commission should:
   - Offer continental proposals and initiatives to the three national leaders.
   - Develop a North American plan for transportation and infrastructure and plans on labor, agriculture, the environment, energy, immigration, drug trafficking, and borders.
   - Develop institutions to develop continental proposals, monitor progress, and enforce compliance for a North American Community.

- Propose, coordinate, and institutionalize annual summits between the American, Mexican, and Canadian governments, with private enterprise and civil society organizations as part of the process.

Endnotes
5. Hanson, Victor Davis, op. cit.
7. Ibid.
8. Ibid.
The preceding paragraphs on aid were gathered from a combination of Secretary Hillary Clinton’s confirmation hearing on January 14, 2009, and observations from review of a series of subcommittee meetings on foreign assistance held in early 2009. Documentation is not available because nothing has been finalized.

25 U.S. Department of State, Director of Foreign Assistance webpage, http://www.state.gov/f/

26 Delgado Wise, Raul, and Covarrubias, Humberto Marquez, op. cit.


29 Ibid.

30 Teslik, Lee Hudson, op. cit.


32 Ibid.

33 Teslik, Lee Hudson, op. cit.

34 Ibid.


37 Ibid.

38 Ibid.

39 Ibid.

40 Ibid.

41 Ibid.

42 Ibid.

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49 Ibid.

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51 Goldin, Ian, op. cit.

52 Ibid.

53 Ibid.


55 Ibid.

56 Ibid.


58 Ibid.

59 Ibid.

60 Ibid.