

ACHIEVING 'SECURITY AND PROSPERITY': Migration and North American Economic Integration

by Jason Ackleson, Ph.D.*

EXECUTIVE SUMMARY

Most of the border-enforcement and immigration-reform proposals currently being considered in Washington, DC, are not comprehensive or adequate solutions to the issue of undocumented immigration. The process of North American economic integration, and development within Mexico itself, create structural conditions that encourage Mexican migration to the United States. However, the multilateral agreements that have paved the way for this integration—the 1994 North American Free Trade Agreement (NAFTA) and the 2005 Security and Prosperity Partnership of North America (SPP)—do not adequately deal with the issue of labor migration. Real security and prosperity for all three NAFTA partners requires incorporating an agreement on labor migration into the project of North American economic integration. Without such a labor accord, additional security measures along the U.S.-Mexico border will not be successful in reducing undocumented migration. Multilateral cooperation is particularly important in an era where security threats, such as terrorism, extend across North America's collective borders.

Among the findings of this report:

➤ The near-tripling of U.S.-Mexico trade in the post-NAFTA period has been closely matched by a dramatic increase in undocumented immigration from Mexico to the

United States, from an average of 260,000 per year during the 1990-94 period to approximately 485,000 per year in the 2000-2004 period.

- U.S. lawmakers should evaluate the lessons of the European experience in managing migration—particularly the dual approach of development assistance to reduce migratory pressures and strengthened *regional* border control.
- Transnational criminal networks will continue to undermine border-control efforts as long as these efforts are viewed exclusively as a *national* concern and are separated from complementary policies on aid, trade, development, and governance.
- U.S. lawmakers should consider three policy options: a well-designed guest worker program that includes a path to citizenship; the temporary expansion of permanent legal immigration to meet U.S. labor needs; and the creation of NAFTA immigration visas.
- In the absence of a comprehensive solution to the problem of undocumented immigration, in a few short years we may again find ourselves at a familiar juncture: listening to the same tired political arguments for and against some sort of temporary worker program, amnesty, or both.

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INTRODUCTION

During a visit to the U.S.-Mexico border in November 2005, President George W. Bush announced a “comprehensive strategy” on border security that would stem undocumented immigration to the United States by “prevent[ing] people from coming here in the first place.”¹ While some might find that idea rhetorically appealing, the problem is that neither President Bush’s approach nor most of the border-enforcement and immigration-reform proposals currently being considered in Washington, DC, are truly comprehensive or adequate solutions to the issue of undocumented migration. In fact, some of these proposals are counterproductive, such as the border-security bill passed by the House of Representatives in December 2005 that would make the 10-12 million undocumented immigrants in the country guilty of a federal crime and would authorize the construction of hundreds of miles of new security fencing.² Both the causes of undocumented migration and the solutions for it lie in the larger, international economic and political structures that have been created in North America over the past two decades. If undocumented immigration is to be effectively brought under control, these structures must be reformed to address the modern realities of transnational terrorism, globalization, and North American economic integration.

The process of North American integration creates the structural conditions that spur migration. However, the multilateral agreements that have paved the way for this integration do not adequately deal with the issue of labor migration. An accord governing the transnational movement of workers is conspicuously absent from both the North American Free Trade Agreement of 1994 (NAFTA) and the more recent Security and Prosperity Partnership of North America (SPP) announced in March 2005 by President Bush, President Vicente Fox of Mexico, and former Prime Minister Paul Martin of Canada.

Yet, without such a labor accord, additional security measures along the U.S.-Mexico border will not be successful in reducing undocumented migration to the United States. The historical lessons learned from over a decade of putting massive new federal resources into border security indicate that these kinds of unilateral solutions are, ultimately, unsuccessful. They

do not deter people from crossing the border, but only drive up smuggling costs and immigrant death rates as individuals attempt to enter the United States through evermore dangerous areas. A far more promising solution is bilateral and trilateral cooperation that fosters smarter border management which extends beyond the physical U.S.-Mexico boundary—and includes a labor agreement. This sort of multilateral cooperation is particularly important in an era where security threats, such as terrorism, extend across North America’s collective borders.

Real security and prosperity for all three NAFTA partners requires incorporating an agreement on labor migration into the project of North American economic integration. While some business travelers and skilled workers have seen gains under NAFTA—and soon through the SPP—Mexican workers in less-skilled jobs have been largely excluded. A viable guest worker program and, ultimately, creation of a NAFTA immigration visa that allows businesses to meet their labor needs are important policy steps for lawmakers to consider.

LABOR MIGRATION AND ECONOMIC INTEGRATION

The dominant neo-liberal school of economics predicts that stronger economic growth, greater competitiveness, and heightened efficiency result when countries erase barriers to trade. This theory underlies the free-trade policies that have come to define not only the larger process of “globalization”, but one of the major trends in the international political economy of the post-World War II era: “regionalism”—or the formation of regional economic blocs. From Asia to Europe to North America, neighboring nations have banded together to integrate economically through free-trade and common-market arrangements.

However, globalization and regionalism unleash powerful forces which restructure national economies in often painful ways. As production, trade, and investment become increasingly transnational, the economies of individual nations experience job displacements, outsourcing, factory relocations to lower-wage markets, and the fraying of social service support nets. These trends have been particularly disruptive among the countries of the developing world, which began

¹ Michael A. Fletcher, “Bush Vows to ‘Enforce Our Border’: In Texas, President Promotes Plan to Curb Illegal Immigration,” *Washington Post*, November 30, 2005, p. A04.

² Border Protection, Antiterrorism, and Illegal Immigration Control Act of 2005 (H.R.4437).

the process of integration into global and regional economies more recently than developed nations.

This process of restructuring under liberalized trade policies stimulates economic development in the long run by promoting increased cross-border investment and improved efficiency. However, in pointing to the economic benefits that come with the lowering of global and regional trade barriers, economists often assume perfect market conditions. But the real world is rarely perfect. The wealthier and more powerful nations within regional economic blocs, and within the global economy as a whole, often impose non-tariff trade barriers and other protectionist measures which leave their poorer and less powerful partners at an economic disadvantage. In the North American context, U.S. restrictions on the movement of workers from Mexico to the United States are one manifestation of such protectionism.³

Yet labor migration is a predictable result of the process of economic development which is spurred by integration into global and regional markets, at least in its initial stages. As the U.S. Commission for the Study of International Migration and Cooperative Economic Development noted in 1990, “the economic development process itself tends in the short to medium term to stimulate migration...Policies that accelerate economic growth, including privatization, land reform, and freer trade, can produce a migration hump, or temporarily more migration.”⁴ More recently, this point has been persuasively argued by Douglas Massey, professor of Sociology and Public Affairs at Princeton University and co-director of the Mexican Migration Project.⁵ Massey dispels several commonly-held myths about international migration, including the idea that migrants originate in the least-developed nations of the world. Rather, he points out, they tend to come from countries that are developing and growing dynamically. As Massey asserts,

People generally do not leave their countries of origin because of a lack of economic development. Rather, they emigrate owing to the onset of development itself. The shift from a peasant or command economy to a market system entails a radical transformation of social structures at all levels...there is a close empirical correspondence between the onset of industrialization and the beginnings of international migration.⁶

THE NAFTA CASE: UNFULFILLED PROMISES ON MIGRATION

Given the economic case to be made that labor migration is linked to economic development, one might reasonably ask why policymakers largely excluded labor from the NAFTA treaty when it was negotiated in the early 1990s. Whether the migratory implications of NAFTA were anticipated or largely overlooked by policymakers during the debate over the treaty is a matter of some disagreement.⁷ Ironically, diplomats and political figures of the time sold the agreement in part by arguing that free trade would create jobs in Mexico and thereby reduce the pressure for migration out of that country. However, as the experience of the past decade has shown, this has not occurred.

Since NAFTA was signed in 1994, it has become clear that the project of economic liberalization has brought benefits to each NAFTA partner, including a *tripling* of trade and investment among the three countries and greater regional competitiveness. However, the effects in Mexico have been uneven, particularly in rural areas and among marginalized populations—groups that tend to migrate to the United States. While NAFTA has increased relative wages for some skilled workers in Mexico, the low-wage manufacturing sector has suffered.⁸ In addition, the rural poverty rate in Mexico has risen

³ For a critical analysis of this issue, see Joseph Stiglitz, *Globalization and its Discontents*. New York: W.W. Norton & Company, 2003. For a more positive assessment, see Jagdish Bhagwati, *In Defense of Globalization*. Oxford: Oxford University Press, 2004.

⁴ U.S. Commission for the Study of International Migration and Cooperative Economic Development, *Unauthorized Migration; An Economic Development Response*, 1990, p. xvi.

⁵ See Douglas S. Massey, Jorge Durand, and Nolan J. Malone, *Beyond Smoke and Mirrors: Mexican Immigration in an Age of Economic Integration*. New York: Russell Sage Foundation, 2002.

⁶ Douglas S. Massey, “Five Myths About Immigration: Common Misconceptions Underlying US Border-Enforcement Policy,” *Immigration Policy IN FOCUS* 4(6). Washington, DC: Immigration Policy Center, American Immigration Law Foundation, August 2005, p. 3-4.

⁷ Tim Weiner, “Free Trade Accord at 10: Growing Pains Are Clear,” *New York Times*, December 27, 2003.

⁸ Robert A. Pastor, *Toward a North American Community: Lessons from the Old World for the New*. Washington, DC: Institute for International Economics, 2001.

during the NAFTA years and real manufacturing wages are some 11 percent lower than when the agreement went into effect.⁹ Overall, since NAFTA was signed, the wage disparity in Mexico has worsened.¹⁰ In short, NAFTA has not yet created enough formal sector jobs with competitive wages to reduce out-migration pressures. The general economic asymmetry between the United States and Mexico adds to this problem: the United States is a relatively accessible destination with generally higher wages and a higher standard of living.

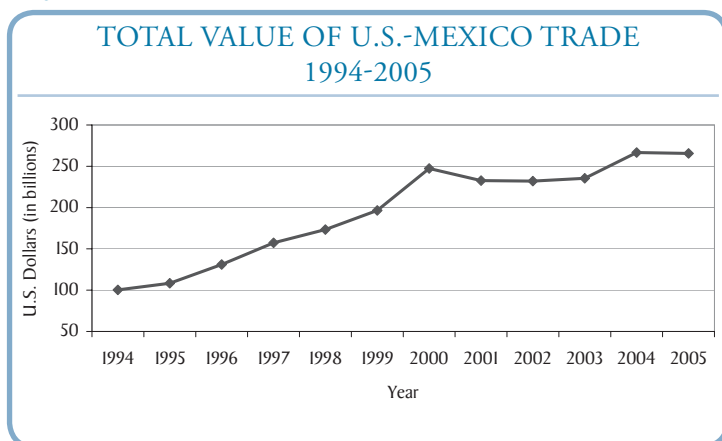
These structural economic forces are thus key reasons for increased migration to the United States. Nearly matching the increase in U.S.-Mexico trade in the post-NAFTA period (Figure 1), undocumented Mexican migration to the United States has dramatically increased, from an average of 260,000 per year during the 1990-94 period to approximately 485,000 per year in the 2000-2004 period (Figure 2).¹¹ As Kathleen Newland, director of the Migration Policy Institute, notes, this migratory flow is part of a historic restructuring of the Mexican economy “comparable to America’s industrial revolution.”¹² While domestic political and economic crises within Mexico contribute to the increased flow, the larger international dynamics of North American economic integration also play an

important role. Given these trends, one can argue that a policy which integrates labor into the NAFTA treaty deserves consideration—even 11 years after the signing of the agreement.¹³

LESSONS FROM THE EUROPEAN EXPERIENCE

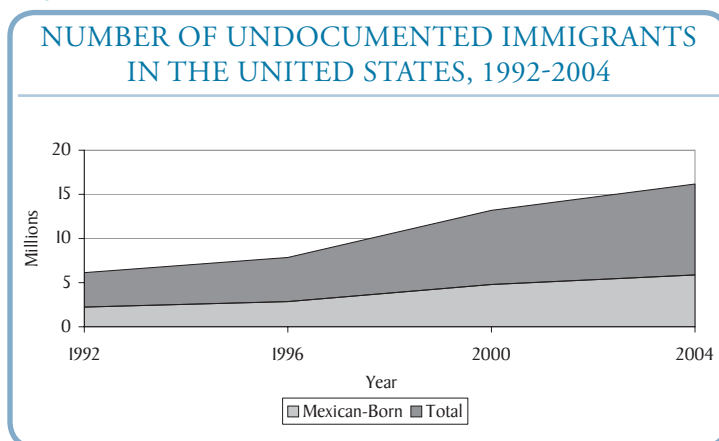
Although there are significant differences between the European and North American experiences of integration—including different political models and historical conditions—some comparisons can be drawn. In contrast to North America, economic integration in Europe has, at least to some degree, included labor. This fact, some argue, has yielded better economic and social outcomes including the more efficient allocation of human resources. The 1957 Treaty of Rome which established the European Economic Community allowed for freedom of movement of workers (along with free movement of capital, goods, and services) among member states. Under the Maastricht Treaty of 1992, this policy was institutionalized politically with the creation of European citizenship. The mobility of persons within the European Union (EU) was thus a central component of economic integration. Together with economic development

Figure 1:



Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch.

Figure 2:



Source: Jeffrey Passel, *Estimates of the Size and Characteristics of the Undocumented Population*. Washington, DC: Pew Hispanic Center, March 25, 2005.

⁹ J. Enrique Espinosa, et al., “Happily Ever NAFTA?” *Foreign Policy*, September/October 2002.

¹⁰ Gordon H. Hanson, *What Has Happened to Wages in Mexico since NAFTA?* (Working Paper No. 9563). Cambridge, MA: National Bureau of Economic Research, March 2003.

¹¹ Estimates are based on Jeffrey Passel, *Estimates of the Size and Characteristics of the Undocumented Population*. Washington, DC: Pew Hispanic Center, March 25, 2005.

¹² Nina Bernstein, “Most Mexican Immigrants in New Study Gave Up Jobs to Take Their Chances in U.S.,” *New York Times*, December 7, 2005.

¹³ See Robert Pastor, “North America’s Second Decade,” *Foreign Affairs* 83(1), January/February 2004, p. 124-135.

assistance to poorer member states such as Spain and Portugal, this created more favorable economic conditions region-wide while also efficiently meeting many labor needs (although the social integration of immigrants remains a major issue).

Regulating immigration from *outside* the EU was originally left to each nation, but more recently has begun to involve cooperative, regional efforts. As Christina Boswell of the Migration Research Group at the Hamburg Institute of International Economics asserts, there are two dimensions to the EU's external controls: strengthening traditional border-control policies at the external frontiers of the EU, and addressing the *causes* of migration and refugee flows through development assistance.¹⁴

Nonetheless, like the United States, EU nations—and the EU as a whole—have largely failed to solve the problem of undocumented migration from developing countries. This, as Steven Castles, professor of Migration and Refugee Studies at the University of Oxford, points out, is due in part to the social dimensions of the migratory process (such as family connections), political and economic turmoil in immigrants' home countries, the availability in many European nations of jobs that pay higher wages than immigrants can earn at home, and policies that continue to define border security as a matter for individual, national governments.¹⁵

Nevertheless, the EU's dual approach of development assistance to reduce migratory pressures and strengthened external border controls bears consideration by policymakers in the United States and its NAFTA partners. Such an approach would entail regularizing some undocumented labor flows within North America while also strengthening the external frontiers of the region against other migrants, as well as terrorists and transnational criminal networks. This approach would have the advantage not only of regularizing labor flows, but also making cross-border trade quicker and more efficient.

Measures such as these would not require the kind of open borders existing among EU nations, but the creation

of new policy tools such as a guest worker program and, eventually, a North American immigration visa that would facilitate much needed Mexican participation in the labor markets of Canada and the United States. While issues of trust and cooperation remain real obstacles, such an accord would build upon progress initiated under the Security and Prosperity Partnership of North America.

THE SECURITY AND PROSPERITY PARTNERSHIP OF NORTH AMERICA (SPP)

On March 23, 2005, the most recent chapter in the North American integration project was opened. On that day, U.S. President George Bush, Mexican President Vicente Fox, and former Canadian Prime Minister Paul Martin jointly announced the establishment of the SPP.¹⁶ While not a formal treaty, nor a binding legal agreement, the SPP does create an international framework for trilateral and bilateral cooperation within North America on issues related to national security and economic prosperity. Three key principles underlie the SPP: improved security from external threats to North America as a whole; strengthened internal security measures within each nation; and bolstered economic growth for the region, particularly in the face of growing global competition.

The SPP's security track seeks, through bilateral and trilateral cooperation, to secure North America from external threats through improved intelligence sharing, infrastructure protection, border management, and traveler and cargo security.¹⁷ These goals are especially important given the increasing numbers of undocumented migrants from countries other than Mexico who use that country as a transit point to the United States. Individuals from more than 60 countries, for example, are typically held in Mexico City's migrant detention center on any given day—and the arrest rate along the U.S.-Mexico border of what the Border Patrol calls "Other than Mexicans" has increased in recent years. While most of these individuals are jobseekers from Latin America, others come from countries that may be of concern to U.S. national security interests.¹⁸ Responding to this challenge through

¹⁴ Christina Boswell, "The 'External Dimension' of EU Immigration and Asylum Policy," *International Affairs* 79(3), 2003, p. 619-638.

¹⁵ Stephen Castles, "Why Migration Policies Fail," *Ethnic and Racial Studies* 27(2), 2004, p. 205-227.

¹⁶ Office of the Prime Minister, Canada, "The Security and Prosperity Partnership of North America," March 23, 2005.

¹⁷ The White House, Office of the Press Secretary, "Security and Prosperity Partnership of North America Security Agenda," March 23, 2005.

¹⁸ See Michael Flynn, "Who's Trying to Cross Our Southern Border? Everyone," *Washington Post*, December 11, 2005, p. B01.

cooperative, region-wide efforts makes good policy sense. Beginning and ending security at the U.S.-Mexico boundary is bound to fail.

On the prosperity front, the SPP's major initiatives are (1) measures to improve productivity through regulatory and business collaboration; (2) efforts to reduce the costs of trade by more efficiently moving goods and people across borders; and (3) policies related to quality of life, such as environmental protection, disease, and food safety.¹⁹ However, while the SPP facilitates movement of the elite North American business class, it does not include immigrants, particularly those filling less-skilled jobs. The SPP negotiators deliberately de-linked labor from the agreement for political reasons, hoping not to forestall progress in other areas. Yet if the SPP is to be truly effective, immigration cannot be ignored, even if it must be dealt with outside the NAFTA and SPP political frameworks.

Action on both the security and prosperity agendas of the SPP occurs through a number of inter-agency and bi- or tri-national working groups. Work thus occurs on multiple levels, across inter-governmental lines, and across international borders with the goal of harmonizing regulatory regimes. The related "Smart Border" Accords signed by the United States, Canada, and Mexico in 2001 and 2002 pursue similar goals, but do not address the larger policy questions confronted by the SPP.

CONCLUSION: TOWARDS TRUE SECURITY AND PROSPERITY FOR NORTH AMERICA

The process of North American economic integration helps underpin undocumented migration from Mexico to the United States. Research indicates that Mexican migrants come here at least in part due to economic restructuring at home, as well as the obvious job magnet the U.S. labor market represents. Ironically, however, many of these migrants are not jobless at home but, rather, seek better opportunities in the United States by taking higher-paying jobs and filling labor demands here. Current border-control strategies encourage these migrants, once they are in the United States, to stay longer.

Given the transnational nature of the economic and social forces which drive immigration to the United States, incorporating labor migration into a comprehensive vision of North American integration, as Robert Pastor, professor of International Relations at American University, has advised, seems reasonable.²⁰ Appropriate institutions need to be created to guide this process. Some of the groundwork is in place, but effective solutions require big-picture thinking and political courage. Specific policies might include more cooperative security arrangements with Mexico and Canada and domestic efforts to regularize labor flows in a secure way. Solutions do not, however, require open borders.

As a first step, a well-designed guest worker program that includes a path to citizenship is worthy of consideration by Congress and the President. On January 7, 2004, President Bush formally announced his ideas for a guest worker program, which are long in generalities but short on specifics. In fall 2005, two major but competing immigration bills that include provisions for a guest worker program began their journeys on Capitol Hill: the Secure America and Orderly Immigration Act and the Comprehensive Enforcement and Immigration Reform Act. While the House of Representatives ultimately took an alternative approach in 2005, advocating an "enforcement first" strategy, some hope remains that a temporary worker program might emerge from Congress in spring 2006. But, like the 1986 amnesty, a guest worker program will not permanently solve the problem of undocumented labor migration. While demographic and economic forces will lessen these migratory flows in the long term, other policy steps should be considered in the short and medium term.

One such policy step would be the temporary expansion of permanent legal immigration to meet labor market needs, as Nobel Laureate economist Garry Becker has argued. Recognizing some of the nation's current immigration policy failures, Becker argues that "expanding legal immigration is a more efficient and fairer policy than the present half-hearted enforcement of laws against the large number of illegal entrants." He suggests priority be given to nations with whom the United States has free trade agreements, arguing that "freer movement of people is one aspect of more open trade."²¹

¹⁹ The White House, Office of the Press Secretary, "Security and Prosperity Partnership of North America Prosperity Agenda," March 23, 2005.

²⁰ Robert A. Pastor, *Toward a North American Community: Lessons from the Old World for the New*. Washington, DC: Institute for International Economics, 2001.

²¹ Gary S. Becker, "The Wise Way to Stem Illegal Immigration," *Business Week*, April 26, 2004, p. 28.

In addition, U.S. lawmakers should evaluate the lessons of the European experience—particularly the dual approach of development assistance to reduce migratory pressures and strengthen *regional* border control. Building on the cooperation fostered by NAFTA, the Smart Border accords, and the new SPP, U.S. policymakers should engage Mexico and Canada in crafting bilateral and trilateral approaches to border management and labor migration—approaches that will better serve both the economic and security interests of all three NAFTA partners in the new transnational threat environment facing the continent. Trust, particularly with Mexico, will undoubtedly remain a significant hurdle. However, transnational criminal networks will continue to undermine border-control efforts as long as these efforts are viewed exclusively as a *national* concern and are separated from complementary policies on aid, trade, development, and governance.

A longer-term step would be the creation of NAFTA immigration visas. Doris Meissner, former Commissioner of the Immigration and Naturalization Service (INS), has proposed this idea, arguing they would actually be a better

solution than a guest worker program.²² These visas would match willing workers in North America with willing employers and provide a way to meet the labor market demands that result from economic integration. While “Trade NAFTA” (TN) visas currently exist, they are geared largely to professionals and exclude most of the labor categories represented by undocumented immigrants. Participation in the program is therefore low. In Fiscal Year 2004, only 64,062 Canadians and 2,130 Mexicans received TN visas.²³

Some critics will argue that policy proposals such as the NAFTA visa are too far reaching and difficult to implement. However, short of a more comprehensive solution to the problem of undocumented immigration, in a few short years we may again find ourselves at a familiar juncture: listening to the same tired political arguments for and against some sort of temporary worker program, amnesty, or both. We faced this in 1986 and we will face it again until U.S. immigration and border-enforcement policies are revamped to accommodate the modern realities of globalization and North American economic integration.

²² Doris Meissner, “A New Deal with Mexico,” *Washington Post*, August 8, 2001.

²³ Office of Immigration Statistics, Department of Homeland Security, *Yearbook of Immigration Statistics*, 2004.

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