Chapter Twelve

Conquest Sets the Stage

It is common among many in the anti-immigrant camp to ask why Mexicans don't just "go back to their own country." What most fail to realize (intentionally or not) is that many of the states that make up the United States used to form the northern portion of Mexico. This territory only became part of the United States after the Mexican-American War of 1846–48. The war proved to be a decisive turning point in relations between the United States and Mexico and capped a period of aggressive Anglo-American conquest and expansion across the North American land mass. Underwritten by southern slave and northern industrial interests, expansionists found northern Mexican territories ripe for the taking. Mexico was especially vulnerable because it was in the throes of civil strife, and successive governments were incapable of committing sufficient resources to settle the far north. The expropriation and annexation of northern Mexico was conducted under a direct military occupation by U.S. forces. It was legally enshrined by the imposition of the Treaty of Guadalupe Hidalgo in 1848, whose ratification by the Mexican government was a precondition for troop withdrawal. The treaty ceded California, Arizona, New Mexico, Nevada, Utah, Colorado, and parts of Wyoming and Oklahoma. It also forced Mexico to drop any further claim to Texas. As a form of conscience-cleansing, the U.S. government gave Mexico the symbolic payment of $15 million for what amounted to nearly half of Mexico's land and three-fourths of her natural resources.

The conquest of Mexico by the United States demonstrated the global-historic process by which wealthier, industrializing nations forcibly subdue less developed nations for the purpose of economic exploitation. One offspring of such conquest is racist ideology, generated and perpetuated by the intellectuals and politicians on the payroll of the dominant economic interests. The conquest of northern Mexico found upwards of 125,000 Mexicans crossed by a new border, one that defined them as foreigners in their own ancestral lands. The doctrine of Manifest Destiny defined the relations between incoming Anglo migrants and the Mexicano population in the unequal terms of conquerors and the conquered.[1] According to historian Reginald Horsman, the notion of Manifest Destiny encapsulated a host of fabricated theories that sought to justify the nullification of Mexican and Indian sovereignty and territorial integrity in tandem with westward expansion.

> By 1850, the emphasis was on the American "Anglo-Saxon" as a separate, innately superior people who were destined to bring good government, commercial prosperity, and Christianity to the American Continents and to the world. This was a superior race, and inferior races were doomed to subordinate status or extinction.[2]

The birthing cry of American imperial ascendancy, Manifest Destiny was a crude materialistic philosophy that proclaimed the economic and political superiority of U.S. institutions, and declared that capitalism and the plantation system had the right to transcend borders and expropriate the territories of others if they were not able to properly defend them. As early as 1801, Thomas Jefferson stated:

> However our present interests may restrain us within our limits, it is impossible not to look forward to distant times, when our rapid multiplication will expand beyond those limits, and cover the whole northern if not the southern continent.[3]

In order to condition the American laboring classes to support the project of expansion, the doctrine promoted the superiority of European Americans while promising that the newly acquired lands would be available to the poor workers and farmers who did the fighting.[4]

Meanwhile, Mexicans residing in the newly acquired portions of the United States were reduced to second-class citizenship. While the Treaty of Guadalupe Hidalgo contained a set of guarantees protecting the land and voting rights of Mexicans, "American local, state, and national courts later ruled that the provisions of the treaty could be superseded by local laws."[5] Anglo economic interests used the federal government, in the form of the Federal Land Act of 1851, to deprive Mexicans of their land, and state and local governments to implement a Jim Crow–like social structure across the Southwest.[6] Most Mexican land-holdings were nullified in the decades following the war, reducing the majority to the ranks of the working class.

In the years preceding the conquest of Mexico, an ideological ferment took place that conditioned the process of expansion. The idea of a distinct "Anglo-Saxon" race, superior in composition to the other inhabitants of North America, permeated national discourse leading up to the conflict. According to this view, Mexican peoples were inherently inferior to

Anglos, on the grounds that they were "mongrelized" by the fusion of Indian and African blood with that of the European Spaniard. American intellectuals and political leaders with ties to expansionist interests gave vocal and written expression to the self-serving idea that Mexicans comprised a "subspecies," a fact that nullified any claims to sovereignty. Richard Henry Dana, a famous nineteenth-century congressman and advocate of northern commercial expansion into Mexican territory, described Mexicans as an "idle, shiftless people" and proclaimed "[I]n the hands of an enterprising people, what a country this might be!"[7] Waddy Thompson, a southern diplomat and career politician from South Carolina who became a national figure through his advocacy of U.S. territorial expansion into Texas, shared these views. In his famous autobiography, *Recollections*, published on the eve of the Mexican-American War, he concluded:

> That the Indian Race of Mexico must recede before us … is quite as certain as that is the destiny of our own Indians … [and that Blacks in Mexico are] the same lazy, filthy and vicious creatures that they inevitably become where they are not held in bondage. [Overall, Mexicans are] lazy, ignorant, and of course, vicious and dishonest.[8]

This unabashed racial disgust provided ideological cover for the land-grab of U.S. expansionism, a process well under way by the time the ideologues of race had begun to promote their theories. Westward expansion began as an outlet for the pressures of class inequality, with poor farmers and laborers migrating into the western territories (Indian and Mexican lands) to seek opportunities denied them in the established states, where land was concentrated in the hands of the privileged few. Out-migration was encouraged by elites as a means to diffuse class consciousness, and to turn European workers against native peoples and Mexicans, for whom they now competed for territory. Ultimately, these "pioneers" paved the way for later land consolidation in the hands of the railroads, mining, and agricultural interests.

Between the years 1820 and 1924, 36 million global workers entered the United States, and between 1820 and 1850, over 4 million people moved to the West.[9] Many of the early German and Irish immigrants, persecuted as "invading hordes," poured out into the frontier with the hope of acquiring land. Immigrants were derided from the highest levels of society. For instance, Ben Franklin openly queried,

> Why should the Palatine boors be suffered to swarm into our settlements, and by herding together establish their Language and Manners to the Exclusion of ours? Why should Pennsylvania, founded by the English, become a Colony of *Aliens*, who will shortly be so numerous as to Germanize us instead of us

> Anglifying them, and will never adopt our Language or Customs, any more than they can acquire our complexion.[10]

Though targets of bigotry themselves, these migrants often adopted the racist ideology directed at them by the expansionists, and became the bulwarks of territorial conquest. As labor historian Sharon Smith explains, the European-American working class supported the project of westward expansion because of the way in which class consciousness developed among American workers: First, the lack of a feudal tradition in the United States meant that preindustrial workers did not have the experience of forming organizations in the struggle for democratic rights that workers in countries like England and France experienced. Class consciousness was therefore coopted by bourgeois parties that incorporated populist platforms. Second, rapid industrialization in the United States enabled a large number of workers to become high-level managers and/or explore their own entrepreneurial pursuits. Third, the workforce of the United States was stratified and segregated, and legally subdivided by a constellation of laws underpinned by a "divide and conquer" strategy by the American ruling class. Women, African-Americans, and various groups of immigrant and native-born workers were consistently pitted against each other by unscrupulous employers, who were backed up by their allies in Congress and the White House. These factors inhibited the formation of independent working-class consciousness—thereby facilitating racial and national divisions within the class—and also allowed for the penetration of the ruling-class ideas of the day: racism, expansion, and conquest.[11]

Believing themselves entitled to the lands, European-American migrants moved westward in increasing numbers, expecting their passage to be sanctioned and ultimately protected by the U.S. government. The "Indian Wars," which stretched across the nineteenth century in tandem with forays of expansion, reflected the increasing willingness of the federal government to intervene to protect the land claims of migrants.[12]

Thus, from the very beginning, racism defined relations between the incoming Anglo settlers and the Mexican population, as well as between the two nations subsequently. The process of expansion ultimately opened up Indian (and later Mexican) territories for the proliferation of the plantation system and industries such as the railroads.[13] The acquisition of the Mexican north proved a boon for the U.S. economy, as this region contained 75 percent of Mexico's natural resources. The new border, open for all intents and purposes until the advent of a need for "managed" immigration in the twentieth century, served as the means through which the United States asserted its claims on the newly acquired territory. Nevertheless, U.S. economic interests "continued to consider the land below the border as a storehouse of treasure and opportunity."[14] In other words, in the minds of the expansionists, the border served primarily as the next jumping-off point for further U.S. penetration into Mexican territory.

While some in Washington clamored for the acquisition of *all* Mexican territory, corporate interests turned to foreign investment as a means of extracting profit without having to provide for the maintenance of a colonial regime. Enabled by the compliant dictatorship of Porfirio Diaz (1876–1911), U.S. capital flooded into the veins of the Mexican economy.

Mexico's own economic development had been deformed and stunted through the last two centuries by the suffocating bequest of Spanish colonialism: a decrepit, semi-feudal agricultural system retained by an entrenched oligarchy and an authoritarian church. Successive civil wars and the incessant circling of foreign invaders (Mexico suffered an average of one invasion every ten years between the years of 1821 and 1920[15]) encouraged U.S. administrations to periodically intervene in the affairs of Mexico to ensure pro-U.S., pro-business conditions.

These interventions were increasingly imperative, as Mexico became an important repository of U.S. capital investment in the period after the war. When strong-arm diplomacy didn't work, the U.S. relied on the military. During the Mexican Revolution, for instance, U.S. troops invaded Mexican soil on at least two occasions in order to tilt power away from leaders deemed a "threat" to Yankee business interests.[16]

Mexico was not the only victim of U.S. meddling. By the late nineteenth century, American finance capital began to assert itself across the globe. V.I. Lenin described this process of "imperialism" in the following way:

> Monopolist capitalist combines—cartels, syndicates, trusts—divide among themselves, first of all, the whole internal market of a country, and impose their control, more or less completely, upon the industry of that country. But under capitalism the home market is inevitably bound up with the foreign market. Capitalism long ago created a world market. As the export of capital increased, and as the foreign and colonial relations and the "spheres of influence" of the big monopolist combines expanded, things "naturally" gravitated toward an international agreement among these combines, and toward the formation of international cartels.[17]

By the turn of the twentieth century, U.S. capital extended far beyond the Mexican border, controlling important sectors of the Mexican economy, such as oil, railroads, mining, and other capital-intensive industries. As journalist-historian John Ross explains:

> Famous American fortunes were made in Porfirian Mexico. Rockefeller's Standard Oil bought in on the ground floor of development. The refined, art-loving Guggenheims befouled the air of El Paso-Juarez with their ASARCO refinery for a century. J. P. Morgan established banks and annexed great swatches of the Mexican countryside with greenbacks. Railroad tycoon Jay Gould hooked up with Ulysses Grant, but went broke on the Mexican Southern Railroad to Diaz's home in Oaxaca. The Hearsts claimed enormous tracts of Mexican forest lands in the Chimilapas on the Oaxacan Isthmus and the Tarahumara Sierra of Chihuahua. The volume of U.S. business … jumped 14 times during Diaz's immense tenure…. The U.S. dominated commercial trade, with 51 percent of the market … [and] had a total $646 million USD investment in the continuing stability of the Mexican economy.[18]

By the 1920s, U.S. interests controlled 80 percent of Mexican railroads, 81 percent of the mining industry's total capital, and 61 percent of total investment in the oil fields.[19] The railroads, which linked U.S. "company towns" in Mexico to markets across the border, also allowed for the northward movement of Mexican workers. One of Mexico's most significant rail lines linked its second largest city, Guadalajara, to Nogales,

Arizona, ensuring that Mexican workers followed the flow of Mexico's wealth as it was extracted and exported to U.S. markets and banks.

The economic changes wrought by this massive influx of foreign capital resulted in the mass dislocation of Mexican workers. Mexican capitalists, particularly those tied to foreign capital, encouraged the state-sponsored disintegration of communal landholdings (*ejidos*) in order to encourage large-scale production for the market in the interests of Mexican landlords and foreign investors. In the urban regions, markets were opened to foreign companies, overwhelming small producers and squeezing the weaker sections of Mexican capital.

Using the Mexican federal troops and armies of rural enforcers (*rurales*), large haciendas and foreign interests displaced millions of small farmers, pushing them into the agricultural proletariat or the stream of migrant labor. By 1910, 96 percent of Mexican families were landless, while the influx of cheaper manufactured goods from abroad displaced the traditional artisan class in the cities.[20]

The Mexican Revolution was a popular response to the seismic economic disruption of the masses and the radically unequal society that emerged. The masses were joined by sections of the Mexican capitalist class that had been subordinated to foreign capital and neglected by the Diaz regime. The revolution killed nearly one in ten Mexicans and pushed another 1.5 million across the border as they attempted to escape the violence.

While the revolution succeeding in toppling the Diaz regime and destroying the last vestiges of feudal power, it did not result in a long-term, radical restructuring of the economy in favor of Mexico's vast population of impoverished workers and subsistence farmers. Nevertheless, the social character of the revolution produced a constitution that attempted both to prevent any form of neo-colonization by foreign economic powers and to guard against the return of a pliant regime that would do the bidding of foreign governments. For example, it designated "the people" as the owners of the soil, and forbade majority ownership of a Mexican enterprise by any foreign company.

Furthermore, it contained clauses that affirmed the Mexican government as guarantor of the rights of workers and the poor, and included a progressive labor code as well as the famous Article 27, which obligated the government to distribute land to the peasants, as well as protect and support smaller farmers. Despite the radical character of the constitution, the enforcement of such a visionary government would have required a workers' and peasants' revolution, a stage the revolution was not able to reach.[21] In the end, the revolution signified the ascension of the Mexican capitalist class, though it had to negotiate with militant and powerful organizations of workers and campesinos for decades to follow, a fact which contributed to the rise of populist president Lázaro Cárdenas.[22]

During his presidency (1934–40), Cárdenas nationalized major portions of the economy, including the lucrative oil industry. He redistributed land to the poor, and also helped institutionalize a form of populism called corporatism, which brought the leadership of popular movements into the government. By granting concessions and even personal favors to the leaders of trade union and campesino organizations, Cárdenas was able to tamp down independent working-class activity. Incorporating the movements and buying off their leaders effectively demobilized workers and peasants, and rendered them unprepared for the rightward, pro-capitalist shift that succeeding presidents after World War II would carry out.

The laboring classes would bear the brunt of this shift, especially in the countryside, where the concentration of land in the hands of the few displaced millions of small farmers in the decades following the revolution. Despite the ongoing use of revolutionary rhetoric that held out the promise of reform, the Mexican government instituted a qualitative shift toward large-scale capitalist agriculture after 1940. For example, an estimated 90 percent of its social sector investment was directed to large-scale farms producing for the market, while smaller-scale and communally held landholdings were neglected.[23] Furthermore, many peasants displaced during the revolution never acquired land and entered the growing stream of landless agricultural workers. As Tom Barry explains:

> The land distribution that did occur in this period was not aimed so much to increase economic progress or better the lot of the poor campesinos but as an instrument to pacify rebellious peasants and to create communities of cheap workers near commercial farm operations.[24]

Although mass struggle in the 1930s had encouraged populist president Lázaro Cárdenas to institute some significant reforms,[25] the opening shots of World War II changed the trajectory of the Mexican economy. The war produced a new opening for Mexican exports on the world market as the United States and its allies retooled production for the war effort and encouraged a substantial acceleration of Mexican government investment in the export-oriented sector of agriculture. At the same time, the government successfully coopted the main organizations of the popular classes, through a combination of force, corruption, and patronage. This dual process—directing resources toward large-scale, export-oriented production while containing workers' and peasants' ability to organize—continued over the next several decades, and reached its climax with the advent of neoliberalism. As historian Judith Hellman observed,

> Each new [Mexican] administration continued to repeat the rhetoric of the past … [yet at the same time] each of these administrations pursued specific policies which … reflected the interests of the dominant bourgeoisie. Taken as a whole, these policies undercut peasant gains of the past, and slowed the process of land reform until the trend culminated in the 1980s, under president Jose Lopez Portillo, with a virtual abandonment of the [agrarian] commitment of the revolution.[26]

Altar, Sonora, is a major hub for immigrants from Mexico and Central America. The highway, which connects the town to Southern states and runs all the way north to Mexicali and Tijuana, is Altar's main (and only) avenue.

Chapter Thirteen

Neoliberalism Consumes the "Mexican Miracle"

The shift to export production reflected the desire of the Mexican capitalist class to institute a state-directed development program as a means to increase its share of the world market in agriculture (and later oil) and fund the modernization of Mexico. This, coupled with protectionism, fostered development in the urban centers. Between 1940 and 1970, government efforts focused on raising agricultural productivity, and investment poured into large-scale, export-oriented agricultural operations, a process that came to be known as the "Green Revolution." As a result, the economy expanded at the rate of 6 percent per year (such that Mexico was heralded as a "miracle"), but the interests and well-being of

Mexico's large class of small and subsistence farmers were factored out of the equation.

These smaller farmers were unable to compete with the large capitalist farmers. The majority, producing corn and beans for domestic consumption, lost ground to a tiny minority of capitalists producing coffee, tomatoes, and strawberries for the U.S. market. As Mexican production increased overall, the distribution of the gains of modernization flowed away from the laboring classes toward capitalists on both sides of the border. Despite pet projects to try to sustain peasant agriculture, the gradual deterioration of conditions for the rural poor pushed them into the cities,[1] where they filled the ranks of an expanding industrial workforce and state bureaucracy, or forced them to look for work in El Norte, a hemorrhaging that continues to this day.

While the agricultural population steadily declined as a percentage of total population, the absolute number of people throughout Mexico increased from 14 million in 1940 to an estimated 28 million in 1980.[2] Over that same period of time, land ownership stayed virtually constant, with 20 percent of all arable land concentrated in the hands of only 2 percent of the biggest capitalist farmers, and the rest distributed over a spectrum of medium, small, and subsistence farmers.[3] Since then, the balance has continued to shift toward further land concentration on the one hand, and increased proletarianization on the other. Census studies show that by 1970, 1.2 million Mexicans in the countryside were landless workers.[4] As a percentage of the total rural population, the number of agricultural proletarians has skyrocketed, reaching 46.2 percent in 1990, and increasing to a massive 55.6 percent in 1995 following the passage of NAFTA, as well as the final dismantling of state-sponsored agrarian support for small farmers.[5]

One major factor that helped to sustain the "Mexican miracle" of agricultural expansion was an increasing dependency on U.S. loans to underwrite the project. For instance, between the years 1952 and 1958, the foreign debt increased by 500 percent, to over half a billion dollars, primarily in debt to the United States. These loans carried Trojan horse clauses that gave U.S. capitalism a means by which to increasingly assert its influence over the Mexican economy. According to John Ross, "One such loan that helped bind Mexico to Washington's mandate [the adoption of neoliberalism] followed the February 1982 devaluation of the peso—the $75 million jolt pried loose from the U.S. Federal Reserve carried a laundry list of anti-protectionist suggestions, reveal U.S. State Department documents."[6]

It is in the context of this roughshod capitalist development of Mexican agriculture and its integration into the world market—primarily through its orientation toward the United States—that we must understand the establishment of patterns of cross-border migration. The subordination of Mexican capitalism to U.S. imperialism and the global institutions of neoliberalism set the stage for further economic convulsions. Out-migration served as a release valve for the socially dislocated.[7] This by-product was welcomed by a U.S. market eager to absorb not only Mexican imports, but also its reserve armies of labor, since migrants could be paid less and leveraged against unionized workers.

In order to take full advantage of the opportunities presented by a virtually limitless supply of highly vulnerable workers, the government, at the behest of big business, has periodically sponsored "guest worker" programs, through which migrant workers can be imported and exported like commodities on a contractual basis. These programs have instituted a caste system of labor, by depriving their "guests" of the fundamental rights purportedly accorded to workers in a democratic society, and creating a segregated class of workers whose participation in society—beyond contributing the products of their arms, legs, and sweat—is proscribed by law.

The most significant guest-worker scheme to date, the Bracero Program (1942–1964) gave official sanction to the use of migration to satisfy the needs of the United States and Mexico (this program will be discussed in detail in chapter 17). It also established channels for unofficial migration, since it endorsed the mass northward movement of Mexicans for over two decades, establishing patterns of migration that would continue even though the laws eventually changed. Thus, Mexican immigration became an "officially unofficial" institution that continues to this day.

By the 1970s, Mexico's attempt at state-sponsored national development began to falter, and Mexican workers once again faced a series of economic crises that pushed them to migrate.[8] The gradual opening of the Mexican market to foreign investment by transnational corporations, ostensibly a means by which to speed the process of industrialization, led instead to the domination of the industrial sector by foreign capital, accomplished with the complicity of the Mexican government.[9] By 1970, for example, 70 percent of the income from capital goods production went to foreign corporations (mainly American) with only 20 percent going to the state and 10 percent to private Mexican firms.[10]

The massive export of wealth from Mexico to the United States has been exacerbated by massive borrowing on the part of successive Mexican governments. Beginning during the presidency of Adolfo Ruiz Cortines (1952–1958), loans from the United States flowed into the Mexican treasury, inflating the national debt to $500 million. With the discovery of new oil deposits in Mexico and the boom in oil prices after the 1973 OPEC oil embargo, Mexican presidents began to borrow even more heavily to finance the development and maintenance of the domestic economy.[11] The influx of "petro-dollars," as they were called, gave the impression of a booming economy. Meanwhile, Mexico became increasingly dependent on such loans, with few other means of generating currency to finance the growing debt than selling oil. During the presidency of Luis Echeverría, heavy borrowing was undertaken to purchase and nationalize numerous state industries. The intention was to use oil to develop the economy. But by the late 1970s, the oil boom had transformed Mexico into a single commodity exporter, undermining the development of other sectors of the economy.

By the presidency of José López Portillo (1976–1982), Mexico's national debt had mushroomed to $80 billion, primarily owed to U.S. banks and negotiated through the International Monetary Fund, which traded hard cash for neoliberal restructuring.[12] By 1994, Mexican debt reached $130 billion. By 1982, interest payments on debt amounted to half of the total value of Mexico's exports (now predominantly oil), moving north into the United States. In exchange for the loans that contributed to this accumulating debt, the Mexican government signed eight "letters of intention," agreeing to further open Mexico's economy to foreign corporations, downsize the state and public spending, and reorient production toward export. For instance, a 1984 letter of intention committed Mexico to divest itself of twelve hundred state enterprises and reduce public spending (as a percentage of the GNP) from 18 to 8 percent.[13]

Mexico found itself in even more trouble when the price of oil plummeted in the mid-1980s, creating the need for more loans in exchange for more "structural adjustments," in what became known as *la crisis*. And Mexico was not alone; between the years 1968 and 1980, Third World debt increased from $47 billion to a whopping $560 billion. By 2003, total debt accumulated by developing countries reached $2.3 trillion.[14] The mounting interest on these loans and the restructuring of the rules of production and trade in favor of foreign corporations comprised one of the most massive transfers of wealth from poor to rich nations in world history.

While some Mexican capitalists were able to profit, Mexican workers made the ultimate sacrifice. For instance, by

1996, twenty-four Mexican families had joined the ranks of the world's one hundred wealthiest families, buying up a lion's share of the privatized industries responsible for creating 14 percent of Mexico's GDP.[15] At the same time, the standard of living for Mexico's workers and poor had reached the level of catastrophe.

According to a study produced by the International Labor Organization (ILO), the wages of the Mexican working class fell faster than in any other nation in Latin America over the last few decades. Peso devaluations, implemented to counteract inflation, have largely pushed the social costs of neoliberal restructuring and economic failure onto the workers, campesinos, and poor of Mexico. There have been four devaluations of the peso (1976, 1982, 1986, and 1994) that have decimated the value of workers' wages and savings, as well as the landholdings of small farmers, rendering them cheap, potentially migrant labor almost overnight.[16]

Prior to the neoliberal era, the average wage for Mexican workers was about one-third of the average for a U.S. worker. The average now is less than one-eighth and as low as one-fifteenth in some industries.[17] Overall, the poverty rate in Mexico encompasses more than 50 percent of the population,[18] though a study by the Colegio de México estimates that almost 80 percent of Mexicans live in poverty.[19] Consequently, millions of Mexicans depend on the remittances of their loved ones working over the border.

Not surprisingly, the international and national capitalist restructuring of the Mexican economy has decimated Mexico's unions. While three-quarters of the workforce in Mexico belonged to unions three decades ago, less than 30 percent do so today.[20] This has occurred primarily through privatization, mass firings, migration, and overtly antiunion intervention by state forces to ensure a "pro-business" climate.

Mexico's troubled history began with the long struggle to shed the remnants of Spanish feudalism, segued into an era marked by American imperial ascendancy, the loss of half its territory, and its economic subordination to the United States. Despite the heroic struggles of Mexican workers and peasants, the consolidation of Mexican capitalism and its integration into the world system, vis-à-vis increasing dependency on U.S. loans and neoliberal restructuring, led to the overthrow of the nationalist legacy of the Mexican Revolution. This propelled a new cabal of "technocratic" leaders into power, who set out to restructure the Mexican economy according to the dictates of Washington, for the benefit of small cliques of Mexican capitalists and international investors, and at the expense of the vast majority of Mexicans.

Chapter Fourteen

From the Maquiladoras to NAFTA: Profiting from Borders

In line with neoliberalism's emphasis on export-driven development and encouraged by the rapid growth of transnational corporations seeking to invest in overseas markets, the Border Industrialization Program (BIP), initiated in 1965, redirected national efforts at industrialization away from the state and toward foreign capital. The BIP signified the first foray of the Mexican state away from "Import Substitution Industrialization" and toward the emerging neoliberal orthodoxy of industrialization through foreign direct investment (FDI). It resulted in the creation of maquiladoras, foreign-owned assembly plants situated in "free trade zones" along Mexico's northern border.

> U.S. manufacturers were invited to move their factories south across the 2,000-mile-long border between the United States and Mexico to take advantage of much lower wage rates. Mexican federal subsidies encouraged the rapid growth of industrial parks, and new regulations allowed manufacturers to import duty-free machinery, parts and raw materials. The program has been a highly successful accumulation strategy; in its short life span of thirty years, it has been revamped and expanded several times.[1]

The Border Industrialization Program was initially justified as a means to absorb displaced agricultural workers after the end of the Bracero Program of the same year, but has since become a lucrative institution along the U.S.-Mexico border. The maquiladora program primarily seeks to take advantage of large, concentrated populations of Mexican workers living in border cities, many of which are now "sisters" to major U.S. border cities. Fourteen large metropolitan centers, such as Tijuana-San Diego and Ciudad Juarez-El Paso, contain 90 percent of the nearly 12 million people that live in the border region.[2] While topographically contiguous, these mega-cities are artificially divided by walls, degrading both groups of workers' rights in the process.

Aside from the benefit of major tax breaks, the BIP allows for the hyper-exploitation of Mexican workers, who are paid a fraction of the wages earned by workers north of the border. According to Maquiladora Management Services, a San Diego–based marketing firm that promotes the industry and bills itself as "your connection to Mexico's low-cost labor force," companies that relocate across the border are assured that labor costs will be cut by 75 percent.[3]

According to the *Twin Plant News*, a trade magazine that promotes the maquiladora industry, it is the virtual total control a prospective owner can wield over Mexican workers that makes them so attractive:

> The primary advantage for a U.S. company to operate a maquila is the lower cost of labor in Mexico. Labor typically costs about $21 an hour in the United States, compared to about $5 an hour in Mexico. Other advantages include more favorable labor law in Mexico and fewer union-driven work rules. In other instances, maquilas fill jobs that U.S. workers are no longer willing to work. Assembly line operations that require nothing more than simple hand work for eight hours a day frequently go unfilled in the United States.[4]

What's more, maquiladora owners can count on low wages staying low, as workers in free trade zones have no recourse to real trade union organizing. Instead, membership in so-called "white unions" is mandatory in many places. These "unions" collude with the companies and the local, state, and federal government to prohibit any productive union organizing among ordinary workers.[5] In addition to busting unions, the Mexican government subsidizes the maquiladoras with money "redistributed" from Mexican taxpayers—all in the name of keeping Mexico attractive to foreign investment. For example, U.S.-based Electrolux was given tax breaks totaling five hundred thousand dollars by the Chihuahua state government to open a plant in Ciudad Juarez.[6] In other words, not only are there no obstacles to exploiting cheaper Mexican labor, but Mexican workers *themselves* pay (through their tax dollars) for these foreign businesses to profit from their labor.

The profitability of moving assembly plants to Mexico proved irresistible to U.S. companies. "By 1972, nearly a third of the value for all U.S. components sent abroad went to Mexico, and by 1977 more than $1 billion worth of maquiladora-assembled products was being returned to the United States every year." The program reached its zenith in the year 2000, with over four thousand maquiladoras operating across the country, employing over 1.6 million workers[7] and eclipsing the efforts of state-directed industrialization. The sector has become a critical source of profits for American corporations, who own about 90 percent of all maquiladoras.[8] By the year 2005, maquiladoras had produced $113 billion worth of goods—90 percent of which went to U.S. markets[9]—and a profit windfall for U.S.-backed corporations such as GM, Dupont, and Dow Chemical.

The shift to free trade production has caused an erosion of the traditional state-sponsored industrial core through underfunding, privatization, and the gradual abandonment of "nonprofitable" industrial sites. For instance, after the debt crisis of 1982 and the implementation of IMF "structural adjustment programs," the six years of the presidency of Miguel de la Madrid witnessed the fire sale of nine hundred firms to private interests.[10] Despite a flurry of strikes by workers to protect their historic gains, this process further reduced union centers, and once again unemployed workers were pushed into other regions to find work. In other words, one major reason for migration north, especially from the interior regions of Mexico, has to do with the process of deindustrialization brought about by the "maquiladoraization" of the economy.

The shift toward market-oriented policies has also had a long-term deleterious effect on overall wages. Real wages, which had already declined 20 percent between the years 1977 and 1982, plummeted an additional 66 percent between 1980 and 1990.[11] Today, the largely American-owned factories of the maquiladora sector employ about 1.2 million people. Maquiladora workers—unlike the American-born middle managers who flock south across the border to take up lucrative positions in the maquiladora plants—live in squalor and are paid a pittance. Wages hover slightly above the minimum of four dollars a day, though no one can survive on this amount. The poverty facing maquiladora workers is astounding. In Baja California, during strawberry season, whole families often work together—children alongside their parents—in agricultural maquiladoras because adult pay amounts to only about six dollars a day, three dollars a day for children. As one worker said, "We can't live if we all don't work."[12] As veteran border rights activist Enrique Davalos explains,

> Maquiladoras combine traditional ways of exploitation (cheap labor, low wages, poor health and safety regulations) with new, intensive ways of exploitation based on high-speed productivity. Working in a maquiladora means [living] in poverty with no hopes of getting better wages, any promotion, seniority, or labor security. Average daily wages in Tijuana maquiladoras are about six to seven dollars for ten working hours. This is enough to pay only 25 percent of the very basic expenses, without including rent and education. So maquiladora workers are condemned to live in shantytowns without piped water, power, sewage or trash collection. Temperatures in Tijuana fluctuate from 30 to 110 degrees Fahrenheit, but 66 percent of the houses don't have piped water.
>
> The maquiladoras are risky and unhealthy labor places. Most of the companies force the workers to deal with dangerous chemicals with no training and no appropriate protection. As a result, labor diseases and accidents are common in Tijuana. Workers ruin their eyes, lungs, hands, backs, and nervous systems after a few years of work in a maquiladora. In addition, workers without fingers and hands are not rare, but workers' negligence is always used to explain recurrent "accidents." In fact, maquiladoras not only deterioriate workers' lives, they also pollute their families and communities. Ejido Chilpancingo is a neighborhood located near to Otay, one of the most expensive industrial parks in Tijuana. Because of maquiladora pollution, residents of Ejido Chilpancingo are exposed to lead at levels three thousand times higher than U.S. standards.[13]

Since communities along the border have become economically integrated, the daily cost of living on either side has reached parity in many goods and services. The super-exploitative conditions in the maquiladoras are made even clearer when one considers that a gallon of milk costs about three dollars, half the daily wage of a typical worker.[14] The conditions are so profitable for capital (and so egregious for workers), that most U.S. manufacturers favor the Mexican maquiladora sector as one of their top two global sites for cheap labor, second only to the virtual slave-labor conditions of China. In recent years, however, Chinese investors have been expressing interest in the Mexican border region, as a way of getting around U.S. trade restrictions and utilizing the North American Free Trade Agreement to their advantage.[15]

Despite the interest in the maquiladora project, the global corporate race to the bottom is pushing the bar even lower for Mexican and migrant Central American workers. Competition from super-exploited workers in Asia and other parts of Latin America is being used as a justification for wage reductions and further crackdowns against unions.

Low pay has contributed to a gendered division of labor by encouraging most male migrants from the interior to bypass the maquiladora zone in favor of more substantial wages across the border. This results in a concentration of women in the maquiladoras, an arrangement embraced by maquiladora operators since women tend to have fewer social and political rights, and therefore less bargaining power. Nevertheless, women workers do resist, and owners find ways to discipline them. For example, according to a study by Human Rights Watch, women workers are "routine[ly] required to undergo pregnancy testing as a condition for employment." These tests are often conducted monthly, and those who become pregnant are fired, thus creating a high turnover rate and a constant downward pressure on wages.[16]

Cross-border commerce is mega-business. While the border restricts the movement of labor, no such obstacles exist for capital. There are about 250 million crossings per year, with only about 1 percent unauthorized.[17] The border is open for business. About $733 million are exchanged *each day* along the U.S.-Mexico border.[18] Seventy thousand people cross the border each day to work and shop, pumping $3.3 billion each year into the San Diego economy alone.[19] And it is not uncommon for businesses to relocate or create "subsidiaries" just south of the border to cut labor costs, while Mexican workers—the 1 percent that attracts such fury and derision—must risk life and limb crossing to the north.

The maquiladora industry serves as a monument to U.S. imperialism's power to make rules solely for the benefit of corporations. The border is used to keep wages at a minimum for workers on both sides, while it artificially divides them to prevent a collective response. Nevertheless, its impact is becoming increasingly apparent to those seeing their wages and jobs evaporate. As Dave Johnson, international representative for the United Electrical Workers (UE), explains,

> Because of regional economic integration and developments like NAFTA ... the wages and conditions of Mexican workers are the new floor of our economy. To put it a little more sim-

plistically, either our wages and conditions are going to go down to the level of Mexico's, or we're going to figure out ways to help Mexicans raise their wages and conditions up to our levels.[20]

The passage of the North American Free Trade Agreement (NAFTA) in 1994 officially formalized neoliberal policies that had been implemented piecemeal in previous years, especially regarding agriculture. For example, Article 27 of the Mexican Constitution (which protected small Mexican farmers from unequal competition with U.S. agribusiness) was abolished in 1992. NAFTA opened the Mexican grain market to U.S. imports in exchange for the opening of the U.S. market to Mexican fruits and vegetables.

NAFTA also guaranteed that the Mexican government would not interfere with the operations of foreign corporations, favor domestic over foreign capital, or require "technology transfers" that would force corporations to share technology with local hosts. In other words, it created a virtual state within a state, where corporations could function for the most part independently of government oversight or regulation. As a result, little investment has been put into industries producing for local markets. Instead, businesses focus on using cheaper Mexican labor to produce for export.

NAFTA contained no binding protections for unions, wages, or displaced workers. As a result, all three member nations (the U.S., Mexico, and Canada) experienced a decline in wages for the majority of their workforces while corporate profits skyrocketed. But Mexico was hit the hardest. From 1993 through 1994, about 40 percent of Mexico's clothing manufacturers went out of business as U.S. retail stores moved to Mexico and started importing cheaper fabrics from Asia. This phenomenon also affected a host of other industries, such as toys, leather, and footwear.[21] The Mexican government estimates that in the year that followed NAFTA's ratification, the Mexican economy shed about one million jobs.[22]

Agriculture also took a mortal blow. In 1993, Mexico, a civilization born and built on corn, began to import more ears of corn from the United States than it produced domestically, adding to the havoc being wreaked on small and subsistence farmers dependent on government subsidies and price controls. With the passage of NAFTA, these protections were abandoned, completing the "ascendance of neoliberalism":

> In the agricultural sector, the internationalization of capital had been gradually reorganizing local, regional, and national systems of production and trade.... In Mexico, this was seen with the expansion of the feedgrain industry, the greater inte-

> gration of agriculture and food processing, the expanding role of the TNCs [transnational corporations], and increasing government attention to the most technologically advanced and profitable farm sectors.[23]

With NAFTA, Mexico has become almost entirely dependent on the United States for trade. A reorientation toward an export-driven economy has bound Mexico to the U.S. market. For instance, the United States absorbs 88 percent of Mexican exports, which account for about 25 percent of the country's GDP.[24] In exchange, Mexico has opened its borders to U.S. corporations. According to the Office of the United States Trade Representative, the stock of U.S. foreign direct investment in Mexico reached $61.5 billion in 2003, the majority in manufacturing (maquiladoras) and banking (see later discussion on remittances).[25] Mexico also opened up its markets to U.S. agriculture.

Opening Mexico to U.S. corn, for instance, has devastated local producers. According to the U.S. Department of Agriculture, exports to Mexico have doubled since the passage of NAFTA, reaching $7.9 billion by 2003. Corn alone accounted for $653 million in 2002. This has made Mexico the third-largest recipient of U.S. agricultural exports.[26] The United States government, now haranguing migrant Mexican workers, facilitated their dislocation in the first place, both through NAFTA and through direct incentives for U.S. corporations in Mexico. According to the U.S. State Department,

> In 2005, the USDA provided $10 million for 71 U.S. agricultural trade projects in Mexico, Brazil, Venezuela, Central America and elsewhere under what is called the "Emerging Markets Program." The program supports the promotion and distribution of U.S. agricultural products, trade missions, research on new markets, and activities that encourage free-trade policies.[27]

Over 1.3 million small farmers in Mexico were pushed into bankruptcy by cheap American grain imports between 1994 and 2004.[28] Luis Tellez, former undersecretary for planning in Mexico's Ministry of Agriculture and Hydraulic Resources, estimates that as many as 15 million peasants will leave agriculture in the next few decades, many seeing migration north as the only option.[29] This dynamic was cited by the Zapatista rebels in southern Mexico as one of the main reasons for their uprising.

Meanwhile, the deindustrialization of Mexico continues unabated. Mexico lost an unprecedented 515,000 jobs in the first three months of 2005 alone.[30] Mexico has continued to deindustrialize since the passage of NAFTA, so that manufacturing now accounts for 16 percent of GDP, decreasing each year between 2000 and 2005.[31] This helps explain why an increasing number of migrant border crossers—nearly 50 percent—come from urban areas in Mexico.[32]

By absorbing an ever-increasing number of U.S. exports, Mexico has become the United States' second largest trading partner, devastating its industrial and agricultural bases in the process. The hemorrhaging continues in the form of displaced workers, not only in Mexico, but in the United States as well. U.S. NAFTA, the consortium of industrial corporations that lobbied for the passage of the agreement, alleged that passage of the treaty would create one hundred thousand jobs in the export sector of the U.S. economy. While this goal was achieved over a period of four years, 151,256 jobs were lost in the manufacturing sector over the same period.[33] According to David Bacon, U.S. job losses amount to nearly three-quarters of a million, while Canada has lost 18 percent of its manufacturing jobs since 1995.[34] Though workers have lost out with NAFTA, the corporations that lobbied for its passage have made out like bandits. About half of the initial lobbyist consortium pushing for NAFTA sent jobs to Mexico and increased their profits by 300 percent by 1997.[35]

Despite the correlation between "free trade" policies and worker displacement, neoliberal politicians march onward, decrying "illegal immigration" as they go. Without an ounce of irony, Arizona Congressman Jim Kolbe (R-AZ) celebrated the 2005 passage of CAFTA (Central American Free Trade Agreement) by the U.S. Congress by proclaiming, "Increased integration can only add jobs and help alleviate poverty, reduce the flow of migration northward and make the region more competitive in world markets."