It 1994 to 2016, the most basic economic

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It is now over 23 years since NAFTA was implemented, allowing Mexico to inter into a new trading agreement with the United States and Canada. At the time it was claimed, and forecast, that the trading deal would increase Mexico’s growth and development. This paper contrasts the production of the Mexican economy with the region since NAFTA, relying on the available economic and social indexes, and with its own long ago economic performance. The results show: Mexico position 15th of 20 Latin American countries in growth of actual GDP per capita from 1994 to 2016, the most basic economic evaluation of living standards Mexico underwent a collapse of economic developing after 1980, with Latin American per capita GDP growing by just 9 percent, and Mexico by 13 percent, from 1980 to 2000. Mexico’s per capita GDP growth of just 1 percent yearly over the past 23 years is largely less than the rate of growth of 1. 4 percent accomplished by other Latin America’s countries.

If NAFTA had been effective in bringing back Mexico’s pre-1980 growth rate — when developmental economic strategy were the norm — Mexico today would be a high income country, with income per capita notably exceeds Portugal or Greece. It is doubtful that immigration reform would have caused an important political issue in the United States, since relatively few Mexicans would seek to cross the border. The poverty rate in Mexico in 2014 was 55. 1 percent which is much higher than the poverty rate in 1994, according to Mexican national statistics. Therefore, there were about 20. 5 million more Mexicans living below the poverty line as of 2014 than in 1994. The rest of Latin America experienced a decline in poverty for more than five times as much as Mexico: 21 percentage points (from 46 to 25 percent) for the rest of Latin America, versus 3.

9 percentage points (from 45. 1 to 41. 2 percent) for Mexico. Wages for Mexican were almost the same in 2014 as in 1994, with a slight decrease in 4. 1 percent over 20 years, and barely above their level of 1980. Unemployment in Mexico is 3.

8 percent today, as compared to an average of 3. 1 percent for1990–94 and a low of 2. 2 percent in 2000; these numbers seriously understate the true lack of jobs, but they do not show an improvement in the labor market during the NAFTA years.

NAFTA also had an adverse impact on agricultural employment, as US supports corn financially and other products wiped out small farmers in Mexico. From 1991 to 2007, 4. 9 million Mexican family farmers were repositioned; while seasonal labor in agro-export industries increased by about 3 million.

This meant a net loss of 1. 9 million jobs. The week productivity of the Mexican economy has led to a rise in emigration to the United States. From 1994 to 2000, the annual number of Mexicans emigrating to the United States increased by 79 percent. The number of Mexican-born residents living in the United States more than doubled from 4. 5 million in 1990 to 9. 4 million in 2000, and peaked at 12. 6 million in 2009.

Analysis :   In January of 1994, when the North American Free Trade Agreement was launched, it took Mexico to a new level of commercial agreement with the United States and Canada. NAFTA's terms, which were put into effect gradually through January 2008, produced for the complete removal of most tariffs and fees on products and services traded between those three countries. Liberalization and freeing of trade in agriculture and farming, textiles, and automobile manufacturing was their main core of attention. The treaty also was directed to protect intellectual assets, initiate a system of dispute-resolution, and through accordance, implement labor and environmental protection.

NAFTA essentially has reformed North American economic relationship, influencing a novel integration between Canada and the United States' advanced economies and Mexico, a growing country. NAFTA appreciated bipartisan support—it was mediated by Republican President George H. W. Bush and passed through Congress and carried out under Democratic President Bill Clinton. It uplifted and encouraged a more than tripling of regional merchandising and cross-border investment between the three countries also developed considerably.

Yet NAFTA has remained a lasting target in the broader argument over open trade. President Donald J. Trump says the agreement has reversed U. S. manufacturing production, and jobs, to Mexico, and in August 2017 his administration relaunched negotiations with Canada and Mexico with the goal of reforming it. It is doubtful to say that Mexico would have done better in the presence of NAFTA. In fact, we can demonstrate the productivity rate of Mexico with other regional countries since 1994 using available economic and social indexes. According to the center of economic and policy research in Washington DC, the growth of GDP per capita in Mexico from 1994 until 2016 has increased by only 28.

7 percent, cumulatively, with annual rate of just 1. 2 percent. Therefore, it turned to be less in contrast with other regional countries in Latin America like Panama, Peru, Chile with (4. 0, 3.

2, 3. 0) percent annual growth respectively, in the same period. The same study shows Mexico's growth ranks 15th of 20 countries in the GDP index. Those numbers are a clear indicator of the poor performance of Mexico since the implementation of NAFTA comparing to countries that are not part of that agreement. Another important fact we need to mention is Mexico's growth rate in contrast with the rest of region since NAFTA, comparing to the one before it. According to the center of economic and policy research in Washington DC, Mexico increased twice its income per capita from 1960 to 1980, which was higher than that in its Latin American counterparts as a whole. Interestingly, if that growth had continued to increase, Mexico would be a high income nation today. The regional growth of GDP per capita has declined from 87 percent in 1960-1980 to only 9 percent from the period from 1980 to 2000, in other words, 0.

9 annually. Mexico's share in that decline was from 97 percent GDP growth per capita to just 13 percent. In the period from 2000 to 2016, the regional GDP growth per capita was 1. 5 percent annually, with 0.

8 percent growth rate for Mexico, according to Feenstra, Inklaar, and Timmer (2015) and IMF (2016). Another study done Laura Carlsen, the director

of the Americas program at the center for international policy, Shows the negative impact of NAFTA on Mexico's economy. According to her, American financial aid or what is called subsidy aiming to supporting US corn and others main produces, has damaged the Mexican farmer market by dumping it with subsidized corp making the pieces to drop and farmer's livings significantly insufficient. Consequently, around million have been forced to leave their farms to survive, and prices has increased making people's life difficult. 20 million Mexicans live in food poverty, and 25 percent of the population can't afford staple food not speaking of the 25 precent of children suffering from malnutrition. Another important negative outcome of NAFTA is the dramatic increase in the number of Mexican migrants to the United States, with a rate of half a million annually following NAFTA. According to Laura Carlsen, NAFTA jeopardized farmers when multinational corporations controlled their lands that supported their families for decades. Moreover, the significant increase in poverty level created a very fertilized ground to criminals to flourish and threatens the social and economic environment.

Another study was done by National Autonomous University of Mexico (UNAM) affirms that Mexico has not achieved their goals within NAFTA in terms of decreasing the poverty level in the country, with 55. 1 percent poverty rate in 2014 and 52. 4 percent rate in 1994. It is also useful to compare the performance of Mexico in decreasing the poverty level with the ones in the regional countries. The UN economic Commission on Latin America (ECLAC) assures that the poverty level in Mexico dropped a little from 45. 1 percent in 1994 to 41.

2 percent in 2014, yet poverty in the region including 19 countries declined significantly from 46 percent to 25 percent at the same period of time. Another important outcome of NAFTA is connecting the US economy with Mexico’s economy, making the latter vulnerable to economic fluctuations and crisis. With more than the two third of Mexico’s exports go to the United states and when the US Federal Reserve’s rose the US monetary policy rate in 1994, the peso crisis occurred causing a loss in the GDP of Mexico by 9. 5 percent.   Another example of the result of integrating the economy of the US and Mexico is the recession that happened in Mexico following by the one that took place in the US first in 2000 caused by the stock market issues and then in 2006-07 as a consequence of the biggest asset bubble issue in the world history. In that recession, Mexico has suffered more than any country in Latin America due to what expert refer as the negative influences of the US economy on it with a decline in Real GDP of 6.

7 percent from 2008 to 2009.   A Mexican manufacturing employment rate following NAFTA was expected to rise but it did not reach the hoped level for a couple of reasons. Like producing products assembled from imported parts and components, which led to adding small values and little job creation. The biggest case happens in maquiladora plants which are owned by American or multinational companies, where imports inputs occupy about tree quarters of the value of their export.

Secondly, Mexico losses the surplus it gains from trading with US to the deficit in goods trade with Asia (about $55 billion with China), and $25 billion deficit with Europe. As such Mexico did not improve a lot in terms of increasing employment rates from its trade. Lastly, the industrial growth rate was slow and China's entering to the US market as a tough competitor have impacted the employment growth of the manufacturing sector negatively. Interestingly, Mexico is a better market for the US than China, despite the deficit in trade between Mexico and the US towards Mexico, due to the surplus in US import to Mexico comparing with the one to China. The forecasts of rising US jobs within NAFTA, from increasing export to Mexico, was overestimated and turned out to be proven wrong. NAFTA proponents, claimed that opening Mexico to free trade and unregulated foreign investment would increase job growth and raise incomes needed to create a stay-at-home middle class.

There was an effort in the early 1980s by a group of U. S.-educated economists and businesspeople who took over the ruling Partido Revolucionario Institutional (PRI) to build a privatized, deregulated and globalized Mexican economy. Among their objectives was tearing up the old corporatist social contract in which the benefits of growth were shared with workers, farmers and small-business people through an elaborate set of institutions connected to the PRI. NAFTA however provided no social contract. It offered neither aid for Mexico nor labor, health or environmental standards.

The agreement only protected corporate investors and everyone else was on his own. NAFTA's critics knew it would stimulate more trade; that was, after all, its function. Instead, what happened was that all of the benefits that came with new trade went largely to the rich while the middle class and the poor would pay the costs, and the promised growth did not materialize. Although NAFTA is not the cause of all Mexico's economic troubles, it has clearly made them worse. Since NAFTA's inception in 1994 the Mexican middle class has shrunk and the number of poor has expanded.

Economic growth was below the old corporatist economy's performance and substantially less than what is needed to generate jobs for Mexico's growing labor force. The North American Free Trade Agreement was meant to integrate the economies of the United States, Canada and Mexico by breaking down trade barriers among them, creating jobs and closing the wage gap between the U. S. and Mexico. What happened under NAFTA was that heavily subsidized U. S.

corn flooded the Mexican market, putting millions of farmers out of work. Multinational corporations opened up factories creating low-wage jobs at the expense of organized labor and the environment. This, in turn, drove waves of migration north. Mexico has benefited less than its neighbors to the north.

During NAFTA, Mexico has had the slowest rate of economic growth than with any other previous economic strategy since the 1930s. From 1994 to 2013, Mexico's gross domestic product per capita has grown at a paltry rate of 0. 89 percent per year. Additionally, During NAFTA, Mexico's economy grew much slower than almost every Latin American country. NAFTA has boosted trade and investment, but has not translated it into meaningful growth that generates jobs. One of the problems it has generated is basically an exporting economy for transnational corporations, and not for the Mexican industry.

The initiation of NAFTA in 1994 pushed under a guise of a free trade partnership with Mexico that was supposed to bolster the economy and curb immigration did just the opposite. Heavily subsidized US crops flooding in drove production down and consumer prices up. New corporations dominating the market collapsed small businesses across the country, sweatshop labor surged. 20 thousand of small sized Mexican businesses ere destroyed in NAFTA's first four years.

The price of corn, Mexico's main staple fell by 66% ejecting at least two million small from their land forced to migrate north in the search of life-sustaining work. NAFTA's model of neoliberal development stunts Mexico's food independence. In post NAFTA Mexico 42% of the food consumed comes in from abroad. Following this terrible policy about 22 million Mexicans in a country of about 122 million live in food poverty, the number of undocumented immigrants coming to America increased a dramatic 185 percent. NAFTA gave a major boost to Mexican farm exports to the United States, which have tripled since NAFTA's implementation.

Hundreds of thousands of auto manufacturing jobs have also been created in the country, and most studies have found PDF that the pact had a positive impact on Mexican productivity and consumer prices. The pact was the continuation of a decade of economic liberalization that saw the country transition from one of the world's most protectionist economies to one of the most open to trade. Mexico had reduced many of its trade barriers upon joining the General Agreement on Tariffs and Trade (GATT), the precursor to the WTO, in 1986, but still had a pre-NAFTA average tariff level PDF of 10 percent. Mexican policymakers saw NAFTA as an opportunity to both accelerate and “ lock in” these hard won reforms to the Mexican economy. In addition to liberalizing trade, Mexico’s leaders reduced public debt, introduced a balanced budget rule, stabilized inflation, and built up the country’s foreign reserves. Thus, while Mexico was hard hit PDF by the 2008 U. S.

recession due to its dependence on exports to the U. S. market—in 2009 Mexican exports to the United States fell 17 percent while its economy contracted by over 6 percent—its economy was in a position to bounce back relatively quickly. Mexico returned to growth in 2010, its GDP expanding over 5 percent, and subsequently falling to around 2 percent in 2014 and 2015.

Conclusion: The NAFTA agreement, signed 20 years ago, was believed by many that it would improve the Mexican economy, create more jobs and decrease the amount of Mexicans immigrating to the US. However, NAFTA had a horrible consequence on Mexico, instead, it ruined the economy, has shrunk the Mexican middle class and expanded numbers of poor. It had put millions of farmers out of work and the real wages in Mexico have fallen significantly below pre-NAFTA levels as price increases for basic consumer goods the exceeded wage increased.