

**TOMATOES OR TOMATO PICKERS?
FREE TRADE AND MIGRATION BETWEEN MEXICO
AND THE UNITED STATES**

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This paper examines the relationship between trade liberalisation and migration in the case of Mexico. The increasing bilateral trade between Mexico and the United States after signing the North American Free Trade Agreement (NAFTA) was supposed to stem the illegal Mexican migration flow by contributing to economic growth and job creation in both countries. Twelve years after the treaty has come into effect, questions emerge about the extent to which NAFTA was able to reduce the migration pressure: are trade and migration substitutes like the policy-makers had assumed or are they complements? Using monthly data from 1968 until 2004, we estimate a distributed lag model with the number of apprehensions at the US-Mexican border as a proxy for illegal migration. The results indicate that increasing trade flows cause larger illegal migration from Mexico to the United States.

JEL classification codes: C22; F00; F10; F22.

Key words: migration; international trade; distributed lag model; Mexico; NAFTA.

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I. Introduction

A reason for the United States to sign the North American Free Trade Agreement (NAFTA) in 1992 with Mexico and Canada was to reduce the illegal Mexican migration flow. This flow had increased steadily in the past decades in spite of restrictive US-immigration policies. Since the early 1980s, the number of illegal entries per year estimated by the United States Department of Homeland Security (2006) exceeded 1,000,000 individuals; in 1983 the number of illegal migrants apprehended by the US Border Patrol was 1,172,000 individuals; in 1993 it was 1,230,124; and in 2004 it slightly decreased to 1,085,006. Part of US public opinion was concerned about this development, as they believed that such influxes of Mexican workers could cause social and economic problems in the country. Even though the controversial problem of the illegal migration in the United States dominated the public discussion and the political rhetoric concerning NAFTA, this topic was not covered during the NAFTA-negotiations and no provision in the final version of the agreement deals with it.¹ Questions emerge about to what extent NAFTA is able to solve the migration problem and whether trade within a common free trade zone could help reducing the migration pressure from Mexico.

The theoretical and empirical analysis in this article makes a contribution in helping to understand the link between trade and migration in Mexico. To our knowledge, this is the first paper which investigates the effect of trade on migration in the US-Mexican case that uses time series data for such a long period (from 1968 to 2004).

According to the theory of regional integration, increasing trade can contribute to economic growth and job creation in the involved countries (Markusen and Zahniser 1999). By this means, the migrants from Mexico would not have an economic incentive to illegally cross the border to the USA looking for a job, but they would stay in their home country instead.² The US and the Mexican governments proceeded on this assumption of a substitution type relationship between trade and

¹ There are just some rules about the entry of business and high qualified people in the country (CCH 1994).

² Based on micro-economic and sociological migration theories, the different motives to migrate are related to factors such as income, employment, relative deprivation, family and wider social networks, dissatisfaction with the place of living, social security provisions etc. According to Lee (1966) these different influence factors can be classified within a “push-pull” model. The International Organisation for Migration (1999) distinguishes five “pull” and two “push” main factors in motivation. The pull factors are: better living conditions and wages, other people’s experience with migration, good employment prospects and more individual freedom. The push factors are: ethnic problems and economic conditions

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