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# Perceptions of the North American Free Trade Agreement and Mexican Migration: “What is the Relationship between Trade Liberalization and Labor Mobility?”

Colin Gonzalez

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Perceptions of the North American Free Trade Agreement and Mexican Migration:  
“What is the Relationship between Trade Liberalization and Labor Mobility?”

Colin Gonzalez  
University of Arkansas  
April 2019

In memory of Jessamy Eve Samuels

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## **Abstract**

In an effort to understand the effectiveness of the North American Free Trade Agreement, the author uses previous academic literature to assess the success of the North American Free Trade Agreement's primary and peripheral goals. To understand how North American citizens perceive NAFTA and their future relationship with one another, the author uses survey data to analyze attitudes of American and Mexican citizens towards trade liberalization (NAFTA) and labor mobility. Regression analysis reveals that there is a positive relationship between labor mobility and trade liberalization for Mexican citizens but not for American citizens. This is a significant finding that contributes to our understanding of potential policy recommendations and the integration of the North American countries.

## **Introduction**

Since the North American Free Trade Agreement (NAFTA) went into effect in 1994, the three member countries have had increasingly integrated trade relations and economies. When President Trump was campaigning for president in 2016, he called NAFTA "the single worst trade deal ever approved in this country" (Irwin 2016). Renegotiating NAFTA has been one of the major goals of President Trump and as of the submittal of this paper a new deal entitled the United States-Mexico-Canada Agreement (USMCA) or commonly called NAFTA 2.0 has not been ratified but has been signed (Palmer et al. 2019). This might leave many Americans, Canadians and Mexicans wondering what is next for the formal relationship between their countries. The future of North American integration is uncertain with the current negotiating of USMCA which is why in this paper I take steps to understand how NAFTA affected the economies of the U.S. and Mexico, what public perceptions of NAFTA are and have been and how those perceptions of NAFTA may relate to trade liberalization and labor mobility.

As the next section of the paper explains, there is a long and complicated history related to U.S. migration and economic policy. The crux of these policy issues is that many people have strong opinions about economic and migration policy which leads to intense debates about the topic. Additionally, both types of policy are strongly influenced by one another, yet they are rarely ever joined together when passing legislation (Delgado-Wise and Covarrubias 2007). It strikes me

as odd that the two types of policies are rarely talked about concurrently. For this reason, much of this paper addresses the issue and seeks to talk about the relationship between the two types of policy which have only ever been explored in great detail by Pastor (2012).

Public perception of NAFTA has historically been more negative in the U.S. than Mexico or Canada but the majority of the populations of each country support NAFTA as a whole (Stokes 2017). Trade liberalization is simply making international trade more free and accessible by reducing trade barriers or creating policies such as NAFTA that encourage regional economic cooperation. Labor mobility can be thought of as the ability and support that workers have to travel internationally in order to live and work, another way to think of this idea is labor mobility. Trade liberalization makes the free flow of goods and services more accessible while labor liberalization allows for the freer flow of people to live and work in countries that are not their own.

Understanding the perceptions that the public has about the concepts of trade and labor liberalization is important for the future of policy making related to NAFTA or NAFTA 2.0. Few papers have been published related to the public's perception of NAFTA. Furthermore, the papers that do address the public's perception of NAFTA rarely use the research to understand how those views may affect other, tangentially related, issues.

The paper is separated into 3 sections. In section 1, I sort through the academic literature related to NAFTA's effect on the economies of the U.S. and Mexico and migration. The impact of Canada is outside of the scope of this paper as the relationship between the U.S. and Canada is not as controversial nor is Canada mentioned in the literature frequently. Section 1 can be interpreted as a sort of report card for NAFTA. In section 2, I share the major findings of paper's related to the perception of NAFTA. In section 3, I analyze survey data to test the idea that there is an understudied relationship of perception related to labor mobility and trade liberalization.

## *Section 1: NAFTA*

### **History of U.S. Economic and Migration Policy**

The Bracero Program began in the U.S. in 1942 as a bilateral agreement to give Mexicans temporary work visas so that they could work in U.S. seasonal agriculture and then return to Mexico. This program was ended in 1964. During those 22 years, 4.5 million Mexican workers circulated in and out of the country (Fernández-Kelly and Massey 2007). The borders at this point were incredibly relaxed. In 1965 we saw an increase in the rate of legal immigration and a shift away from immigrants from Canada and Europe in favor of immigrants from Asia and Mexico through the passing of the Immigration and Nationality Act of 1965 (Aguila et al. 2012). The U.S. did not see major migration legislation again until the Immigration Reform and Control Act (IRCA) of 1986. The IRCA increased border patrol funding and made the hiring of unauthorized workers illegal, this funding change transformed our border into something similar to the border we see today (Fernández-Kelly and Massey 2007). In 1986, the U.S. saw a peak in the number of border patrol apprehensions at 1.8 million a number that is only rivaled by the 1.6 million apprehended in 2000 (Cornelius and Martin 1993) U.S. Border Patrol (2000, hereafter USBP). In 1990, President Carlos Salinas de Gortari proposed the idea of a free trade agreement to United States President George H. W. Bush, this proposition would later turn into what we know today as the North American Free Trade Agreement or NAFTA (Cornelius and Martin 1993). The North American Free Trade Agreement was signed and ratified in all three countries by 1994 with the aim of lowering trade barriers related to goods and capital but with no mention of labor (Fernández-Kelly and Massey 2007). In early 2017 President Donald Trump began to renegotiate the agreement. Those efforts are slowly coming to fruition as in late 2018 all countries finished negotiating and signed the United States-Mexico-Canada Agreement (USMCA or NAFTA 2.0).

As of the publication of this paper, the three countries have not yet ratified the United States-Mexico-Canada Agreement.

Mexico's President Carlos Salinas de Gortari promised NAFTA would transform Mexico into a first world country and enable Mexico to "export goods not people" (Blecker 2014). The United States' President Bill Clinton made a similar promise that NAFTA would decrease undocumented Mexican immigration by creating more high wage jobs in Mexico while simultaneously increasing employment in the U.S. by creating new access to a growing Mexican market (Blecker 2014). Neither statement by either country's president has come true nearly a quarter of a century later. At the time of NAFTA's ratification, the expectation was that short-term migration from Mexico would increase as a result of jobs lost in industries that were beaten out by U.S. competition (Flores-Macías 2008). A lag between the loss of jobs and the accommodation for workers to be incorporated into other economic activities was expected. (Flores-Macías 2008). Despite this expectation, no provisions were put into NAFTA to accommodate this increase in Mexican migration to the United States.

The total U.S. population in 1994 was 260 million. Of those 260 million people, 26.6 million were Hispanic and 17 million of those 26.6 million were of Mexican origin (Verea 2014). The number of undocumented immigrants in the U.S. in 1994 was 3.8 million (Verea 2014). This number grew until 2007 when it was 12.2 million and fell to 11.3 million in 2009 (Verea 2014). Between 1990 and 1993 there were 330,000 Mexican migrants entering the country per year, this number increased to 370,000 in 1994 (Flores-Macías 2008). In the year 2000 there were 550,000 Mexican migrants entering the country which is a 61 percent increase in comparison to 1990 (Flores-Macías 2008). As of 2013, 11.8 million foreign born residents were from Mexico, 65 percent of which were undocumented (Verea 2014). In 2017, there were 11.3 million foreign born

residents from Mexico (Zong and Batalova 2018). Almost every area of Mexico was touched by migration to the U.S. as 96.2 percent of Mexican municipalities reported some association with international migration in 2000 (Delgado-Wise and Breña 2006). These numbers explain that as expected, migration from Mexico increased after the passage of NAFTA.

NAFTA created more documented and undocumented labor mobility than was expected because the growth of exports and investments to Mexico from the U.S. has created an insufficient number of jobs required to stem migration and push wages up (Verea 2014). It is also important to note that the 1994 Mexican Peso Crisis shrank the economy by 6.2 percent in that and the following year. The Mexican Peso Crisis could be another push factor related to the increase in Mexican immigrants after the passage of NAFTA, but it is beyond the scope of this paper (Flores-Macías 2008). In the first 15 years following the agreement, increased remittances, large wage differentials between the countries and more integrated social networks of immigrants continued to make migration more attractive (Verea 2014). As of late, there has been a slowdown in unauthorized migration for a variety of reasons (Martin 2018). During the first 5 years of the Obama administration the Department of Homeland Security deported 2 million immigrants which is striking compared to the 2.2 million immigrants that President Bush deported in his entire eight-year term (Verea 2014). President Trump's annual deportations have hovered around 250,000 compared to President Obama's 400,000 (Huth 2018). Between these record setting high deportation numbers, increased border security, the increase in anti-immigrant attitudes in a multitude of states and the 2008 recession the likelihood that immigrants will return home or move to a different state has increased (Verea 2014).

The relationship between immigration and trade policy is too often overlooked during the policy making process (Thomas 2010). In the case of NAFTA, there were expectations from the



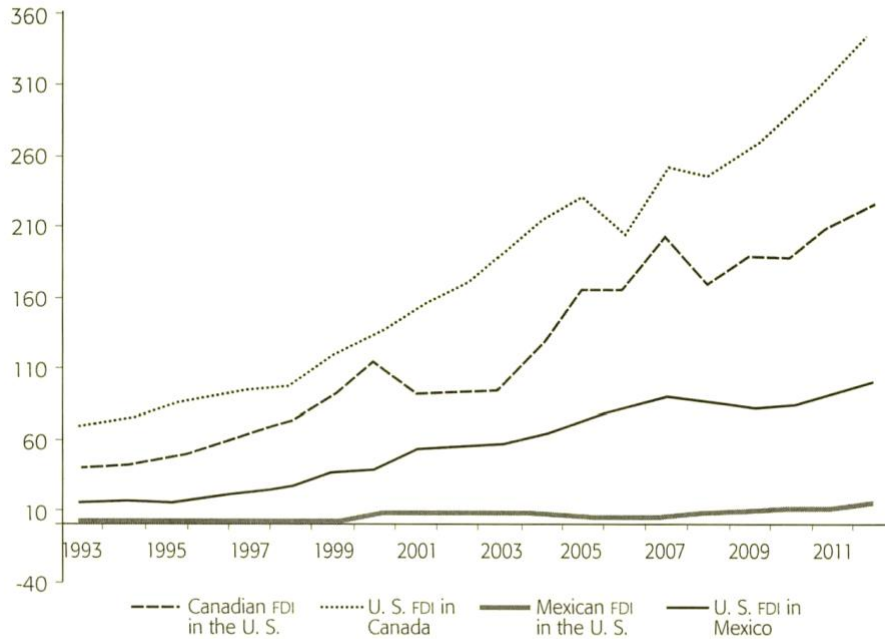
Bush administration that the rate of migration would increase, yet no steps were taken to deal with this increase in migration (Délano 2012). NAFTA has no language related to migration between the three countries despite Mexico's negotiators bringing the idea of free movement of labor up during 1993 negotiations (Verea 2014). Negotiating migration was not on the table for the U.S. because of their unilateral ideas about the border being an issue of national security (Daza and Juárez 2007). The U.S. government defines the undocumented migration issue as an issue of crime which leads to legal enforcement as the sole option for resolving the issue rather than bilateral ideas related to humanitarian or foreign policy issues (Bustamante 1997). The study and policy making of migration needs to be seen as a foreign policy issue rather than a security issue in order to be fully addressed (Délano 2009).

### **Foreign Direct Investment and Trade Trends**

The U.S. increased its foreign direct investment (FDI) by 564 percent between 1993 to 2012 from 15.2 billion to 101 billion (Verea 2014). Mexico increased its FDI by 1000 percent from 1.2 billion to 14.9 billion between 1993 and 2012 (Verea 2014). Total FDI increased from an average of \$3 billion annually during the 1980s to an average of \$14 billion since 1994, reaching \$23 billion in 2007 alone (Flores-Macías 2008).

Figure 1

FOREIGN DIRECT INVESTMENT IN THE U.S., CANADA, AND MEXICO (1993-2012)  
(at historical cost basis, billions of U.S. dollars)



Source: Bureau of Economic Analysis (n.d.) and Fergusson and Villarreal (2014: 30).

Reprinted from Vereba (2014)

Figure 1 includes information on the increasing nature of FDI in North America since 1993. Roughly two-thirds of the total FDI flowing into Mexico every year comes from the United States (Flores-Macías 2008).

However, much of this FDI was vertical integration like Citigroup buying Banamex in 2001 (Hufbauer and Schott 2005). This has allowed Mexico and the U.S. to behave as a single binational market organized by these vertically integrated U.S. corporations (Sanderson 2013). The United States has been Mexico's main trading partner since NAFTA came into effect, and, as of 2008, accounts for 88 percent of Mexico's exports and 56 percent of Mexico's imports (Flores-Macías 2008). Mexico received 14 percent of U.S. exports and provides 11 percent of U.S. imports in 2008 (Flores-Macías 2008). The long run expectation was that preferential access to American

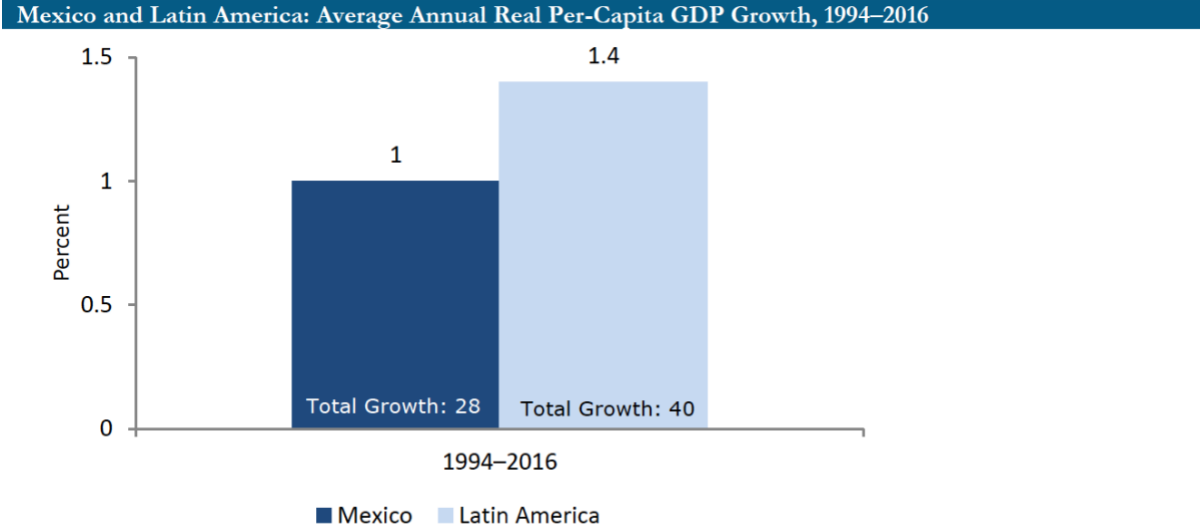
markets would make Mexico more attractive to foreign investors. This access to American markets would cause FDI to increase, which would generate an influx of better-paying jobs (Flores-Macías 2008). The reality of the situation is that the benefits from the free flow of goods and capital have been concentrated in the richer areas of Mexico and increased the compensation gained by the higher educated population (Alvarado 2008). This unequal effect of liberalized FDI and trade can be clearly seen in the widening gap between the rich north and poor south and the increase in earnings of skilled workers rather than unskilled workers (Angeles, Gamez and Ivanova 2004; Aroca and Maloney 2005). The Mexican government has not made significant steps to address this inequality as funds are allocated to benefit states with large populations and high economic performance while only 9 percent of federal transfers are meant to combat unequal development (Angeles, Gamez and Ivanova 2004).

### **General Effects of NAFTA for Mexico**

Development and growth have been a problem in Mexico. Over the past 20 years Mexico's income per capita has just barely doubled, increasing from \$4,500 in 1994 to \$9,700 in 2012 with a yearly average growth rate of just 1.2 percent (Castañeda, 2014). Over the same period of time other Latin American countries such as Brazil, Chile, Colombia, Peru and Uruguay experienced far greater growth in per capita GDP (Castañeda, 2014). Another study done by Weisbrot et al. (2017) found that over the past 23 years Mexico's per capita GDP grew 1 percent annually while the rest of Latin America achieved a growth rate of 1.4 percent annually, shown in figure 2. NAFTA is not the sole cause of this slow growth in Mexico, but it does highlight the fact that Mexico's economy did not benefit as tremendously as was expected when the agreement was signed. In 2014, Mexico's poverty rate was 55.1 percent which is higher than the 52.1 percent rate seen in 1994 (Weisbrot et al. 2017). Meaning 20.5 million more Mexicans are living in poverty

than in 1994 and figure 3 shows that the poverty levels in Mexico have remained constant since 1992 (Weisbrot et al. 2017). The rest of Latin America saw a drop in poverty that was five times greater than what was seen in Mexico (Weisbrot et al. 2017).

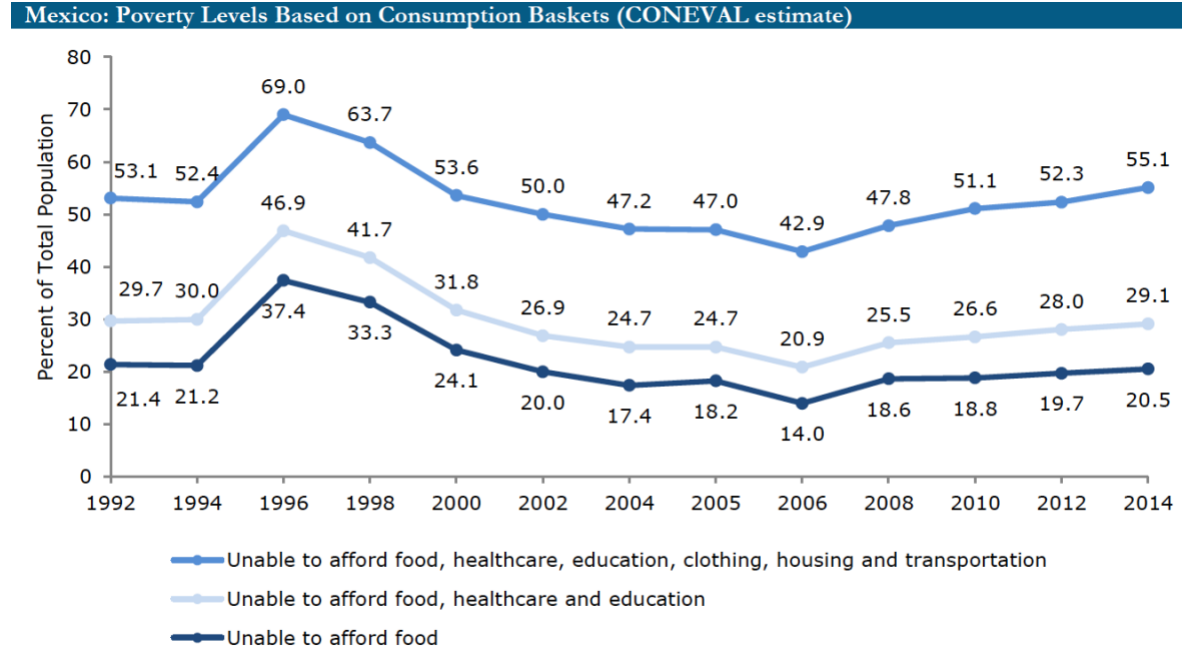
Figure 2



Source and notes: Authors' calculations based on Feenstra, Inklaar, and Timmer (2015) and IMF (2016).

Reprinted from Weisbrot et al. (2017)

Figure 3

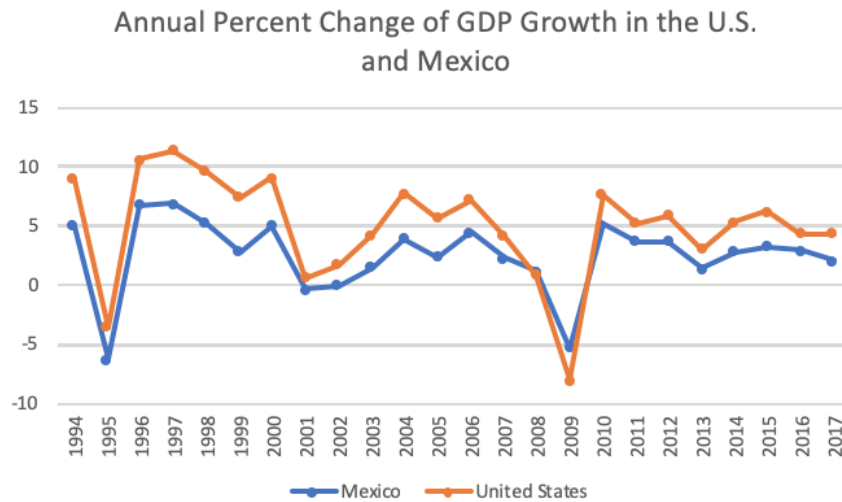


Source: CONEVAL (2014); Cordero and Campos, coords. (2016), p98.

Reprinted from Weisbrot et al. (2017)

One of the core ideas behind NAFTA was that a positive increase in the Mexican economy would encourage Mexicans to stay rather than migrate to the United States. Not only has the economy not grown the way that was expected but the growth that is seen has been overshadowed by the growth in the U.S. economy. From 1994 to 2007, Mexico’s GDP grew by 20 percent while the U.S. saw 28 percent GDP growth (Flores-Macías 2008). The GDP growth of both economies are so tightly correlated that when one economy does well so does the other which is demonstrated in figure 4. The issue is that the U.S. is always doing comparatively better in times of growth, so the U.S. economy is a relatively larger pull factor in good times than Mexico’s economy is in good times (Flores-Macías 2008).

Figure 4



Source: World Bank (2019)

The question of labor market integration is a significant one and an important indicator of the success of NAFTA. Raymond Robertson (2005) did a study on the “responsiveness of Mexican wages to U.S. wage shocks, the rate of convergence between Mexican and U.S. wages to a long run differential after a shock, the rate of convergence of Mexican and U.S. wages to equality.” Robertson (2005) found that all three major indicators of labor market integration show little support for the idea that U.S. and Mexican labor markets are significantly more integrated since NAFTA. However, other measures of integration such as FDI and trade are increasing which might be a better indicator of capital integration rather than labor integration (Robertson 2005). The reason that Robertson (2005) cites for the lack of labor market integration is U.S. border enforcement. This is because the effects of U.S. border enforcement are statistically significant, negative and comparable in magnitude to trade and FDI (Robertson 2005). This is just one of the various possibilities for the lack of integration and wage growth in Mexico, another possibility is the high fertility rate in Mexico.

Mexico has also seen a large population increase from high fertility rates that has been difficult to absorb into the labor market in recent years. From 1970 to 1994 the Mexican population increased from 53 million to 92 million and then from 1994 to 2017, the Mexican population has increased from 92 million to 129 million (Alvarado 2008; World Bank 2019). That is a 73 percent increase from 1970 to 1994 and a 40 percent increase from 1994 to 2017. For comparison, the U.S. had a population of 205 million in 1970, 263 million in 1994 and 325 million in 2017 (World Bank 2019). This was a 28 percent increase in population for the U.S. from 1970 to 1994 and an increase of 23 percent from 1994 to 2017. This increase in Mexico's population could not be reasonably absorbed by the labor market.

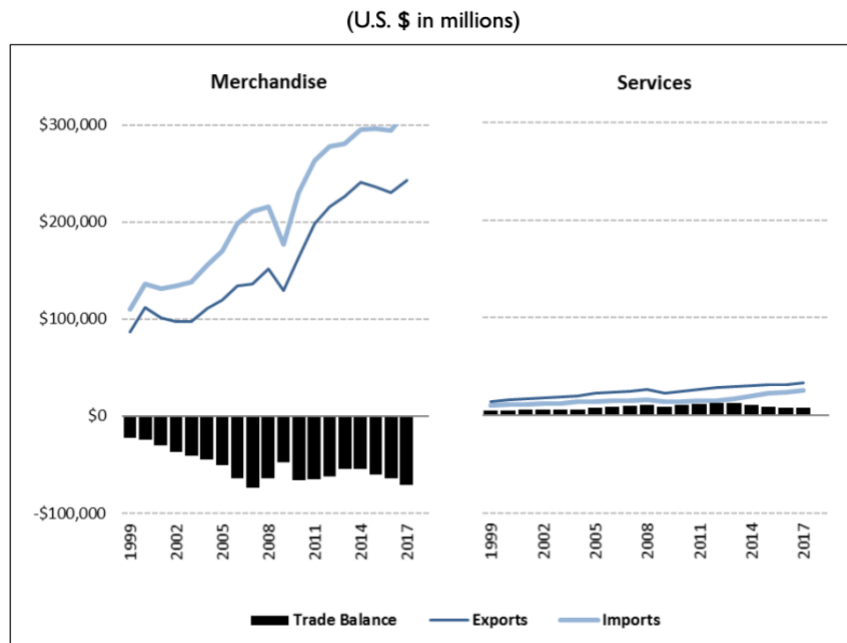
Maquiladoras are factories on the Mexican side of U.S.-Mexico border owned by U.S. companies that export products to the U.S., much of the job growth from NAFTA was expected to come from expansions of these factories. From 1994 to 2014 the maquiladoras created only about 700,000 jobs or on average 35,000 per year (Castañeda 2014). Maquiladoras are not the only source of jobs in Mexico, but it is the source that was expected to have a significant increase after the passage of NAFTA and results have been meager at best. The fertility rate in Mexico is on a downward trend which will help with the effect of wage suppression from the rapid population increase already described (Alvarado 2008).

Maquiladora employment increased under NAFTA but not to a sufficient enough level to absorb other industries that saw declines (Daza and Juárez 2007). Between 1994 and 2005 wages in the maquiladora industry only increased by about 30 percent (Delgado-Wise and Covarrubias 2007). Mexican labor is used as low paid labor for foreign capital, the entire maquiladora industry is set up for Mexicans to manufacture the goods cheaply and then transfer any profits to capital owners in the U.S. (Delgado-Wise and Breña 2006)

The logic used by the presidents of NAFTA countries was that the agreement would allow Mexico to use its comparative advantage in cheap labor, the U.S. would use its comparative advantage in capital and together they would greatly benefit from trade. We have indeed seen that Mexican imports are increasing at a higher rate than any other Latin American country and the U.S. has been Mexico's main trading partner since NAFTA was passed (Daza and Juárez 2007; Flores-Macías 2008). The trade between the two countries had more than quadrupled by 2007 since the passage of NAFTA (Flores-Macías 2008). The logic behind the comparative advantage argument is sound. Service and manufacturing trade between the two countries has continues to increase shown in the figure 5 from Villarreal 2019.



Figure 5



**Source:** Compiled by CRS using the United States International Trade Commission (USITC) Interactive Tariff and Trade DataWeb at <http://dataweb.usitc.gov>.

Reprinted from Villarreal (2019)

However, when technology differs between countries trade and migration can become complements which is what has happened with the U.S. and Mexico (Hollifield and Osang 2005; Thomas 2010). This is because the labor rich country will have workers migrate to the capital rich country in order to increase their productivity further (Thomas 2010). Additionally, exports from the capital rich country displace workers in the labor rich country which is exactly what we have seen in Mexico (Thomas 2010).

Delgado-Wise and Covarrubias (2007) have responded to the idea that using comparative advantages is beneficial to both countries by stating that Mexico's comparative advantage has hurt them because they have lost a significant source of labor to the U.S. The labor they have retained in Mexico is essentially exported as their sole purpose is to create goods for the U.S. market without them leaving Mexico. However, this comparative advantage is what much of international

trade is based on and additionally the labor lost to the U.S. is arguably a good thing. Hollifield and Osang (2005) argue that migration will reduce inequality and alleviate poverty. The idea is that a smaller population makes labor more valuable, so more migration should lead to higher national wages. There is little economic evidence of the argument that migration leads to higher national wages, but it is grounded in sound economic logic (Hollifield and Osang 2005). Lastly, the U.S. is able to directly take advantage of Mexico's comparative advantage in labor by allowing undocumented migrants to stay and work to satisfy a clear demand for construction, farm labor, et cetera without having to engage in formal cooperation with Mexico or protect undocumented migrants (Délano 2012). The U.S. is satisfying demand for cheap labor without formally cooperating with the actors, in 2018 70 percent of hired workers on U.S. crop farms were born in Mexico and 70 percent of these Mexican workers are undocumented so roughly half of U.S. crop workers are working illegally (Martin 2018). This is a side effect of NAFTA and the Mexico-U.S. labor market integration that has failed to be addressed in major legislation despite a clear and strong relationship.

The idea that capital rich countries' exports displace workers in labor rich countries is supported by the fact that between 1991 and 2007 1.9 million agricultural jobs were lost as a direct result of NAFTA (Weisbrot et al. 2017) This was a result of the high protectionist policies that the Mexican government had for corn farmers. These protectionist policies served as an informal social safety net for about 30 percent of Mexico's population (Cornelius and Martin 1993). Corn had been bought by the population and the government for double the world price (Cornelius and Martin 1993; Thomas 2010). Mexico only allowed 36 percent of agricultural imports from the U.S. into its country tax free after NAFTA was implemented compared to the 61 percent of agricultural goods the U.S. allowed in tax free from Mexico (Daza and Juárez 2007). During NAFTA

negotiations Mexico fought to make corn highly protected from imports. Their position would have given them fifteen years to phase out subsidies and tariffs, however Mexico just never levied the tariff therefore allowing U.S. corn to enter freely (Thomas 2010).

Agricultural exports to Mexico from the U.S. increased 9.4 percent annually after NAFTA's implementation (Bacon 2008). Specifically, U.S. corn increased from 8.9 percent of Mexican market share to 21.3 percent and Mexican corn prices fell by 47 percent (Thomas 2010). This caused rural poverty to increase which, in turn, caused urban migration to increase (Thomas 2010). American corn farmers were far more efficient at producing corn than Mexican farmers. For example, in the mid 1990s Mexico had 3 million corn farmers but the amount of corn they were producing was half as much as the amount produced by 75,000 Iowan farmers and twice as expensive due to Mexican government subsidies (Thomas 2010). In this period of time, imports grew faster than exports in Mexico (Daza and Juárez 2007). This growth was good for overall consumer surplus, but this consumer surplus increase is spread out over the entire Mexican population, so the benefits are not extreme. On the other hand, the negative effect of the loss in producer surplus was felt acutely by Mexican farmers.

## **Migration**

The migration between Mexico and the U.S. is one of the oldest, largest and well sustained migration flows in the world (Farmer and Moon 2009; Sanderson 2013). As the flow of migrants in recent years has increased, so has the desire to understand the characteristics, trends and economic effects this movement has. The increased migration could be attributed to better development in Mexico as Clemens and Postel (2018) find that better incomes, health and education are strongly associated with increasing emigration. However, this emigration costs Mexico the economic resources of potential wealth and human capital that the country has paid

the price to produce while the U.S. reaps the benefits (Delgado-Wise and Breña 2006). Additionally, the aforementioned IRCA increases the costs to migrants seeking to cross the border illegally by increasing border patrol security (Fernández-Kelly and Massey 2007). This has led to a change in the way that Mexicans migrate, because before the IRCA they would return to Mexico frequently in a circular seasonal pattern (Fernández-Kelly and Massey 2007). Due to the increase in border enforcement, Mexican migrants are 44 percent less likely to return home today than they were before the IRCA (Delgado-Wise and Breña 2006; Fernández-Kelly and Massey 2007).

This means that migrants coming to the U.S. are less likely to have experience with migration. Farmer and Moon (2009) found that between the 1960s and 1994, migrants to rural destinations were more likely to have family with migration experience than the post-NAFTA rural migrants. Comparatively, the post NAFTA migrants are more likely to know less English, have less unskilled work experience, have less education, be single and much more likely to come from small towns or rural areas of Mexico than their pre-NAFTA predecessors (Farmer and Moon 2009). The average age of migrants has increased through time along with the level of education of the migrants (Delgado-Wise and Breña 2006; Farmer and Moon 2009).

The Great Plains region as a destination for Mexican migrants has increased by 2.5 times since the implementation of NAFTA which means that post NAFTA migrants are far more likely to move to the Great Plains as an indirect result of NAFTA (Sanderson 2014). These migrants tend to be younger, male, married and are likely to have has previous U.S. migration experience, often without documentation (Sanderson 2014).

Most migrants bound for the rural United States have previous experience in agricultural work, while only a few have had previous work experience as unskilled laborers in manufacturing or service industries. (Farmer and Moon 2009) Mexicans are preferred as low wage workers in

jobs related to restaurants, consumable services, clothing industries (migrant women), self-employment such as street vending or day labor (Canales 2000).

### **Migration Relations between the U.S. and Mexico**

President Vicente Fox and President George W. Bush had conversations early in their terms about making their economies better together, addressing border control, drug trafficking energy resources and migration (Délano 2009). President Vicente Fox acknowledged that Mexico had a shared responsibility in securing the border and managing migration flows (Délano 2009). Unfortunately, these conversations broke down after 9/11/2001 when the bilateral approach that was being negotiated turned into a U.S. based unilateral approach based on national security (Délano 2009).

### **Remittances**

Mexican migrants typically send an allotment of their income home in form of remittances for their families. Remittances and tourism are the most important sources of foreign revenue more so than FDI (Angeles, Gamez and Ivanova 2004; Hufbauer 2005). Between 1996 and 2000, remittances accounted for an average of 1.19 percent of Mexican GDP and between 2001 and 2006 they accounted for 2.14 percent of GDP (Bacon 2008). This growth in remittances encourage people from the South of Mexico to migrate to the U.S in order to send money back home to financially support their families (Flores-Macías 2008). This coincides with Vereza's (2014) claim that increased remittances have continued to make migration more attractive. The dependence on these remittances has simultaneously made the asymmetries of socioeconomic statuses in two countries more pronounced (Delgado-Wise and Covarrubias 2007). The two main reasons for this asymmetry is the reliance that Mexican families have on remittances and that their counterpart migrants contribute more to the U.S. economy by living there than their remittances contribute to

the Mexican economy back home. For example, in 2003 Mexican consumers living in the U.S. contributed 395 billion to the U.S. economy while the remittances they sent home were only 13.4 billion dollars (Delgado-Wise and Breña 2006).

## *Section 2: Perceptions of NAFTA*

### **Perceptions**

The previous sections helped us to better understand whether or not NAFTA truly has been the worst trade deal of all time. Now, I aim to shed light on North American citizens' opinion of NAFTA in order to further explore the idea that trade liberalization and migration are intertwined. Perception of immigration is significantly influenced by the perceptions of the national economy which is significantly influenced by NAFTA so there is this circular relationship (Aguila et al. 2012). Understanding how immigration and trade liberalization are viewed by the public is a matter of academic interest, as there is a strong relationship between the two. According to a Gallup poll in June 2008, 64 percent of Americans thought immigration was a good thing for the U.S., which is an increase from 60 percent in June 2007 (Aguila et al. 2012). Support for immigration dropped in 2009 (58 percent) and 2010 (57 percent) (Aguila et al. 2012). At the beginning of 2008, 11 percent of Americans thought immigration was the most important issue the country was facing, but by June 2008 only 4 percent still held that belief. By July 2010 that belief was back up to 7 percent (Aguila et al. 2012). A survey done in June 2008 found that support for immigration is varied along racial lines with 28 percent of Hispanics supporting a decrease in immigration, compared to 39 percent of Blacks and 42 percent of Whites (Aguila et al. 2012). The same poll found that there are different regions that Americans find more favorable for immigrants to arrive from. Forty-eight percent of Americans believe there are too many migrants from Latin America, 20 percent believe there are too many migrants from Europe and 19 percent think there are too many migrants from Africa (Aguila et al. 2012).

In the border state city, Phoenix, Arizona, 55 percent of people said that immigration was a major problem in 2006 (Aguila et al. 2012). According to the same poll, 39 percent of

respondents said the number of immigrants coming to the U.S. should be decreased which is substantially lower than the 58 percent who believed this shortly after 9/11 (Aguila et al. 2012). To better understand opinions of border control advocates we can use a variety of studies related to the Minutemen effort in Arizona. The Minutemen are a group of volunteers who police the U.S.-Mexico border. Studies done by the Pew Research Center and Rasmussen have found relatively high levels of support for the Minutemen effort in U.S. border states. Half of respondents in Phoenix supported the Minutemen effort which was higher than any other city (Cabrera and Glavac 2010).

Illegal immigrants are perceived as negatively affecting the economy whereas “immigrants” in general are perceived as contributing and working as hard or harder than those who are born here. (Aguila et al. 2012)

The views on NAFTA are just as highly varied as the views on immigration. A 2004 Chicago council on global affairs survey found that 78 percent of Americans say NAFTA is good for Mexico while 42 percent saw it as good for the U.S. and 43 percent saw it as negative for the U.S. (Aguila et al. 2012). Support for NAFTA increased slightly the next year when, according to a 2005 International Policies Attitude Poll, 46 percent of Americans saw NAFTA as good while 40 percent saw it as negative (Aguila et al. 2012). Public support for NAFTA is higher in 2017 than it was in 2005 (Stokes 2017). There is clearly a strong relationship between perceptions of the U.S. economy and perceptions of foreign affairs and immigration because during the 2008 economic recession, support for NAFTA dropped to only 37 percent while 53 percent saw it as mainly negative (Aguila et al. 2012).

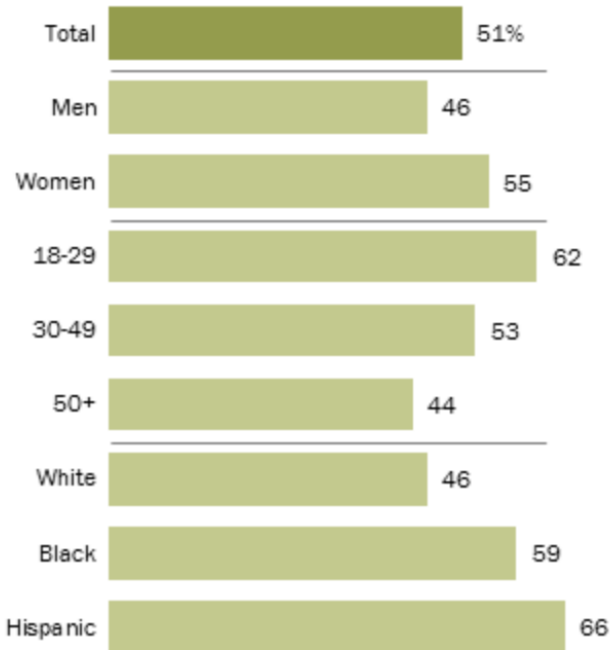


Figure 6

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**In U.S., demographic differences on views of NAFTA**

*The North American Free Trade Agreement, or NAFTA, has been a good thing for the U.S.*



Note: Whites and blacks include only those who are not Hispanic. Hispanics are of any race.

Source: Spring 2017 Global Attitudes Survey. Q16.

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Reprinted from Stokes (2017)

As of 2017, NAFTA is supported by 74 percent of Canadians, 60 percent of Mexicans and 51 percent of Americans (Stokes 2017). Figure 6 shows the support for NAFTA broken down by various demographics. The same poll found that 68 percent of Democrats see NAFTA as good while only 30 percent of Republicans agreed (Stokes 2017). The political parties of Canada were less split on the issue, with 83 percent of conservatives and 82 percent of liberals believing that NAFTA has been good for their economy (Stokes 2017). 55 percent of U.S. women are more likely

to say that NAFTA has been good compared to 46 percent of men (Stokes 2017). To take that even further, men are twice as likely as women to believe that NAFTA has been “very bad,” 25 percent of men to 12 percent of women (Stokes 2017). Continuing with demographic trends, as you get older you are more likely to think NAFTA is bad for the country (Stokes 2017). 66 percent of Hispanics say NAFTA has been good for the country while 59 percent of African Americans and 46 percent of non-Hispanic whites hold the same view (Stokes 2017). This demographic breakdown aids in the ability to understand what to control for in my research, as we already know what is significant and do not want this to affect the ability to make new discoveries about the relationship between people’s opinions towards immigration and trade liberalization.

The three most influential studies done on perceptions of trade liberalization and immigration were by Cabrera and Glavac (2010), Medina Vidal (2017) and Wals (2015). Cabrera and Glavac’s study was focused on non-activists, immigrant rights’ activists and minutemen living in Arizona. Cabrera and Glavac (2010) found that both Minutemen and immigrant’s rights activists were very dissatisfied with current U.S. immigration policy. 92 percent of minutemen opposed the free movement of Mexican laborers to work in the U.S. while nearly half of non-activists opposed the free movement of Mexican laborers, 22 percent were undecided and 28 percent were in favor (Cabrera and Glavac 2010). The group most clearly in favor of allowing the free movement of Mexican laborers to work in the U.S. were immigrants’ right activists with 86 percent in favor of the idea (Cabrera and Glavac 2010). Immigrants’ rights activists were also most likely to favor a program for permanent residency and citizenship at 86 percent compared to the 18 percent of minutemen and 67 percent of non-activists favoring the idea (Cabrera and Glavac 2010). Another significant finding was that 49 percent of non-activists were likely to favor a 6-year legal work program where you return home at the end, compared to the 30 percent of immigrants’ rights

activists and 18 percent of minutemen who were in favor of the program (Cabrera and Glavac 2010).

### **Trade Liberalization**

Cabrera and Glavac (2010) also looked at the opinions of these groups on various factors of trade liberalization. Both minutemen and immigrants' rights activists were against the launching of the free trade area of the Americas which would liberalize movement of goods services and capital, but not labor, in 34 countries of the hemisphere (Cabrera and Glavac 2010). Immigrants' rights activists were more likely to support this if it included clauses for strong labor and environmental rights. Support from Minutemen increased from 68 to 64 percent opposing with the additional labor and environmental rights clauses (Cabrera and Glavac 2010). Looking at just including strong labor rights clauses in NAFTA, immigrants' rights activists strongly supported the inclusion and more non-activists were in favor of this inclusion than were opposed (Cabrera and Glavac 2010).

Medina Vidal (2017) studied the attitudes of Mexican-Americans living in the U.S towards integration between Mexico and the U.S and the effect of transnational linked fate. The study found that those with strong Latino identities are 11 percent more likely than those with weak Latino identity to agree with a political union between the U.S. and Mexico (Medina Vidal 2017). Mexican-Americans are no longer concerned with Mexican politics, instead their Mexican identity is rooted in culture rather than policy (Medina Vidal 2017). However, "75 percent of Mexican-origin Latinos in the U.S. believe that what happens in Mexico affects them at least a little compared to the 63 percent of non-Mexican Latinos in the U.S." (Medina Vidal 2017). This means that Mexicans feel this transnational linked fate more strongly than citizens from other Latin American countries.

Wals' (2015) study focused on Mexicans and the relationship between trust of foreigners and support for NAFTA, immigration policies and regional integration. The study found that when people do not trust foreigners from a neighboring country, then they will be less likely to want to increase the number of interactions between their country and the neighboring country (Wals 2015). The theory is that trust in foreigners rather than generalized trust will significantly influence public support for NAFTA, more open immigration policies and regional integration (Wals 2015). He found that trust in foreigners fosters positive attitudes toward regional integration with the U.S. but only when improving living standards is unequivocally part of the integration. Mexicans also are against integrating with the U.S. if it means losing their cultural identity or political autonomy (Wals 2015).

As far as I know, there has not been a significant amount of research done on perceptions of trade and immigration in recent years, having only found three major studies in the past nine years directly related to the topic. Before that, Cabrera and Glavac (2010) found that

the majority of previous survey studies have focused on the attitudes toward immigration and immigration policy of those in US society overall, or in large ethnic or socioeconomic subgroups. For example, Espenshade and Hempstead (1996) use national survey data to test six hypotheses for decreasing support for immigration among the general public from the 1970s to the 1990s (see also Hagstrom 2002; Lapinski et al. 1997). Fetzer (2000) offers a broad-ranging analysis of such studies of national attitudes in the United States, France and Germany, as well as of various subgroups. He classifies survey studies according to hypotheses based on economic self-interest, types of interpersonal contact with immigrants, and marginality or ethnic solidarity with immigrant groups (see also Simon and Lynch 1999). Other studies have focused on attitudes held by Anglo-Americans (Hood and Morris 1998), African-Americans (Diamond 1998), Mexican-Americans or Latinos in general (de la Garza 1998; Hood et al. 1997; Suro 2005; Suro and Escobar 2006), groups differentiated by socio-economic status or perceptions of economic well-being (Burns and Gimpel 2000; Chandler and Tsai 2001), political-party affiliation (Neiman et al. 2006) and other factors.

The studies done in the past nine years, were done by Cabrera and Glavac (2010), Medina Vidal (2017) and Wals (2010). Each study focuses on very specific factors. Cabrera and Glavac (2010) focuses on Arizona non-activist residents, immigration rights activists and minutemen,

Wals' (2010) study focuses on Mexicans living in Mexico, while Medina Vidal's (2017) study focuses on Mexican Americans and Latinos living in the U.S. Again, there is very little research focused on understanding citizen's opinion on NAFTA let alone how that opinion may affect other aspects of their foreign policy perspective.

### *Section 3: Data Analysis*

#### **Theory**

U.S. citizens will respond to trade liberalization and labor mobility similarly to the way that immigrant's rights activists surveyed by Cabrera and Glavac (2010) reacted. I argue that trade liberalization and labor mobility are connected and that U.S. and Mexican citizens will respond to this relationship by supporting both trade and labor liberalization or by supporting neither. To test these arguments, I developed the following hypotheses:

*Hypothesis 1: Citizens who have a favorable opinion of global movement for living and working will be more likely to support NAFTA.*

Hypothesis 1 will allow us to understand if people that support trade liberalization also support sending their workforce abroad. Additionally, a positive relationship between favorability of trade liberalization and labor mobility promotes the idea that diversity is welcome in the respective countries of respondents. Therefore, I test the following:

*Hypothesis 2: Citizens who have a favorable opinion of diversity will be more likely to support NAFTA.*

I use hypothesis 2 as a proxy for receiving a globalized labor force as the survey data doesn't have a more specific question for use.

#### **Methods and Data**

In this section, the survey data is introduced along with the variables being used. The survey data that this study will use were collected by the Pew Research Center in the Spring 2017 Global Attitudes Survey which has nationally representative answers of citizens from 38 countries from around the world, but I use only the answers from citizens from Mexico and the United States (Pew Research Center 2017; hereafter PRC). In Mexico the survey was conducted face to face in Spanish between March 2 and April 10, 2017 (PRC 2017). The Mexican sample size is 1,000 and

the margin of error was 4.4 percentage points (PRC 2017). In the U.S. the survey was conducted over the telephone in English and Spanish between February 16<sup>th</sup> and March 15<sup>th</sup>, 2017 (PRC 2017). The U.S. sample size is 1,505 and the margin of error was 3.0 percentage points (PRC 2017).

### **Dependent Variable: NAFTA Favorability**

The dependent variable being used is constructed by taking question 16 of the Spring 2017 Global Attitudes Survey “Do you think the North American Free Trade Agreement, or NAFTA, has been a very good, somewhat good, somewhat bad or very bad thing for (survey country)” where (survey country) is filled in by whichever country the citizen is being surveyed in. If the question were being asked to an American, it would say “the United States of America” rather than “(survey country)” (PRC 2017). I then took the responses and since they are categorical variables, made them dichotomous. I coded the variables so that 0 denotes all “negative” responses and 1 denotes all “affirmative” responses.

### **Independent Variable: Global Migration Favorability and Diversity Favorability**

The first independent variable is constructed by taking question 28 of the Spring 2017 Global Attitudes Survey, “In general, do you think movement of people between (survey country) and other countries to live and work is a good thing or a bad thing for (survey country)” (PRC 2017). I then took the responses which were either good, bad, both or neither and removed the “both” and “neither” answers to simplify the analysis. I then coded the remaining answers so that 0 denotes all “good” responses and 1 denotes all “bad” responses.

The second independent variable is constructed by taking question 43 “Overall, do you think having people of many different backgrounds, such as different ethnic groups, religions and races, makes our country a better place to live or a worse place to live?” I then took the responses

of “A better place to live,” “A worse place to live,” “doesn’t make much difference either way,” “neither” and removed the last two responses. The only variables coded were “better” and “worse.” “Better” was coded as 0 and “worse” was coded as 1.

### **Control Variables: The United States**

In order to control for other effects caused by variables beyond the scope of this paper I include a variety of covariates. I control for things whose effect is already known so that they do not influence the new discoveries to be made (Wals 2015). In the U.S., I control for income and education because there is empirical evidence that socioeconomic status is related to support for NAFTA and immigration policies (Wals 2015). The income and education controls were coded as `us_income` and `us_education`. Political views are taken into account because there is a significant body of research showing that political views strongly influence opinion on the favorability of NAFTA (Wals 2015). For the sake of being thorough and controlling for the effect that President Obama and President Trump have on people’s opinions of NAFTA, the favorability of each president is controlled for and coded as `favorobama` `favortrump`. Additionally, it is known that socioeconomic and demographic factors like higher income and increasing age are negatively associated with regional integration for U.S. citizens, so both are controlled for and coded as `age` and `us_income` (Medina Vidal 2017). Based on Wals (2015) study and Medina Vidal’s (2017) both Latino heritage and favorability of Mexico should have a significant effect on the favorability of the variables being tested so both are controlled for and coded as `latino` and `mexfavor`. Additionally, Cabrera and Glavac’s (2010) paper explained the opinions of various migration groups towards a border wall and subsequently their opinion towards immigration policy, so border wall favorability is controlled for and coded as `borderwall`. Lastly, geography and proximity to the border matters as indicated by Cabrera and Glavac’s (2010) paper, so whether or not citizens



live in border states is controlled for as well as whether they live in a rural or urban area. The effect of the statistically significant factors on U.S. NAFTA favorability is included in Figures 7.1-7.8, where every other factor other than the one shown in the graph is controlled for.

### **Control Variables: Mexico**

For the Mexican regression model, I control for income and education because there is empirical evidence that socioeconomic status is related to support for NAFTA and immigration policies (Wals 2015). The income and education controls were coded as mex\_income and mex\_education. Political views are taken into account because there is a significant body of research showing that political views strongly influence opinion on the favorability of NAFTA (Wals 2015). Survey respondents in Mexico were asked about the favorability of their president at the time, Enrique Pena Nieto and the favorability of President Trump and President Obama. The effect of favorability of all three presidents is controlled for and coded as favorEPN, favortrump and favorobama. The effect of age and income on favorability of NAFTA in Mexico is less well documented than those variable's effect on U.S. citizen's favorability of NAFTA but they are common socioeconomic factors and learning the effect of these variables is beyond the scope of this paper, so they are controlled for and coded as age and mex\_income. Using the same logic that was applied to controlling for the favorability of Mexico from the U.S. respondents, the favorability of the U.S. will be controlled for and coded as amerfavor. Similarly, to the age and income effects, the effect of border wall favorability on favorability of NAFTA is not as well documented in Mexico, but this variable will be controlled for just as it was in the U.S. for similar reasons. In Mexico, geography and proximity to the border still matters, but unfortunately the survey data is not as good, so I cannot control for which citizens live in border states. I control

only for whether or not the citizen lives in a rural or urban area. The statistically significant control factors for Mexico's favorability of NAFTA can be seen in Figures 8.1-8.5.

### **Statistical Tests: Probit Regression and T-Test**

Regressions are used to explain how the value of a dependent variable may depend on the values of an independent variable (Hoffmann 2004). A regression may also be used in order to predict a value of the dependent variable based on the value of an independent variable (Hoffmann 2004). More specifically, a probit regression is used to model dichotomous variables or binary outcomes and create a model that is able to calculate a predicted probability of NAFTA favorability based on our predictors (UCLA Institute for Digital Research and Education 2019). The probit model calculates the predicted probability by using the cumulative distribution function of the standard normal (UCLA Institute for Digital Research and Education 2019). The regression coefficients, t test statistics and statistical significance of the variables are reported in the appendix under table 1 and explained in greater detail later in this paper. To interpret the significant effects, I turn to the predicted probabilities of the outcome which are reported in figures 7-9.

The regression coefficients for the independent variables of diversity and global movement favorability are not statistically significant for the U.S. but they are statistically significant for Mexico which would mean both hypothesis 1 and 2 are rejected for the U.S. and are failed to reject for Mexico. The control variables age, Latino, Obama favorability, Trump favorability and Mexico favorability were all statistically significant for the probit regression testing the effect of U.S. global movement favorability. The control variables age, political view, gender, Latino, border wall favorability, Obama favorability, Trump favorability and Mexico favorability all reached a level of statistical significance for the probit regression testing the effect of diversity preference in the U.S. survey respondents.

The control variables that reached a level of statistical significance for Mexico's probit regression testing the favorability of global movement were Obama favorability, education, favorability of the U.S. and favorability of the Institutional Revolutionary Party (PRI). The control variables that reached a level of statistical significance for Mexico's probit regression testing citizen's diversity preference were Obama favorability, education, income, favorability of the U.S. and favorability of the PRI.

The  $\Delta$  in each graph explains the trendline's change from one end of the x axis to the other. In each probit regression all other control variables are controlled for except for the one on the x axis, which is the independent variable for figures 7.1-7.8. For example, Figure 7.1 can be interpreted as, if you are 18 years old and living in the U.S. then you are 28 percent more likely to approve of NAFTA than someone who is 99 living in the U.S. Figures 7.2-7.8 explain that when controlling for the other covariates, people that are very conservative are 11 percent more likely to approve of NAFTA than someone who is very liberal; an American female is 7 percent more likely to approve of NAFTA than a male; a Latino person is 13 percent more likely to approve of NAFTA than a non-Latino; an American who disapproves of the border wall is 9 percent more likely to approve of NAFTA than someone who approves of the border wall; someone who thinks President Obama was a very good president is 40 percent more likely to approve of NAFTA than someone who believes Obama was a very bad president; someone who believes that President Trump is a very good president is 14 percent more likely to disapprove of the border wall than someone who believes Trump is a very bad president; those who have a very favorable view of Mexico are 24 percent more likely to approve of NAFTA than those who have a very unfavorable view of Mexico.

Figure 7.1: Marginal Effects of U.S. Age on favorability of NAFTA



Figure 7.2: Marginal Effects of U.S. Political Views on favorability of NAFTA

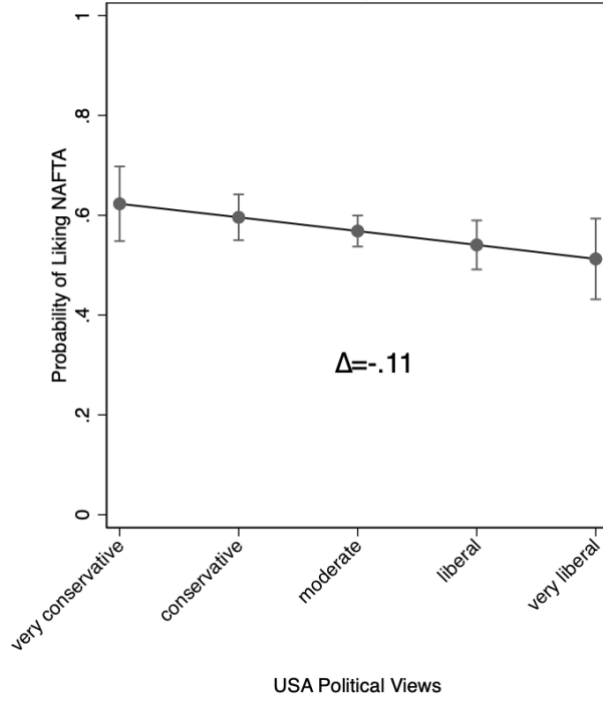


Figure 7.3: Marginal Effects of U.S. Gender on favorability of NAFTA

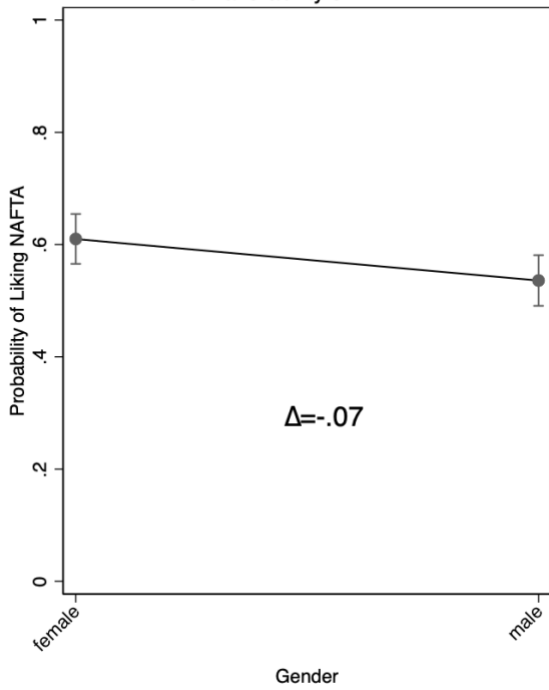


Figure 7.4: Marginal Effects of U.S. Latino Ethnicity on favorability of NAFTA

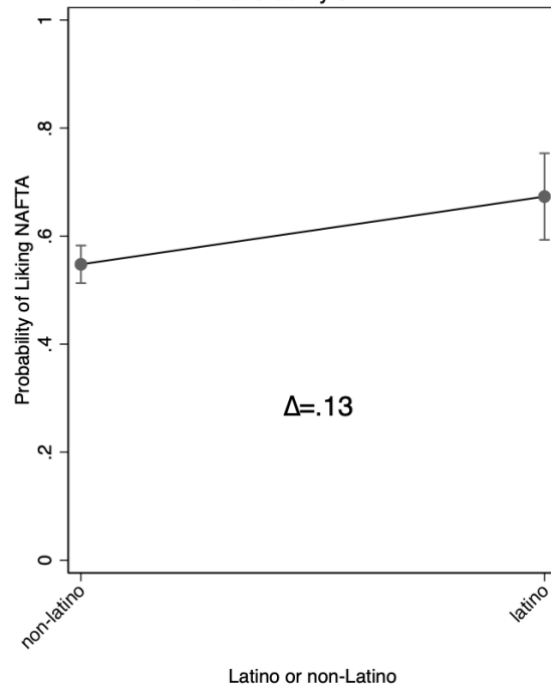


Figure 7.5 Marginal Effects of U.S. Border Wall Favorability on favorability of NAFTA Figure 7.6: Marginal Effects of U.S. Obama Favorability on favorability of NAFTA

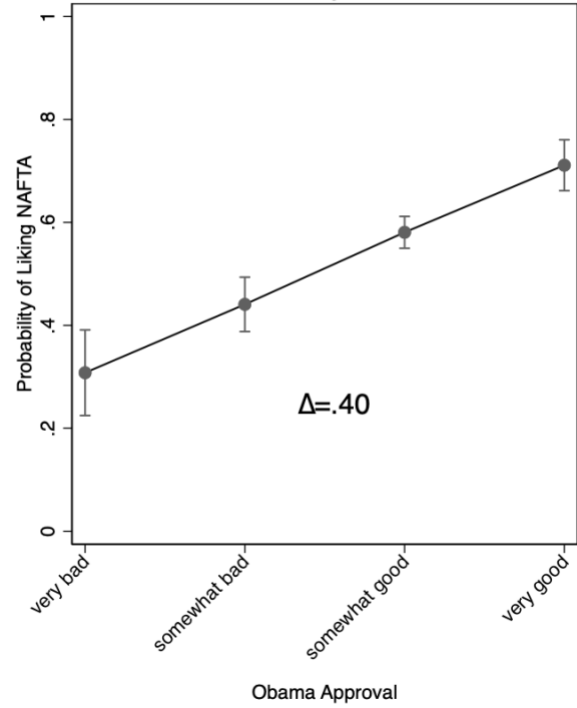
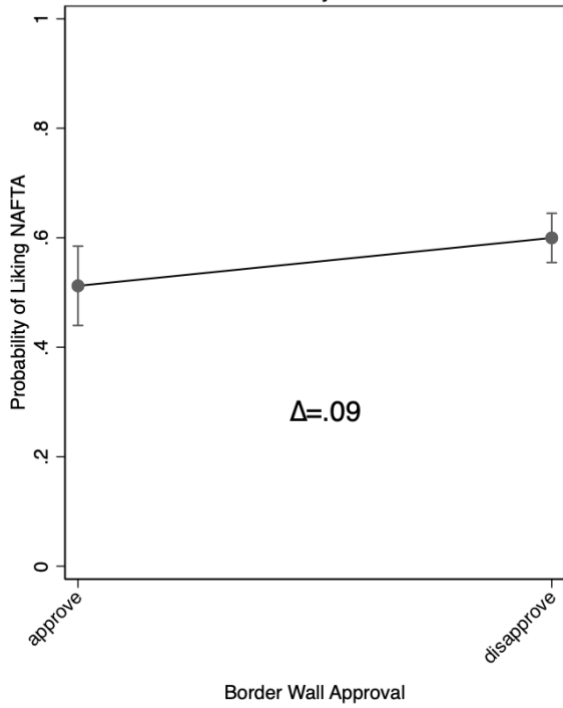


Figure 7.7: Marginal Effects of U.S. Trump Favorability on favorability of NAFTA

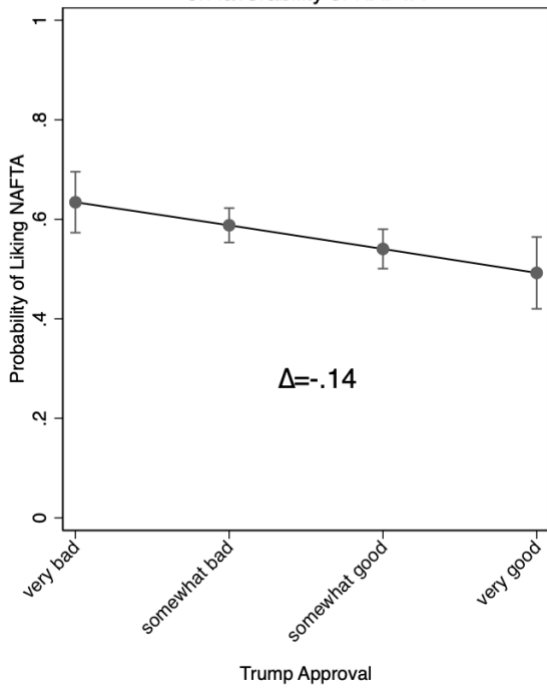
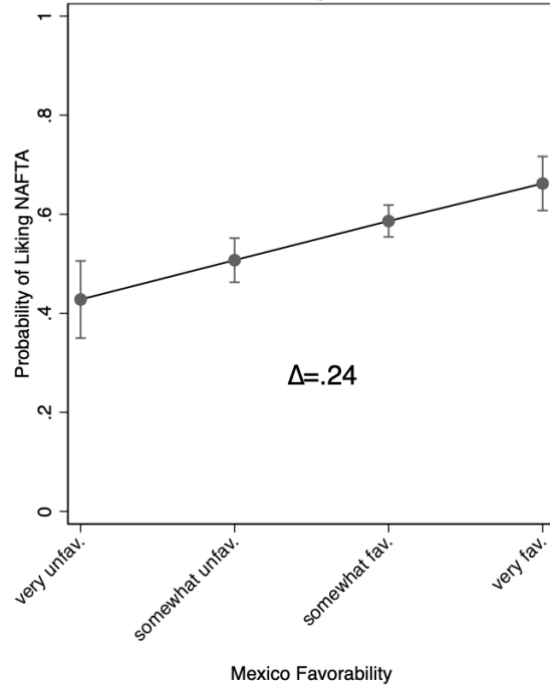


Figure 7.8: Marginal Effects of Mexico Favorability in the U.S. on favorability of NAFTA



Figures 8.1-8.5 are explaining Mexico's statistically significant control variables; those with the highest level of education are 24 percent more likely to approve of NAFTA than those with no formal education; those that make more than 65,701 pesos annually are 17 percent more likely to approve of NAFTA than those that make less than 1,095 pesos annually; those who have a very favorable opinion of the U.S. are 20 percent more likely to have a favorable opinion of NAFTA than those with a very unfavorable opinion of the U.S.; those with a very favorable opinion of the PRI are 16 percent more likely to approve of NAFTA than those who have a very unfavorable opinion of the PRI; those who believe Obama was a very good president are 47 percent more likely to approve of NAFTA than those who believe Obama was a very bad president.

Figure 8.1: Marginal Effects of Mexican Education on favorability of NAFTA

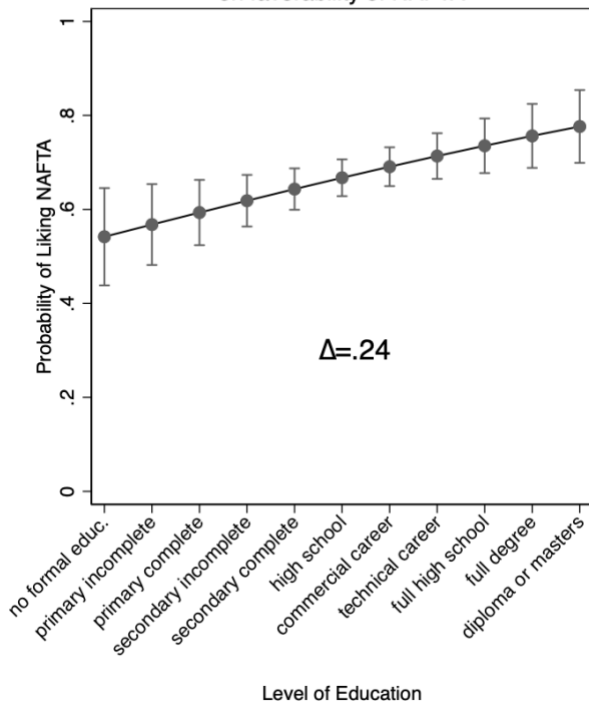


Figure 8.2: Marginal Effects of Mexican Income on favorability of NAFTA

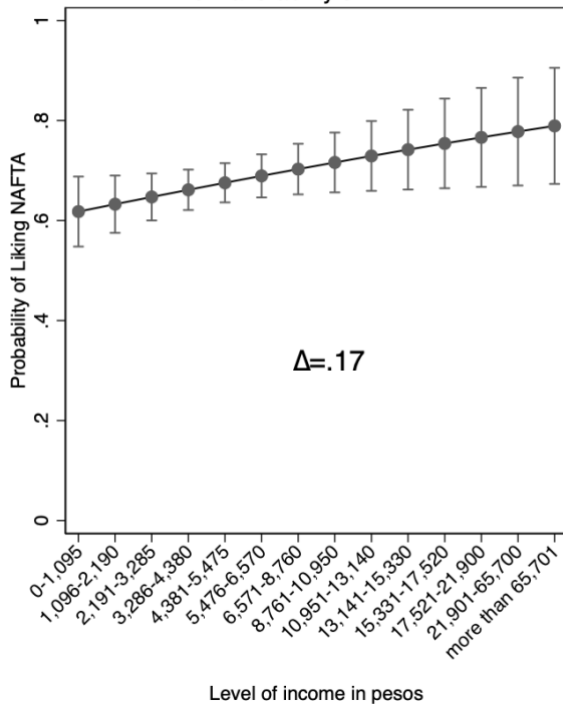


Figure 8.3: Marginal Effects of U.S. Favorability in Mexico on favorability of NAFTA

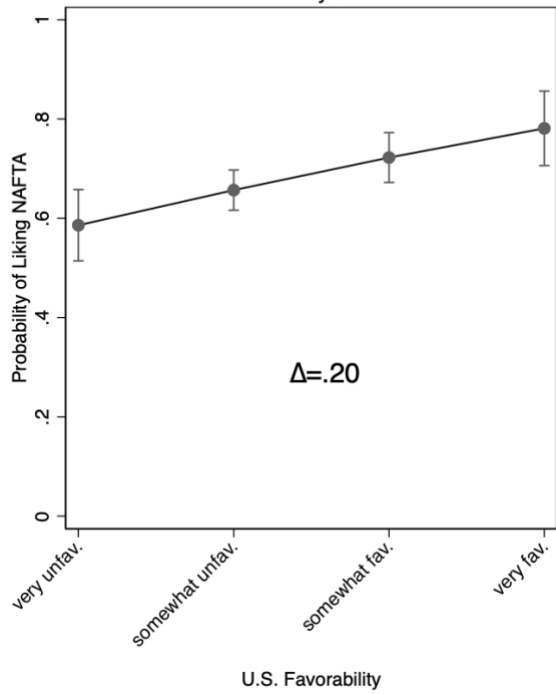


Figure 8.4: Marginal Effects of Mexico's PRI Favorability on favorability of NAFTA

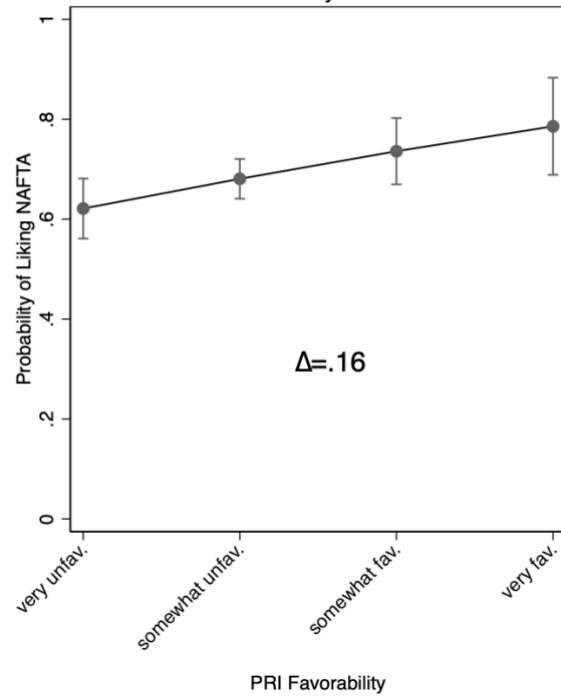
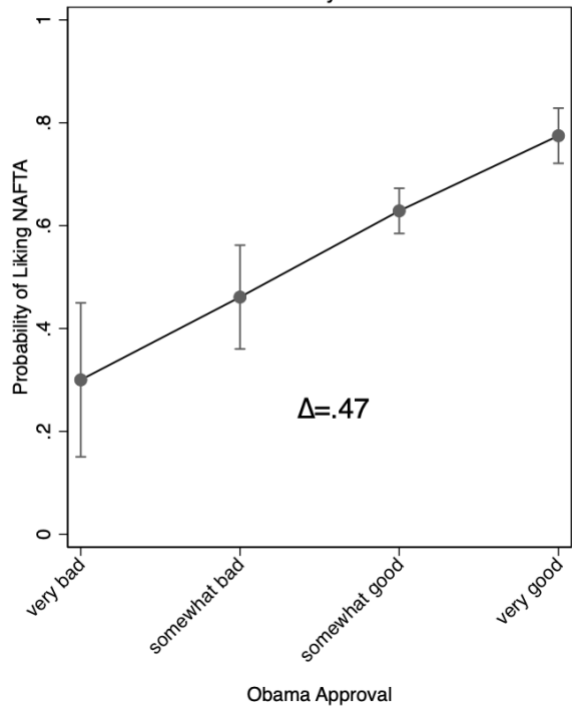


Figure 8.5: Marginal Effects of Mexico's Obama Favorability on favorability of NAFTA



I observe a negative and not statistically significant relationship ( $p > .05$ ) between U.S. global movement favorability and NAFTA favorability. This observation means that an increase in the predictor, global movement favorability (the x value moves closer to “bad”), results in a decrease in the predicted probability of NAFTA approval. Figure 9.1 illustrates this point that U.S. citizens who believe sending their citizens globally to live and work is a good thing are 9 percent more likely to approve of NAFTA. However, this was not statistically significant, which is shown in table 1. Figure 9.3 illustrates that Mexican citizens who have a favorable view of sending their citizens to live and work abroad are 16 percent more likely to approve of NAFTA than those who see this global movement as a negative. The coefficient for Mexican global movement favorability is also negative but unlike the U.S. coefficient, it is statistically significant.

Figure 9.2 illustrates that those who believe diversity makes their country worse are 1 percent more likely to approve of NAFTA than those who believe diversity makes their country a better place to live in. Table 1 shows that the finding illustrated in figure 9.2 is not statistically significant and is positive. On the other hand, the coefficient for Mexico’s diversity regression is statistically significant and negative. Figure 9.4 illustrates this finding that Mexican citizens who have a favorable opinion of diversity are 10 percent more likely to approve of NAFTA than citizens who have an unfavorable view of diversity.



Figure 9.1: Marginal Effects of U.S. Global Movement Favorability on favorability of NAFTA

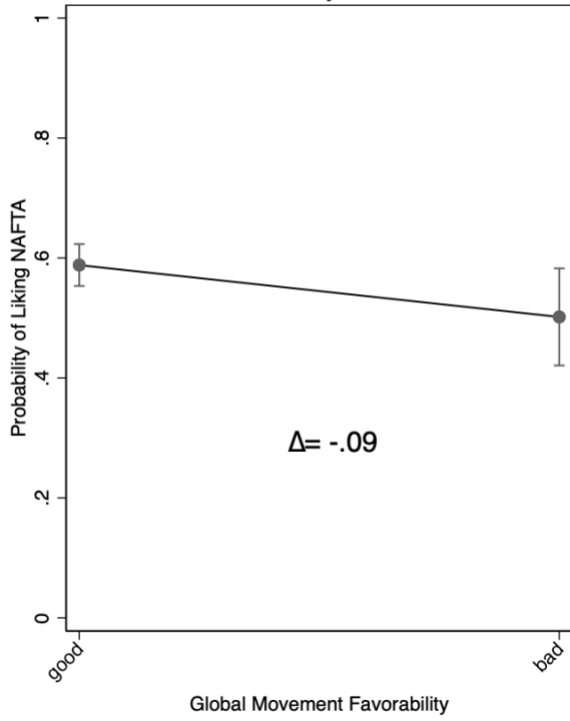


Figure 9.2: Marginal Effects of Favorability for Diversity in the U.S. on favorability of NAFTA

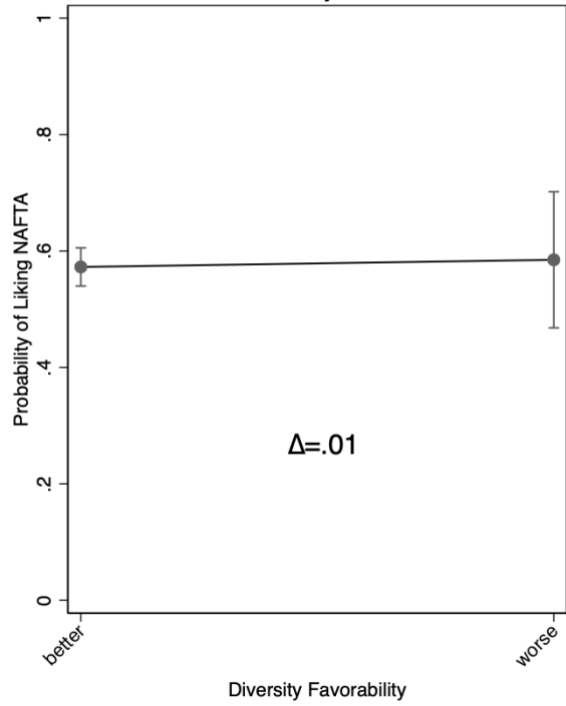


Figure 9.3: Marginal Effects of Mexican Global Movement Favorability on favorability of NAFTA

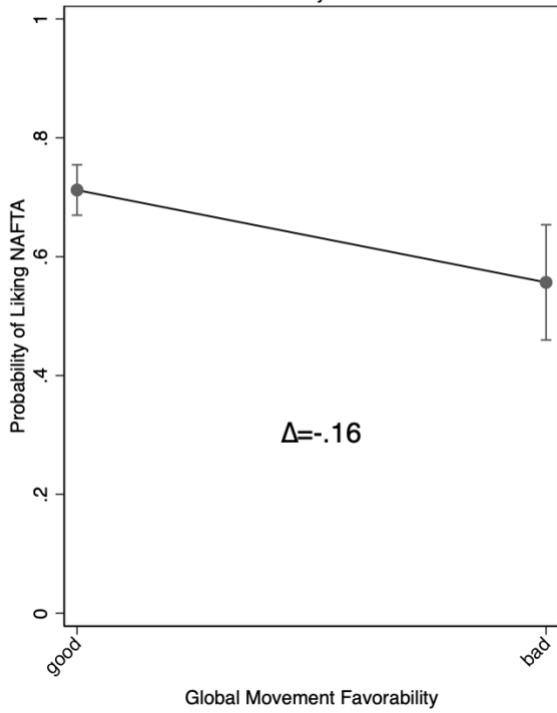
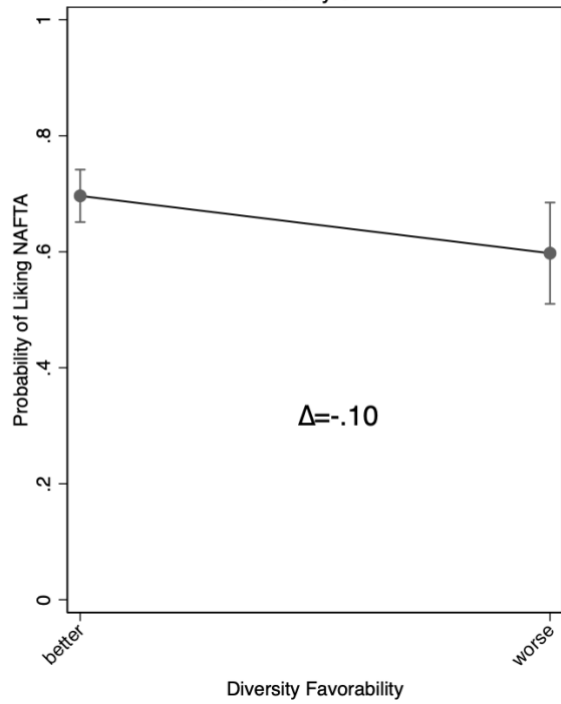


Figure 9.4: Marginal Effects of Favorability for Diversity in Mexico on favorability of NAFTA



I ran the models a previous time with fewer covariates than the models have in their current form and when I did this, I saw statistical significance for both independent variables for both countries. Once I introduced more covariates into the model and increased my pseudo R squared the statistical significance for both models fell and in the U.S. case, they fell to a point below statistical significance. I mention this because I cannot help but perceive that had my pseudo R squared for Mexico's models been as high as the U.S., then it is possible that the statistical significance of the dependent variables would have similarly fell away. However, in their current form and using the best data analysis that I have access to, the dependent variables in Mexico's models do have statistical significance.

## **Discussion**

The statistical significance means that Mexicans who believe sending your citizens to live and work around the world is a good thing then you are 16 percent more likely to believe that NAFTA is a good thing. Additionally, in reference to figure 9.4, Mexicans who believe diversity makes their country a better place are 10 percent more likely to also believe that NAFTA is a good thing for Mexico. Both of the models ran for Mexico are statistically significant which means we fail to reject hypothesis 1 and 2 for Mexico.

Similar trends are seen in figure 9.1 as are seen in figure 9.3 which means that U.S. citizens who believe global movement of their citizens to live and work is a good thing for the U.S. are 9 percent more likely to believe that NAFTA is a good thing. Again, this was not a statistically significant finding so this result should be taken with a huge grain of salt, but the trend is the same as Mexico's seen in figure 9.3. On the other hand, figure 9.2 shows a different trend than Mexico's corresponding 9.4 figure. The U.S. model would be interpreted as those who believe diversity makes their country worse off are 1 percent more likely to believe NAFTA is good for the U.S.

The models for the U.S. are not statistically significant which means that for the U.S. we would reject hypothesis 1 and 2.

During the pursuit of understanding the attitudes of U.S. and Mexican citizens towards trade liberalization and labor mobility, I hypothesized that people from both the United States and Mexico who have a favorable opinion of moving globally to live and work will also be more likely to approve of NAFTA. Of course, the wording of the survey question means that a “good” response translates into believing that citizens leaving the survey country to live and work in other countries is good for the survey country. This does not specifically mean other North American countries, but it does of course include North American countries. This finding means that citizens of both the U.S. and Mexico who support NAFTA also support a globally integrated workforce. The finding has significant policy implications as this means it is likely that citizens of both countries who support NAFTA (57 percent of U.S. citizens and 65 percent of Mexican citizens) would support sending their citizens to the other’s country. Further, more specific research, is needed to verify this finding that Mexican citizens support a regionally integrated workforce and not just a globally integrated workforce as these results show.

The second hypothesis, that people from both the United States and Mexico who have a favorable opinion of NAFTA will also be more likely to believe that diversity is good for their country, was also tested and proven to be true. This means that citizens in both countries who support NAFTA also support diversity in their country which translates into accepting the globally integrated workforce that was previously mentioned. This is significant as hypothesis 1 is a proxy for sending a globally integrated workforce and hypothesis 2 is a proxy for receiving that globally integrated workforce. In both countries, supporters of the NAFTA trade liberalization are also supporters of this globally integrated workforce. Policy makers and scholars should redirect their

attention towards understanding what the public wants so a more definite relationship can be understood. If the relationship between regional capital integration and regional labor integration proves to be positive and strong, then the idea of a regionally integrated political union can and should be entertained (Pastor 2012).

## **Conclusion**

Strong support for trade liberalization and a globally integrated workforce from North American citizens has the potential to encourage voters and legislators to incorporate language about labor mobility into free trade agreements or engage in negotiations separate but in relation to free trade agreements. This has the potential to alter the relationship between the U.S. and Mexican work forces in a way that creates a limited but similar model to what the EU has created (Pastor 2012).

We need to continue to deepen our understanding of what U.S. and Mexican citizens anticipate and want their future to look like. This study introduces new data and an interpretation of what U.S. and Mexican citizens are looking for in this increasingly globalized world. Free flow of labor allows for the more efficient allocation of the resource. Increased allocative efficiency leads to an increase in economic welfare. Moving towards a world with increased labor market integration would also allow for a more equal distribution of resources between North and South Mexico and the U.S. and Mexico. According to Robertson (2005) this would lead to greater Mexican wage growth. Greater Mexican wage growth and increased labor market integration would reduce remittances sent to Mexico from the U.S. which is a loss of U.S. economic welfare and it would reduce the asymmetries of socioeconomic status between the two countries in a win-win situation.

The aforementioned studies on perceptions have shown that U.S. citizens are generally very dissatisfied with current U.S. immigration policies. Scholars should continue to expand the literature related to the public's perception of this North American idea and what citizens expect the future to look like. Pastor (2012) and Castañeda (2014) specifically state that NAFTA does not go far enough to have a significantly positive effect on North American economies and integration. The analysis provided in this paper of labor market integration, Mexico's poverty levels, Mexico's GDP growth, U.S. reliance on undocumented Mexican migrant workers and Mexican opinion support this idea that NAFTA has not been a bold enough policy. It is the opinion of the author that Castañeda and Pastor are correct. NAFTA has not been successful at reducing undocumented migration flow into the U.S., developing Mexico's economy nor increasing labor market integration. NAFTA has been successful at increasing the flow of goods between the borders. "Coleman (2005) sees the border as a trickster figure, at once being opened to the passage of capital and commodities under the sign of neoliberalism and closed to the movement of migrants who are often themselves victims of neoliberalism" (Gregory 2011).

There needs to be more survey data that asks questions specifically related to North American integration. One of the major issues is that the survey data taken did not include enough geographical information for the Mexican respondents which reduced the accuracy and efficacy of the data analysis as geography and context matters.

I set out to answer why economic and migration policy are not more frequently talked about concurrently and, fortunately for other researchers, did not answer the question. However, I have made a contribution to the puzzle and have contributed to the research about what may influence the two in the future.

Appendix

Table 1: Probit Regression Coefficients and T-Test Statistics

	U.S. Global Movement	U.S. Diversity	Mexico Global Movement	Mexico Diversity
nafta2				
move_global2	-0.219 (-1.89)		-0.417** (-2.97)	
age	-0.00832*** (-3.48)	-0.00898*** (-3.76)	0.00640 (1.51)	0.00298 (0.71)
us_educ	0.0277 (1.07)	0.0320 (1.24)		
politicalviewus	-0.0914 (-1.92)	-0.0979* (-2.05)		
us_income	-0.0335 (-1.75)	-0.0296 (-1.55)		
male	-0.161 (-1.90)	-0.189* (-2.25)	0.160 (1.39)	0.217 (1.87)
latino	0.377** (2.91)	0.328* (2.56)		
borderwall	0.205 (1.58)	0.284* (2.18)	0.118 (0.43)	0.116 (0.42)
usurban	0.0419 (0.66)	0.0431 (0.67)		
bordermexusa	-0.0116 (-0.11)	0.00797 (0.07)		
favorobama	0.368*** (6.16)	0.367*** (6.21)	0.392*** (3.98)	0.436*** (4.48)
favortrump	-0.113* (-2.15)	-0.117* (-2.22)	0.0713 (0.83)	0.0825 (0.96)
mexfavor	0.187***	0.186***		

	(3.48)	(3.48)		
diversity		0.0314 (0.20)		-0.267* (-1.99)
mex_educ			0.0675** (2.72)	0.0510* (2.02)
politicalscale			-0.0149 (-0.65)	0.000856 (0.04)
mex_income			0.0399 (1.87)	0.0506* (2.29)
mexurban			-0.195 (-1.46)	-0.182 (-1.36)
amerfavor			0.190** (2.84)	0.163* (2.44)
favorEPN			0.0228 (0.31)	0.0419 (0.57)
favorPAN			0.0169 (0.24)	0.0318 (0.44)
favorPRD			0.0293 (0.36)	0.0588 (0.73)
favorPRI			0.193* (2.55)	0.177* (2.34)
favorMORENA			0.107 (1.49)	0.123 (1.71)
_cons	-0.243 (-0.78)	-0.304 (-0.96)	-1.798*** (-3.81)	-1.900*** (-3.93)
<i>N</i>	1176	1179	610	596

*t* statistics in parentheses

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

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