

Next: Free Movement of Labor?

By Brian Toohy

[Editor's Note: *This item is of note because of its topic — the view of the outgoing and incoming presidents of Mexico, and of six Central American countries' presidents, that there should be free trade in labor under NAFTA and GATT — was not reported in the United States during the time leading up to Congressional vote last December on the GATT treaty. Note that the report comes from Australia, where one of our colleagues clipped it. The point is that the American press, which generally supported GATT, was apparently loath to report anything that might have argued against passage. We reprint this for its historic significance even though the meeting it discusses is now old news.*]

The discomfiting logic of the case for freeing up trade in labor is about to make it onto the international agenda.

So far, tough restrictions on migration have remained sacrosanct in a world in which barriers to the free movement of capital and merchandise have been falling amid much applause.

Now, the next step in the logic of market liberalization — lowering barriers to the free movement of labor across borders — will be raised at the summit of western hemisphere leaders in Miami on December 8-11.

The summit will bring together 33 leaders of North, Central and South American countries. (Cuba's Fidel Castro will be the only one missing.)

The aim of the summit is to bolster moves to free up trade and investment between western hemisphere countries following the example set by Canada, the U.S. and Mexico in establishing the North American Free Trade Agreement (NAFTA).

As far as the U.S. is concerned, free trade in labor is not supposed to be on the agenda in Miami. But the new California law (Proposition 187) barring health and education services to children of illegal migrants has insured that the topic will be raised.

The Honduran president, Carlos Reima, has announced that he and five other Central American leaders will ask President Clinton to review the California law.

Although the outgoing Mexican president, Carlos Salinas, acknowledges that Clinton has no power to overturn a state law, he argues that Proposition 187 violates the spirit of NAFTA.

Salinas' attitude is of continuing importance as he is a leading candidate to head the new World Trade Organization which will start policing the General

Agreement on Tariffs and Trade (GATT).

According to Salinas, the time has come to negotiate a freer flow of migrant labor in much the same way as NAFTA negotiated a freer flow of goods and investment.

"Salinas' attitude is of continuing importance as he is a leading candidate to head the new World Trade Organization which will start policing the General Agreement on Trade and Tariffs next year."

The new Mexican president, Ernesto Zedillo, who takes office today, made it clear in a meeting with Clinton in Washington last week that he shares Salinas' views on migration.

Under NAFTA — and the Asia Pacific Economic Co-operation forum (APEC) — trade in services, such as banking, law and insurance is to be liberalized. But this is not supposed to extend to cross-border trade in low-skilled labor — only to its output.

Washington officials hope that NAFTA will eventually boost Mexico's economic growth sufficiently to entice its workers to stay home rather than cross the border illegally to look for work in the U.S.

Meanwhile, illegal immigrants remain politically unpopular within the U.S. despite the fact that many Americans take advantage of the cheap farm produce and personal services they provide.

The decline in living standards experienced by middle- and low-income Americans over the past 15 years has created understandable resentment about paying taxes to deliver education and health care to families of illegal immigrants.

Although average wages have been falling in the U.S. in real terms since 1979, they still have a long way to go before they converge to Latin American standards.

Given that the Mexican minimum wage of US\$4.25 a day is only equivalent to the U.S. hourly minimum, the incentive to slip undetected across the Rio Grande is likely to exist for many years to come.

Any long-term tendency for wages to converge may be further delayed if the new Republican House Leader, Congressman Newt Gingrich, can implement

his promise of a national deportation system that is "very efficient and very fast."

The difficulty of finding jobs for returning deportees has prompted Mexican business leaders to call for greater downward flexibility in local wages and conditions.

A cut in wages is not what Mexico's workers were promised under NAFTA, so it is little wonder that its political leaders want to link liberalized migration laws to free trade.

As Mexico is also a member of APEC, the debate is not likely to be confined to the western hemisphere. The Mexicans will find that the U.S. is not the only country where many of the most vociferous proponents of the free movement of goods and capital are reluctant to extend this principle to labor.

Within Australia, for example, some commentators and politicians who are quick to brand attempts to limit import of goods produced with child labor as "disguised protectionism" are also among the most fervent supporters of extremely tight limits on the importation of migrant labor—child or adult.

Australian opinion leaders will have to start confronting the logic which says that if one factor of production, capital, is to be highly mobile in the global marketplace, then so too should labor. ■