Cross-Border Reflections on Poverty: Lessons From the United States and Mexico

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As the focus of United States social welfare policy regarding lone or single parent families has shifted to time-limited benefits, no federal statutory entitlement,1 and an assumed permanent transition into wage work, poverty academics, policymakers, and activists have increasingly understood the centrality of the connections between social welfare policy and low-wage labor in the U.S. However, they have focused less on the connection between these two fields and the areas of immigration (mobility of humans) and globalization (mobility of capital). As a result, persons working in the cause of redistribution of income have often operated in analytical/theoretical vacuums, resulting in less than fully sophisticated political analyses and missed opportunities to develop effective poverty policy. The work I present here is an attempt to provide some background information that I hope can set the stage for a more knowledgeable interchange among social welfare, low-wage work, immigration and globalization discourses, and begin to draw threads among these fields, particularly focusing on U.S. policies and ways in which they connect to Mexico.

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Initially, I explore two historical contexts: long-standing labor and immigration ties between the U.S. and Mexico, and the creation of a false dichotomy within the United States of those in wage work and single parent families receiving social assistance benefits. I then focus on recent changes in U.S. social welfare policy toward U.S. single mothers and children and legal immigrants, the largest number of whom are from Mexico, and attempt to provide a rationale for undermining the articulated tension or conflict between these two groups for low-wage jobs. By exposing the artificiality of national borders vis-à-vis nationality and electoral voice, I pose the question of redistribution as a cross-border issue. Ultimately, my hope is that by bringing together seemingly disparate legal areas, scholars and activists can produce a more nuanced and comprehensive poverty strategy.

A Brief Historical Overview of Mexican/U.S. Labor Interaction

Most people do not realize that the Mexican/U.S. border was largely open until 1965. There were no immigration quotas based on nationality as there were for most other countries, but there were certain categories of people who were excluded from admission to the U.S., such as prostitutes, and interestingly enough "contract laborers." However, this last exception was often honored in the breach.

Beginning during World War II, the Mexican/U.S. governments implemented a "guest-worker" program, the Bracero Program, under which Mexican men were transported into the U.S. to do agricultural or field work in often deplorable conditions. The United States unilaterally terminated this program in 1964, in part because of U.S. union opposition (the United
Farm Workers under Caesar Chavez was organizing in California beginning in the early 1960s, and Bracero workers were often brought in to undermine strikes since they would be deported if they resisted crossing picket lines) and because of increased mechanization. Although officially defunct, the Bracero Program laid the groundwork that influenced geographical patterns of undocumented immigration throughout the past 30 years.

One year later, in 1965, partially in response to the Mexican government's statements of their reliance on the Bracero Program for job creation, the U.S. initiated the Mexican Border Industrialization Program, or Maquila program. This created a 20 kilometer strip in Mexico along the Mexican/U.S. border to which U.S. firms could import finished, ready-to-assemble components and raw materials and hire low-wage Mexicans to assemble the finished products. As long as the finished products were re-exported to the U.S., the firms were not subject to Mexican import restrictions or duties and only paid a U.S. tariff on the value added by the assembly in Mexico. The program expanded rapidly, hiring a different population than that employed under the Bracero Program—young single women.4

That same year Congress enacted immigration quotas for the Western Hemisphere for the first time under the 1965 Amendments to the Immigration and Nationality Act.5 While individual countries had no limits on the number of visas that would be granted, the law established an overall ceiling of 120,000 visas per year for the entire Western Hemisphere.

Thus long before the North American Free Trade Agreement (NAFTA)6 was ratified in 1994 and cuts in social welfare programs for legal immigrants were enacted in 1996, the two countries had strong labor market ties, albeit largely driven by U.S. corporate interests. For many years, there had been mobility of labor from Mexico to the U.S., which had an impact on low-wage workers in
both countries. It is within this historical context that the NAFTA and U.S. immigration policy was and continues to be debated.

Traditional U.S. Social Welfare for Poor Single Mothers

U.S. social welfare policy, set against the backdrop of a rugged individualism concept, has always reflected an ambivalence about poverty, with certain groups (for example, those defined as wage earners) carved out for special treatment. As part of the Social Security Act enacted in 1935, both Unemployment Insurance (UI) and a program called Aid to Dependent Children, later Aid to Families With Dependent Children (AFDC), were established. The former was an acknowledgment that the U.S. was not a full-employment society, and that there would always be both frictional and structural unemployment; the latter was designed to provide an amount less than subsistence for the children of single parents (predominantly women) and later, the single parents themselves.

However, the two programs were always viewed very differently: UI was “worthy” because it was tied to wage labor, and AFDC was “the dole” because it was not tied to wage work, but to parenting. This bifurcation of social programs allowed society to construct a false dichotomy between wage workers and welfare recipients. People who advocated for higher wages, better labor standards, and more expansive unemployment insurance benefits as a social safety net routinely distanced themselves from programs like AFDC, need-based schemes for which eligibility was not directly connected to wage work.

Only in the last decade have empirical studies documented the fluidity between the population of low wage workers and women receiving welfare. These studies have shown that a vast
percentage of women receiving welfare move in and out of wage work on a regular basis. When they moved in and out of wage labor, however, they were ineligible for the “worthy” Unemployment Insurance Program because the legal definition of “worker” or the legal eligibility factors in unemployment insurance excluded them from the definition of “employees.” Thus they returned to AFDC as their “unemployment insurance” and were perceived as shiftless “non-workers.”

Recent Shift in U.S. Social Welfare Policy vis-à-vis Low-Wage Labor and Immigrants

This brief history sets the critical context in which to understand the recent dismantling of social protection in the United States. In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) rescinded the AFDC program, and instead created Temporary Assistance to Needy Families (TANF). Rather than providing social protection for single mothers and their children as a federal statutory entitlement, the new program gives each state a “block grant.” In other words, each state receives a fixed allocation of money to distribute largely at its own discretion.

Although there are few federal mandates in the new statute, two are central to the rhetoric of the new policy: 1) parents can only receive TANF for a maximum of five years in their lifetime, and 2) at certain points in time, states must have a fixed percentage of recipients in wage work and/or “workfare” (that is, working off their TANF grant). Thus the focus moves away from income support for poor women and children, and onto short term
receipt of social welfare benefits with an assumed permanent transition into wage work.

As of December 1998, the welfare, or TANF, national caseload had dropped by 40% since the PRWORA had passed, with very little follow-up or explanation.14 There were 1,845,000 fewer families and 5,264,000 fewer recipients on the welfare rolls.15 Thus almost two million single parents, mostly women, many with little education and skill level,16 are relying on low-wage labor or some source of income other than TANF. Of the 2.8 million families still on the rolls,17 many will reach the mandatory 2-5 year time limit within the next few years and be terminated regardless of whether they had any reasonable opportunity to obtain paid labor or have any other source of income. Many poor mothers in the United States who had previously moved in and out of low-wage work, with AFDC functioning as their “unemployment insurance,” can no longer do this due to the TANF time limits. They no longer have either AFDC or UI as a social safety net; thus many of them will be in a position in which they will have to accept paid labor with whatever conditions and wages they can get. If they cannot find paid labor, being ineligible for further public assistance, they will be left entirely dependent on private charity for survival.

It is unclear whether paid labor markets can absorb those terminated from public assistance. Some studies question whether low-wage labor markets can incorporate the numbers who are being dropped from the welfare rolls. And, of course, the geographical impact is disparate, since the areas with a higher number of welfare recipients do not necessarily correspond with the areas of high job growth. For example, between 1992 and 1996, as the United States' economy moved out of recession, New York City experienced a net gain of 88,000 jobs. If this rate of growth continued and every new job were given to a New York City
welfare recipient, it would take 21 years for all 470,000 adults on welfare in New York City to gain employment.\textsuperscript{18}

Other estimates indicate that the economy can create the number of jobs needed, not on short notice, but only over the long-term.\textsuperscript{19} But even if the economy can absorb these workers over the long-term, studies estimate that this huge influx of largely unskilled workers would depress wages, benefits, and working conditions. The Economic Policy Institute has estimated that by moving nearly one million welfare recipients into the labor force, the end of an entitlement to social protection for this population will initiate an 11-12\% decline in real wages, but only for the bottom 1/3 of the work force.\textsuperscript{20}

Studies are also beginning to assess the likely impact on currently employed workers of the full and partial job displacement that will be caused by workfare requirements. A recent study focusing on New York City found that the likely result of placing 30,000 workfare participants in public sector slots would be to displace 20,000 other workers and reduce wages for the bottom 1/3 of entire New York City workforce (public and private) by 9\%.\textsuperscript{21} It is not inconsequential that most of those who will be displaced are unionized.

At the same time as the United States was rescinding its communal commitment to income support for single parent families, social protection law was also altering the inclusion and identity of immigrants. The PRWORA rescinded eligibility of legal immigrants, including low-wage workers, for virtually all social welfare programs designed to assist the poor, including TANF, Food Stamps and Social Security Insurance (a program for aged and disabled individuals who do not have a sufficient tie to wage work to qualify for regular Social Security benefits).\textsuperscript{22} While some of the social protection benefits have been restored, the restorations are almost exclusively for immigrants who were in the
United States at the time the PRWORA passed in August 1996. So the huge influx of legal immigrants who enter the country each year after 1996 are still ineligible for the majority of social protection programs which are not connected to high wages or long-term labor-market participation.

The connection between these immigrant provisions of the PRWORA and NAFTA is critical to a cross-border poverty analysis. It should not go unnoticed that Mexicans are by far the largest group of United States’ legal immigrants who have chosen not to naturalize as United States citizens. Indeed, in spite of the long Mexico-United States history of border exchange and guest worker programs, there has also been a societal perception that Mexicans did not have to assimilate because they were in the United States only as “temporary workers.”

Two years prior to the passage of the PRWORA, the U.S. Congress had ratified NAFTA over the adamant opposition of virtually all U.S. labor unions. One bone that the U.S. government threw to labor was the NAFTA-Trade Adjustment Act which provided additional weeks of unemployment benefits and money for retraining those “workers” who lost their jobs because of increased imports or plants moving to other countries (that is, Mexico) as a result of NAFTA. The result of these complex and often isolated legal revisions is that U.S. taxpayers are funding both the extended unemployment benefits and the retraining of “workers” (as defined by unemployment insurance) dislocated by U.S. trade policy, at the same time as they are defunding many social welfare benefits to low wage female workers (who are ineligible for unemployment insurance) and low income, legal, often Mexican, immigrants.
Interaction Between TANF Recipients and Mexican Immigrants in Low-Wage Labor

These factors highlight a major tension between the expectation that the U.S. low-wage labor force can and must absorb all welfare recipients, and the understanding of the close connection of the U.S. with Mexican immigrants because of prior "guest worker" programs, proximity, economic disparity, large common border and numbers of Mexicans already in the U.S. In particular, many in the U.S. labor movement and many left and progressive academics and advocates have taken an anti-immigration position because of an assumption that immigration reduces the power of particularly unskilled low-wage U.S. workers to negotiate higher wages and better working conditions.

Although studies on the impact of immigrants on the U.S. economy and labor conditions reach widely divergent conclusions, often finding positive economic effects and no negative effect on wages and labor conditions, the claim that immigration of unskilled workers reduces wages and conditions is still frequently touted. Immigrants and prior TANF recipients are already being pitted against one another. For example, a U.S. General Accounting Office study found no need for an immigrant guest farmworker program in part because welfare recipients affected by either the time limits or the work requirements of the PROWRA will provide a surplus supply. When the U.S. Immigration and Naturalization Service deported undocumented Mexican field workers, growers were encouraged to hire welfare recipients. Of course, field work is seasonal, so workers are laid off for 4-6 months at a stretch with no social protection benefits. And although some social workers and growers note that field work schedules vary depending on the weather and condition of the crop and that
standard daytime child care is not always adequate, the U.S. Department of Labor takes the position that the child care needs in farm occupations are no different than that in other industries.\textsuperscript{30}

A number of other factors make the relationship between immigration policy, TANF, and low-wage labor even more complex. Often policymakers, scholars, and activists across political persuasions have ignored the fact that, for certain industries, capital is much more mobile across borders than humans, and that an anti-immigration policy which does not provide a supply of low wage workers within our current economic structure may result in migration of certain job-sites entirely and, thus, even further diminution of U.S. labor conditions.

The reverse of this equation is reflected in an implicit assumption when NAFTA was ratified that the flow of goods and finances from Mexico to the U.S. would replace the flow of people, an assumption which required a pervasive economic development/job creation program in Mexico. However, working at odds with such economic development in Mexico is the reduction of agriculture subsidies—mandated by International Monetary Fund macroeconomic structural adjustments—which had benefitted both large and small scale farmers in rural areas. The resulting agricultural crisis has resulted in both farm foreclosures (with resulting dislocation) and reduced economic activity in urban areas situated near prosperous agricultural areas. In other words, human mobility and capital mobility are inextricably intertwined.

In addition, activists and policymakers often operate from an assumption that more restrictive immigration laws and enforcement will stop or reduce immigration from Mexico, rather than seeing the complexities of how changes in laws shape immigration, but do not stop it. More restrictive immigration produces more undocumented immigrants, a particularly
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vulnerable population who are more likely to accept jobs with the lowest wages and poorest conditions, with a possible impact on U.S. low-wage labor and ex-TANF recipients.

Finally, immigrant workers are not necessarily substitutes who displace existing workers or increase labor supply to the point of reduced wages and labor conditions. Rather a poverty/low-wage policy could be envisioned which juxtaposed each group of unskilled workers as complements. Under that analysis, one might argue for a pro-education and training policy for TANF mothers to move them into a position to complement rather than compete with unskilled immigrants.31

The Political Fluidity of the Border

Both U.S. social protection reductions and political democratization in Mexico may catapult Mexicans living in the U.S. into a central position that further explodes the concept of nation-state boundaries. In fact, the result of the welfare disqualifications of legal immigrants may be exactly the opposite of that intended by many of its proponents, who claim it reduces the number of legal immigrants, or at least decreases the number of legal immigrants on the public dole.

One major result of denying virtually all social assistance programs to legal immigrants has been a startling surge in United States naturalizations, particularly among Mexicans. The denial of benefits to legal immigrants, along with other recent anti-immigrant political actions, has resulted in a new consciousness among long-term legal Mexican immigrants that they must be a part of the electorate by acquiring voting rights through naturalization as United States citizens. Until 1994, the number of naturalizations by Mexicans legally residing in the United States was fairly stable:
there were 17,564 naturalizations in 1990, 22,066 in 1991, 12,880 in 1992, 23,630 in 1993. In 1994, the year that Californians adopted “Proposition 187” (barring undocumented immigrants from receiving publicly funded education and most social services and health care, and directing local law enforcement authorities, school administrators, social workers and health-care aides to report suspected undocumented immigrants and, in some cases, legal immigrants), the number of naturalizations surged to 46,186, and in 1995 to 79,614. Most dramatically in 1996 (the year the PRWORA was being debated and enacted), Mexico was the leading country-of-birth of persons naturalizing, with 254,988 or 24.4% of total naturalizations.32

Once they become United States citizens, Mexican-Americans have greatly expanded legal rights to bring family members into the United States. Thus, the ironic end result of these anti-immigrant actions may be even greater numbers of Mexican immigrants in the U.S. Questions arise about the effect of this potential influx of family members of the newly naturalized on the low-wage labor force, and the interplay between that population and the influx of welfare recipients possibly competing for the same jobs.

In addition, in the last year Mexican laws relating to dual citizenship and ability to vote in Mexican elections for Mexicans living in other countries have dramatically changed. Mexican non-residents are now allowed to maintain dual citizenship both in Mexico and in the country of their residence.33 Most recently, Mexico’s Congress enacted legislation, not yet implemented, which would allow non-resident Mexican citizens to vote in Mexican elections.34 Almost 10 million Mexicans residing in the U.S. could be eligible to vote, including 7 million born in Mexico and 2.6 million born of Mexican parents.35 Such an expansion of voters could create major shifts in Mexican politics.36
Thus the rampant increase in U.S. naturalizations and the breaking open or democratization of Mexican political parties could have broad-based implications for social protection and low-wage labor in both the U.S. and Mexico. The construction of dual citizenship and dual voting privileges exposes the artificiality of protectionism and fixed borders which seems entrenched in social protection, low-wage labor, and immigration discourse.

Conclusion

These interrelationships and cross-border connections force me to provide a critique of my own role, and perhaps shortsightedness, as a welfare and employment law advocate. The myriad of issues discussed above are not designed to yield a single coherent poverty policy, but rather to challenge us to frame new questions about poverty strategy within an increasingly globalized economy:

Did the U.S. labor anti-NAFTA position, albeit inadvertently, feed into a racist, anti-Mexican and anti-immigration policy, which then fueled the anti-immigrant backlash in U.S. welfare policy?

If one effect of social welfare cuts to U.S. legal immigrants is a surge in naturalizations with a subsequent increased flow of family members migrating to the U.S., will this supply more low-wage, foreign-born workers and entice certain plants to remain in the U.S.? How do these new immigrants correlate with those who would have obtained jobs if plants had moved to Mexico?

If immigration can expand or preserve certain industries in the U.S., creating new jobs for complementary skill holders, should an effective U.S. poverty policy focus on increasing human capital of U.S. unskilled workers so that they might be able to take advantage of those new jobs? Could or should U.S. progressives
support such a policy with its implications for further constructing and supporting racial hierarchies?

How do we begin to connect U.S. social welfare cuts and IMF structural macroeconomic adjustment policies, and analyze their impact on low-wage labor markets cross-border?

Finally and most fundamentally, how do we develop a cross-border poverty redistributive strategy? There is an ongoing tension in poverty debate between improving or maintaining living standards for low-wage workers and job creation for the unemployed poor. While often discussed as a policy question internal to a nation-state, the same issues should be raised more often in cross-border poverty discourse. A nation may shift between two situations; one where its citizenry faces such poverty that it must protect their labor conditions through attempting to restrict migration of humans, and another where its economy is solid enough and its citizens’ living conditions sufficiently adequate that restrictive immigration may not be the priority. Can nations, in a time of the breakdown of borders due to the mobility of capital, coherently establish a line between these two positions? If a nation-state sets up an a structure attempting to restrict human mobility, will it ever reach a point of acknowledging that its internal poverty/unemployment is low enough that the country can focus on cross-border poverty? In short, can an effective poverty policy ever be based on a protectionist position?

I do not have answers to these questions, and am not even sure if I am asking the right questions. However, if we do not struggle to develop the incredibly complex cross-disciplinary, cross-border analysis of the interaction of low-wage labor, globalization, social welfare policy and immigration, we are missing an important opportunity to do redistributive work.


11. For example, states set a minimum amount that the employee must have earned within a designated period, often disqualifying part-time workers or workers who have been forced to leave their paid labor because of a breakdown in child care or other family care-giving obligations. Roberta Spalter-Roth, Heidi Hartmann, and Beverly Burr, Income Insecurity: The Failure of Unemployment Insurance to Reach working AFDC Mothers (1994) (finding that only 11% of those who combine paid work and welfare receipt receive UI).


14. See Chris Jones and Tony Novak, Poverty, Welfare, and the Disciplinary State, 194 (1999), quoting a White House official who notes that “we have no way of knowing what happened to those who left the rolls.”

16. In March 1999, an Educational Testing Service study found that without more education, 2/3 of welfare mothers won't have the skills to advance economically, with a more severe impact on African-American and Hispanic women. However, many of the women could improve their prospects of moving into the middle class with minimal training. Anthony Carnevale and Donna Desrochers, Getting Down to Business: Marching Welfare Recipients' Skills to Jobs That Train (1999).

17. U.S. Department of Health and Human Services, supra note 16.


24. President Clinton's budget submitted in February 1999 attempts to restore benefits to some who enter the country after 8/96. In addition, there are other connections between migration and social protection benefits. For example, in 1997, certain legal residents were being stopped at the U.S. border because the Immigration Service had received information from a state that the immigrant had received Medicaid, or health care, benefits. The immigrants were denied reentry unless they agreed to reimburse the State for the past Medicaid received, although receipt of Medicaid does not create a legal debt. “Settlement Reached in Medi-Cal 'Debt,'” Immigrants Rights Update, Sept. 16, 1998, at 8.

25. Pastor and Castañeda, supra note 5, at 323.
27. See, e.g., Mark Helm, “Immigration Policy Hurting U.S. Poor, Critics Claim,” Sun Sentinel (Ft. Lauderdale), March 12, 1999 (reporting that George Borjas, professor at Harvard University’s Kennedy School of Government, testified before the House Subcommittee on Immigration and Claims that U.S. low-skill workers lose an average of $1915 per year because of immigrant competition).
31. Of course, we need to consider the racial implications of advocating a plan that may result in giving the lowest wage jobs to Mexican immigrants and the training to U.S. ex-TANF recipients.
32. U.S. Dept. of Justice, Immigration and Naturalization Service, 1996 Statistical Yearbook of the Immigration and Naturalization Service 152 (1997). Of course, there were other legal changes which factored into this increase, most specifically the numbers of undocumented allowed to naturalize pursuant to the Immigration Reform and Control Act of 1986. 8 U.S.C. § 1101 nt. (1986).
34. Although the Chamber of Deputies had approved a package implementing this election reform, the Senate (controlled by the PRI, see infra note 37) allowed the measure to die in July 1999. Thus procedures will not be in place for non-resident voting by the July 2000 presidential election. James F. Smith, “Vote Denied to Mexicans Living Abroad,” L.A. Times, July 2, 1999, at A1.
36. The Partido Revolucionario Institucional (Institutional Revolutionary Party or PRI), the political party that has been in power in Mexico since 1920, has held continuous office longer than any other party in the world.
It has controlled the union structure by having an officially recognized union, the Confederacion de Trabajadores de Mexico (Confederation of Mexican Workers, or CTM). CTM leaders routinely were not democratically elected by membership, were bought off by the government and failed to represent their members to enforce what on the books is an excellent Mexican labor law. See generally Dan La Botz, Mask of Democracy: Labor Suppression in Mexico Today (1992).