

Project Title:

U.S.–Mexico Border Communities in the NAFTA Era

a collaborative study by the Network of Border Economics (NOBE)/
Red de la Economía Fronteriza (REF).

Project Overview:

This project will generate the first analysis of the economic changes and related quality of life issues in both U.S. and Mexican border communities since the implementation of the North American Free Trade Agreement (NAFTA) in January 1994. The project will be carried out by members of a newly formed consortium of institutions and organizations in the U.S. and Mexico—the Network of Border Economics (NOBE) or Red de la Economía Fronteriza (REF)—which is based in the El Paso Branch of the Federal Reserve Bank of Dallas and El Colegio de la Frontera Norte (COLEF) in Baja California. Beyond the Federal Reserve Bank of Dallas and COLEF, NOBE/REF members include border-based universities and businesses as well as Mexico's central bank, Banco de México and Mexico's major data and information center, INEGI.

Phase 1: The Survey. A 6 page questionnaire has been developed utilizing qualitative (open-ended) and quantitative (closed) questions that can be coded and analyzed statistically. During the period June-October 1999, a mail, phone and in-person follow-up survey of 15 to 30 interviews (depending on the population of the community) in each U.S. border community will be conducted by NOBE teams in located in or near each community where the common questionnaire will be applied. Who exactly will be interviewed will vary somewhat according to the specific locality. The main criterion used to select interviewees will be that the individual be knowledgeable about one or more aspects of local economic, social and environmental conditions.

The results of the surveys will then be compiled and analyzed and a brief (4 to 6 page) report for each community will be prepared by the local teams.

At this time it is envisioned that the following communities, accounting for approximately 70% of the U.S. border county population, will be surveyed [*institutions responsible for each survey are indicated in italics in*

brackets):

San Diego & Imperial counties, California [*SDSU*]

Yuma & Santa Cruz counties, Arizona [*N.A.U. & U. of A*]

El Paso county, Texas [*UTEP*]

Webb, Starr & Cameron counties Texas [*TAMIU*]

Phase 2: Quantitative Analysis. (June-November) Variables to be analyzed include: population, the structure of employment and output; unemployment and inflation rates, per capita income and, trade flows through each community.

Phase 3: Dissemination of Findings. Each local NOBE/REF team will then utilize its own report at the local level to inform the public, through press conferences and briefings, of the study's findings. The core group will release the preliminary draft of findings from the border-wide study at the next NOBE/REF meeting on November 12, 1999.

Project Coordination. SDSU for the U.S. side and COLEF for the Mexican side.

(Prospectus: Updated-Final Version: August 1999)

U.S.–MEXICO BORDER COMMUNITIES IN THE NAFTA ERA

a collaborative study to be carried out by the

NETWORK OF BORDER ECONOMICS (NOBE)

RED DE LA ECONOMIA FRONTERIZA (REF)

Project Overview. This project will generate the first analysis of the economic changes and related issues in U.S. and Mexican border communities since the implementation of the North American Free Trade Agreement (NAFTA) in January 1994. The project will be carried out by members of a newly formed consortium of institutions and organizations in the U.S. and Mexico—the Network of Border Economics (NOBE) or Red de la Economía Fronteriza (REF)—which is based in the El Paso Branch of the Federal Reserve Bank of Dallas and El Colegio de la Frontera Norte (COLEF) in Baja California. Beyond the Federal Reserve Bank of Dallas and COLEF, NOBE/REF members include border-based universities and businesses as well as Mexico’s central bank, Banco de México and Mexico's major data and information center, INEGI. (See web site at: <http://www.nobe-ref.org/>)

Background and Introduction. The North American Free Trade Agreement between the U.S., Mexico and Canada was implemented on January 1, 1994. Since that time trade and investment flows in the region have expanded dramatically and new NAFTA-related institutions have been put into place (such as the North American Development Bank (NADBank) and the Border Environmental Cooperation Commission (BECC)). While communities on both sides of the U.S.–Mexico border have been impacted by NAFTA, other developments such as the Mexican peso crisis in late 1994 and the many financial crises in the international economy have affected their economies as well. Nevertheless, no systematic studies have been carried out to determine just how these widely differing border communities have fared over the five-year period since the agreement’s implementation nor has there been any attempt to determine to what extent other factors, such as the economic crisis which began in December of 1997, have influenced their economic well-being. This study, building on the recent formation of NOBE/REF, will attempt to remedy this deficiency through an analysis of existing data and a survey of knowledgeable persons from government, business, non-governmental organizations and academia in the main U.S. and Mexican border communities.

Objectives and Assumptions of the Study. The main objective of the study, which focuses on the county-municipal level, is to determine how the economies, infrastructure capabilities and quality of life of U.S. and Mexican border communities have changed over the last five years since NAFTA's implementation. A secondary objective of the study is to determine what kinds of demographic, economic and quality of life indicators and analytical tools NOBE/REF participants might construct that could serve to monitor and analyze conditions on the border on an ongoing basis.

The study is designed to:

1. Assist local, state and national decision makers in both Mexico and the U.S. to better understand the complex situation of border communities and thereby assist them in developing more informed policies.
2. Assist academics and other researchers to identify issues and trends that deserve further study as well as develop the skills and contacts that will be required as the NOBE/REF begins to implement its agenda of collaborative, border-related research projects.
3. Assist the private sector, especially businesses and organizations located in the border region, by providing a more comprehensive analysis of the economies of the border and a continuous update of the key indicators that businesses need to make decisions related to day-to-day operations and long-term investments and strategy.

A major assumption of the study is that, given the vast differences between each set of border "twin cities," the impact of NAFTA and of other factors such as the 1994 peso devaluation have been and will continue to be different in each U.S. and Mexican border community. Despite these differences, however, it is likely that there will be some trends that are common, in varying degrees, to all border communities.

Organization of the Study and Methods to be Utilized. Border communities vary greatly in terms of economic and demographic structure and size. They also vary with respect to their geographic-strategic position and functions within the North American economy. Therefore, a three-phase study will be organized in such a way as to utilize a common methodology while maintaining the flexibility needed to take into account those differences.

On the U.S. side the methodology for the study has been developed by a core team at San Diego State University in collaboration with institutions and organizations participating in the NOBE on the U.S. side of the U.S.–Mexico border. On the Mexican side a parallel study has been developed by a core team at COLEF in collaboration with institutions and organizations participating in the REF on the Mexico side of the U.S.–Mexico border utilizing the methods developed on the U.S. side, adapted to Mexican conditions. The approximate time lines of the 3 phases are:

Phase 1: The Survey. A 6 page questionnaire has been developed utilizing qualitative (open-ended) and quantitative (closed) questions that can be coded and analyzed quantitatively. During the period June-August 1999, a mail, phone and in-person follow-up survey of 15 to 30 interviews (depending on the population of the community) in each border community will be conducted by NOBE/REF teams in located in or near each community where the common questionnaire will be applied. Who exactly will be interviewed will vary somewhat according to the specific locality. The main criterion used to select interviewees will be that the individual be knowledgeable about one or more aspects of local economic, social and environmental conditions.

Contents of the Survey. The survey covers four inter-related themes.

1. The main (positive and negative) impacts of the NAFTA and the policies implemented as a consequence of those impacts.
2. Recent trends in the border communities—not necessarily related to the NAFTA— that have influenced conditions and policies there.
3. The types of indicators that local communities wish to have at their disposal to continually

- monitor the changing economic conditions and quality of life in border communities.
4. The kinds of analytic tools that local agencies wish to utilize in analyzing changing economic conditions and the impacts of alternative economic development policies.

Survey Protocol

On the U.S. side, the results of the surveys will then be compiled and analyzed by personnel at San Diego State University (the Social Science Research Laboratory and the Institute for Regional Studies of the Californias) and a preliminary report will be distributed by the middle of October. SDSU personnel will then work with the local NOBE teams to refine the analyses and prepare a final report on the survey. (*Institutions responsible for each survey are indicated in italics in brackets*):

San Diego & Imperial counties, California [SDSU & SDSU at Imperial Valley]

Yuma & Santa Cruz counties, Arizona [N.A.U. & U. of A]

El Paso county, Texas [UTEP]

Webb, Starr & Cameron counties, Texas [TAMIU]

A similar process has been put in place by COLEF, utilizing its satellite offices in Mexican border communities to carry out the survey.

Phase 2: Quantitative Analysis. During the period July-September, the SDSU core team in collaboration with other NOBE participants and COLEF personnel will analyze existing data for the U.S. border states and counties/municipalities in order to determine what changes have occurred over the last five years. A parallel effort will be carried out by COLEF personnel. Variables to be analyzed include: population size and growth; the structure of employment and output; unemployment and inflation rates; per capita income; and trade flows through each community.

Phase 3: Dissemination of Findings. Each local NOBE/REF team will then utilize its own report at the local level to inform the public, through press conferences and briefings, of the study's findings. The core group will, in accordance with the wishes of the entire NOBE/REF participants, forge a strategy for releasing the findings of the border-wide study at some appropriate time in November-December of 1999, probably in conjunction with a NOBE/REF meeting.

Project Coordination. On the U.S. side, the SDSU team has been responsible for developing the research methodology (in consultation with other NOBE/REF participants, especially COLEF personnel) and coordinating the efforts of the local teams. The SDSU team will also be responsible for writing up the reports on the U.S. data and will publish the final report in English. On the Mexican side, COLEF will write the reports analyzing the findings on the Mexican side and publish the report in Spanish.

TENTATIVE TABLE OF CONTENTS OF THE FINAL REPORT
(US SIDE ONLY)

[Responsibilities for authorship of each section indicated in brackets] (A parallel report for Mexico will follow this template.)

I. Introduction. (Objectives, methods, organization of the study as well as a brief overview of NOBE) *[SDSU Team]*

II. The U.S. Border Region in the 1990s

- Overview of each of the 4 border states, the border communities surveyed, and their relationship to U.S.-Mexico border (demographically, economically, socially, politically) *[SDSU, N.A.U., U of A, UTEP & TAMIU will be responsible for a short sketch of their respective states and communities]*
- Overview of U.S. border counties: comparative data illustrating the changing demographic, economic and environmental characteristics between the early 1990s (pre NAFTA implementation) situation and the later 1990s (post NAFTA implementation). Precise years to be chosen will be based on the availability of data at the county and MSSA levels.*[Core team with input from NOBE collaborators.]*
- Data on border counties (observations on the quality of existing data and data gaps) *[Core team with NOBE collaborators]*

III. Major Findings of the Survey Analysis of the survey findings with respect to:

- How conditions have changed in the NAFTA era with respect to: the economy; infrastructure; environment and quality of life; and transborder collaboration (by community).
- How communities have responded to these changes in the NAFTA era with respect to: the economy; infrastructure; environment and quality of life; and transborder collaboration (by community).
- Economic tools and indicators: What types of assistance U.S. border communities would like.

IV. Summary and Conclusions:

- Aggregative overview of the quantitative analysis of all border counties (by state and by the entire border) and the (qualitative) survey responses on the changing condition of the border.
- How border communities are responding to the NAFTA and the changing national-international context: trends and countertrends.
- Implications of the studies for: local, state and national governments and NOBE as an organization of researchers.

Budget. Since this study is essentially a pilot project of NOBE/REF intended to demonstrate its border-wide capabilities, each institution participating in the study will be expected to contribute in-kind services to the project. Publication of the final report in English will be

financed by SDSU's IRSC (with funding made available by Southwest Center for SCERP). COLEF will publish a Spanish version of the entire report.

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