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RELENTLESS EXPANSION OF FREE TRADE

**Economic and cultural countermeasures to growing market liberalization in
respect of TTIP debates.**

Case study: Mennonite community in Chihuahua, Mexico.

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Abstract

This thesis deals with the negative effects of expanding trade and market liberalization exemplified in the case of the Mennonites in Chihuahua, Mexico. There is a contradiction in the current academic discourse as to whether or not free trade is beneficial in an economic perspective for everyone based on the ideas of the traditional economists, Adam Smith and David Ricardo, or if free trade increases the income gap and, thus, leads to the growth in global inequality. With the upcoming presidential election in the US, negotiations on free trade agreements have gained new momentum. Moreover, the negotiations on the Transatlantic Trade and Investment Partnership (TTIP), a proposed trade agreement between the EU and US, are leading to heated protests in various EU member states. One of the main arguments of people opposing this free trade agreement (FTA), is that it only benefits the super-rich and multinational corporations, while the common worker suffers, especially rural farming communities, which are affected greatly. To take a deeper look at some of the purposely negative effects posed by TTIP on marginalized worker groups, the effects of the North American Free Trade Agreement (NAFTA) are considered. At its time, NAFTA has created the largest free trade area and mass media has repeatedly fed on the devastating effects it has created for Mexican farmers. There has been a sharp rise in the unemployment rate and increasing rural emigration in the aftermath of the ratification of NAFTA in Mexico. Although, in general it could be argued that Mexican agriculture has increased its trade with the US and Canada and, thus, has a greater turnover, the question remains as to who the exact winners and losers of free trade really are.

For this thesis, the following research question is discussed: **How has NAFTA affected the Mennonite community in Chihuahua, Mexico, and what can we learn from the community's economic and cultural practices regarding expanding trade liberalization caused by FTAs such as NAFTA and TTIP?**

The Mennonites make an interesting case because they have seemingly had an easier time dealing with expanding trade and market liberalization when compared to their Mexican counterparts.

To answer the posed research questions a qualitative design is applied. In March 2016, I conducted 11 expert interviews with representatives of the Mennonite community in Chihuahua. The interview sample comprised cultural, agricultural, industrial machinery and retail experts, as well as people from the local credit union. The interviews were analyzed by means of the analytical tool of coding and grounded theory. A constructionism approach is pursued, which

puts the social actors and their perception of the social world in the focus. A limitation to the study is the small sample size. Moreover, for a better possibility of comparison it would have been necessary to also conduct interviews with Mexican farmers and entrepreneurs. Consequently, this study will only focus on the perspective of one group, the Mennonites. However, their economic and cultural practices can be used for a broader context and offer the perspectives of practices of one social group to tackle growing global inequality.

For the context of the analysis and the findings, theoretical approaches to the problem field are explored. Hereby, the evolution of international trade and trade theories from Adam Smith and David Ricardo to Michael Porter are considered. It is followed by the opposing evaluation of free trade regarding the aforementioned characteristics. In the analysis, the data obtained from the interviews and statistics is presented, evaluated, and discussed.

It is concluded that the Mennonites comply with contemporary economic theories on how to stay competitive in a global market. They have a considerable work ethic, are innovative, create companies of scale, unionize, diversify, and are compassionate, which means that they help each other out in times of need. However, even in this community there has been bankruptcy and economic backlashes. Some Mennonites decided to emigrate further south to pursue their traditional lifestyle. This raises doubts as to who are the beneficiaries of market liberalization, since even this hard-working group, which seems to be doing everything they can, is struggling. It seems that current trade and market liberalization practices predominantly assist an economic elite and multinational corporations.

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Table of abbreviations

CETA	Comprehensive Economic and Trade Agreement
CFR	Council on Foreign Relation
EU	European Union
FTA	Free Trade Agreement
NAFTA	North-American Free Trade Agreement
SME	Small and medium sized enterprises
TTP	Trans-Pacific Partnership
TTIP	Trans-Atlantic Trade and Investment partnership
UCACSA	Unión de Credito Agricultores de Cuauhtémoc (Credit Union Cuauhtémoc)
US	United States of America
WTO	World Trade Organization

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1 Introduction

With the upcoming presidential election in the United States of America (US) discussions about free trade agreements have gained new momentum. Although the opinions and statements of the present presidential candidates differ, candidates like Hillary Clinton and Donald Trump argue for a renegotiation of agreements such as the North American Free Trade Agreement (NAFTA) or the Trans-Pacific Partnership Agreement (TPP) (Berger 2015; Swoyer 2015). Over 20 years after the ratification of NAFTA, it is still discussed controversially by its three signers – US, Canada and Mexico. Especially for Mexico, at first glance, it seems that the agreement brought more harm than good to the country. The Guardian recently published an article with the headline “NAFTA: 20 years of regret for Mexico” (Weisbrot 2014). One of NAFTA's benefits is the abolition of tariffs between the member countries, leading to an increasing trade rate between the US and Mexico (Sergie 2014). However, as a consequence Mexico's farming market has become overrun with highly-subsidized US agricultural and meat products, with which local farmers have not been able to compete. As a consequence millions of farmers have lost their employment and land, while unemployment and crime rates have increased (Wallach 2015).

Small communities are highly vulnerable to the regulations of NAFTA or similar trade agreements. Especially in central and southern Mexico there is a shrinking rural workforce, who uses traditional farming methods with small plots. These people are not able to compete in the trilateral agricultural market. In the 1920s a foreign farming community settled in the northern state of Chihuahua, a border state with the US. The Mennonites, a Christian community, have mostly remained secluded from Mexican society by their own wish. The Mennonites came to Mexico in the search of religious freedom – “a signed agreement between colonists and the state guaranteed exemptions from Mexican law and protection from state supervision” (Dormady 2007: 158). However, with the modernizing reforms in Mexico in the beginning of the new millennium, the immigrated group lost many of the privileges previously granted to them (ibid.). The main source of income for the Mennonites is farming and agricultural production, which makes them highly aware of the changes imposed by free trade.

Presently, a new free trade agreement is being debated between the EU and the US. The Transatlantic Trade and Investment Partnership (TTIP), which seeks to “eliminate tariffs and other barriers to trade that exist between the European Union (the EU) and the United States of America (the US), and to thereby open up the markets on both sides of the Atlantic” (BMW n.d.: para. 1).

It is feared that TTIP will only benefit the main participating partners – EU and US – while others will suffer major economic drawbacks. A study published by the Bertelsmann foundation stated that Mexico will suffer a loss of 7.2% of its GDP, if the treaty was ratified. Only Australia (-7.4%) and Canada (-9.5%) will suffer a greater negative growth¹.

The research was conducted while TTIP is being debated between the EU and the US. Moreover, the research may provide an insight to how TTIP negotiations are perceived by the Mennonite community. Since the passing of NAFTA over 20 years have elapsed and countless studies on NAFTA have been published. There is a contradiction in the academic and political discourse about free trade. On the one hand, it is argued that free trade is beneficial to each of the partners especially in economic terms. This is underlined by citing a great number of statistics on trade balance and GDP. Furthermore, countries that are highly engaged in FTAs, so the argument goes, are less likely to go to war with each other (McKenzie 2014: 241). In this respect, FTAs work to bring nations closer together and prevent dangerous fallout from political disagreements. On the other hand, some authors argue that free trade agreements foster the growth of global inequality (Akinwade 2006), because small scale enterprises are not able to compete in the global market. Moreover, it is claimed that there is an unequal power balance between the participating members of free trade agreements partly due to governmental subsidies. US and EU agriculture is highly subsidized (Akinwade 2006: 152). Developing countries may not be able to compete with the highly subsidized agricultural produce.

How do free trade agreements (FTA) enable the growth of global inequality? And what are the coping mechanism of those, who suffer the most from the globalizing economy? For this research, I will focus on a specific cultural group in Northern Mexico: Mennonites. Despite the devastating effects of NAFTA on certain parts of the Mexican agricultural industry, the Mennonite community has been able to sustain their businesses and even expand. This making it an interesting case to explore the effects of international FTAs and their effects on particular industrial groups. Moreover, differences in working culture between Mennonites and Mexican people will also be considered.

What can we learn from past processes and how can we extract meaning from particular cases to a broader context? This leads to the following problem formulation:

¹ See appendix O.

How has NAFTA affected the Mennonite community in Chihuahua, Mexico, and what can we learn from the community's economic and cultural practices regarding expanding trade liberalization caused by FTAs such as NAFTA and TTIP?

The process of assessing trade agreements is "mind numbing, detailed, and technical. Meaning must be extracted from the text; it is not self-evident" (McKenzie 2014: 235). At the same time, TTIP is still being negotiated and many related documents are not yet publicly accessible. Therefore, the aim of this research is not to conduct an exhaustive study of policy related texts, but instead to examine how FTA have affected reality as exemplified by a specific case. In that sense, the history of NAFTA and its participating members is used to discern the meaning of trade liberalization in everyday life.

NAFTA acts as a great example in relation to the TTIP agreement, because both treaties revolve around trade and investment partnerships. At the time it was signed, NAFTA created the largest free trade zone in the world. A trade agreement between two of the leading industrial zones would most likely have similar effects on rural communities and others.

I chose to look at this topic from a social research point of view, though most studies are conducted from an economics perspective. I favor an interdisciplinary approach for this multifaceted global phenomenon, which means that this study will be considering economic, political, as well as social aspects. This is done by looking at standard economic factors such as GDP, trade balance, and unemployment rate. These indicators are used to present the economic development after the implementation of NAFTA. Moreover, this study will include social aspects such as working culture, which is believed may play a role in how a group of people reacts to changes and challenges.

To take a deeper look into this problem field, a qualitative study is conducted. The research focuses on Mennonite owned companies in the Mexican state of Chihuahua. The main part of the study consists of expert interviews with local Mennonite business owners and cultural experts. Although the few conducted interviews may only reflect upon the views of the interviewees, it is expected that a thorough analysis of their statements may provide insight into the problem area.

The study contributes to the ongoing debate in the following areas: free trade controversies, market liberalization, and growing inequality.

The presented research is structured as follows.

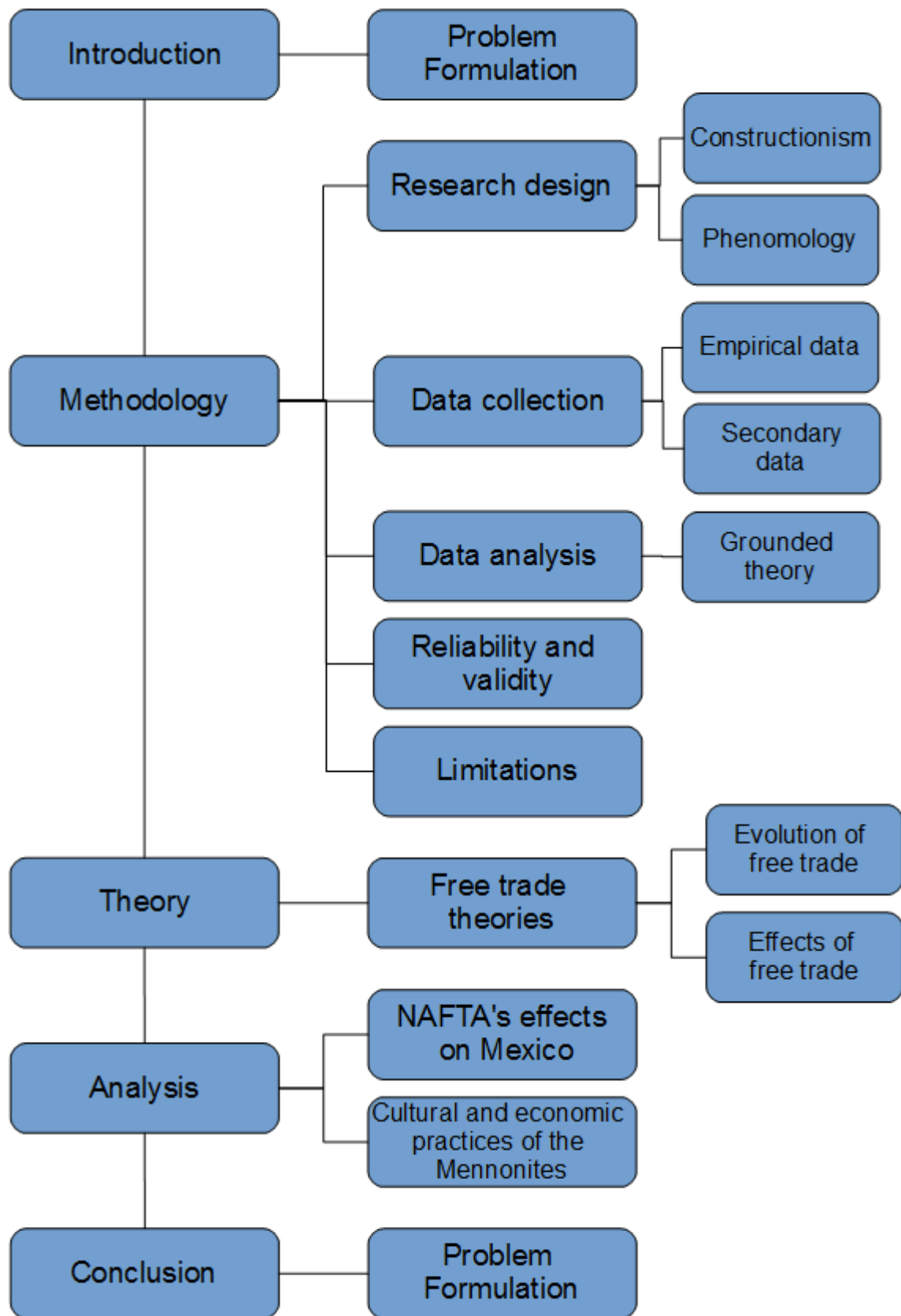


Fig. 1: Thesis outline (own creation)

The next section presents the methodological framework for the empirical study. I will argue for my chosen problem field, case, and interviewee selection, as well as state my researcher's point of view. Moreover, other data sources which are used to conduct the analysis in terms of economic effects of NAFTA will be introduced. Here, the Mennonites will be proposed as the main social group for this study. Theoretical approaches to the problem field are discussed in the *Theory* section. The historical narrative on international trade theories, from Adam Smith to Michael Porter, will also be presented. This is followed by the opposing evaluation of free trade regarding the aforementioned characteristics. In the *Analysis* section, the gathered data is assessed according to the posed research questions. This is done by focusing on the individual statements of the interviewees and presenting statistical information. First, the Mexican market is evaluated according to GDP per capita, unemployment rate, and trade balance. Second, cultural and economic practices by the Mennonite community after the implementation of NAFTA are presented. The *Conclusion* will summarize the findings and answer the research question. It is concluded that successful coping strategies comply with current economic theories. Moreover, cultural characteristics may play a deciding role in who is able to become and stay competitive in a global open market.

2 Methodology

In this section, I will argue for my research design, choice of data, analysis tool, reliability and validity of the study and present limitations. The main part of this study consists of a qualitative research approach. Although the conducted interviews may only reflect the views of the interviewees, it is expected that a thorough analysis of their statements may provide insight into the problem area. A qualitative study is preferred because new insights and problems may be discovered, which is vital when doing research about current phenomena like TTIP. Moreover, this research has an exploratory nature, as it tries to discover existing perceptions and individual practices for survival, thus qualitative measures are preferred.

For the methodological framework, I will be focusing on the concepts found in Alan Bryman's social research methods. I prefer to focus on one author in order to avoid contradicting conceptualizations of similar social phenomena.

About the researcher

Most studies of Mennonite culture and identity have been conducted by researchers who are either Caucasian American or European. This may be due to the German-Dutch heritage of the Mennonites and that there are several Mennonites communities in the US and Canada. I am German and thus have a European academic and social background. My study of Social and Cultural sciences has made me aware of different identity and cultural concepts and trained me to conduct qualitative interviews. Since I am applying a social-constructive research approach, I anticipate the individual sense-making of the social actors, my interviewees, but also may not ignore my own social and academic background. I am aware of the influence I pose on my interviewees, who were rather fond of my German heritage and eager to share their experiences and insights. Although language barriers provided some difficulties, the Mennonites generally spoke High German very well.

2.1 Research Design

For this research, I will explore to the current debate of TTIP and how it is perceived by the Mennonite community. Moreover, I am looking at the economic and cultural practices of a group that has flourished under NAFTA in order to identify principles that can be used in broader context.

I will start by providing a general overview of the Mennonite community in Chihuahua, Mexico.

Following, the evolution of international trade and trade theories is presented. This is followed by a critical literature review in terms of the impacts of free trade. Finally, I will define the key FTAs for this study: NAFTA and TTIP. This is done to provide the necessary framework for the analysis. I will focus on grounded theory as an analytical tool. I will develop codes from the gathered interviews, which will be used to realize concepts and categories at a later stage.

Qualitative measures

I mostly rely on qualitative research methods by conducting interviews, taking field notes and trying to give the silent a voice. Global economics tend to overlook minority groups, especially when the benefits for the partner in power prevail. Using a qualitative research design may reveal previously unknown perceptions of global phenomena and provide a basis for political action. It is a “research strategy that usually emphasizes words rather than quantification in the collection and analysis of data” (Bryman 2012: 36). Qualitative research predominantly concerns itself with the generation of new theories. However, it is not anticipated that a new theory is developed through this research; qualitative measures have been chosen in the hopes of providing more insight than quantitative measures could in this research.

Iterative design

An iterative research design was pursued; iterative describes a constant weaving back and forth between data and theory (Bryman 2012: 26). Research is a never ending process, a written paper may only reflect upon the reality at a specific moment. Constantly weaving between theory and data, may provide a better understanding for current phenomena since it frames research as an on-going process. Moreover, the iterative design is compatible with the analytical tool *grounded theory*, which is used for the analysis. The iterative design is visible in the use and development of the interview guide. There is a constant alignment among the collection of the data, theoretical concepts and analysis.

2.1.1 Case study design

As previously mentioned, I am researching a specific case: the Mennonite community in Chihuahua, Mexico. A *case* is usually associated with “a location, such as a community or organization” (Bryman 2012: 67). A case study tends to involve an intensive examination of the setting (ibid.). I interviewed 13 people who are working in the agricultural, industrial, and educational sector. These people provided me with a general outlook on the research area. The

interviewee sample varies in age and occupation and may provide the research with necessary background information, despite its small sample size.

The study of the economic practice of the Mennonites presents itself as a *unique case*, which Alan Bryman defines as "[holding] an intrinsic interest that made it essentially unique" (2012: 70). For this study, the case was identified as a unique case because the Mennonite community withstands global economic phenomena exceptionally well as compared to their Mexican counterparts. Thus, it is anticipated that there might be lessons to be learned from their approaches and experiences.

Many scholars have argued that "one cannot generalize from a single case, therefore, the single-case study cannot contribute to scientific development" (Flyvbjerg 2006: 219). However, Flyvbjerg (2006: 224f.) advocates that practical knowledge is more valuable than the search for predictive theories and universals. He argues that it is possible to generalize on the basis of one case, case studies can be used to generate and test theory, case studies do not reflect a greater bias towards the researcher's preconceived notions and methods, and it is possible to summarize case studies, but often not advised. Taking Flyvbjerg's arguments into account, this study is expected to generate ideas and concepts which could be used for rural communities in case TTIP was ratified.

Selection of the case

Cuauhtémoc is the region in Chihuahua that brings in the most new employment, and pays it its employees more than the national average wage (von Oldershausen 2014: para. 3). The region's credit union, la Unión de Crédito Agricultores de Cuauhtémoc (UCACSA), has 3,200 shareholders, the most shareholders of the 140 major credit unions in all of Mexico, all of whom are Mennonite except one (transcript 9: 176). This same credit union also ranks first in total revenue (transcript 9: 171f.).

Approximately 50.000 Mennonites live in the Northern Mexican state of Chihuahua. They are an important part of the local industry and shape the development of the state. In comparison with ethnic Mexican farmers and industrial producers, the Mennonites continue to have more revenue than their Mexican counterparts during times of crisis and global challenges. Therefore, this group was picked for a case study to illustrate survival techniques of specific groups.

2.1.2 Religious group: Mennonites

The term Mennonites is used in a variety of ways and connotes different meanings. Koop states that “[t]he word 'Mennonite' may refer to a particular cultural or ethnic tradition with religious roots, or it may refer to a particular religious orientation or church-denomination” (2014: 199). Today, around 1.7 million baptized Mennonites live in over 80 countries, while an additional number of people identify themselves as Mennonite in the sense of having an ethnic, rather than religious, connection to the name (ibid.). For this research, the term Mennonite refers to the descendants of participants in the 16th century Anabaptist movement. The Anabaptist movement began in Europe during the Protestant Reformation. As a newly formed religious community Mennonites were persecuted by their contemporary opponents and eventually fled Europe.

Migration trajectory

The Dutch Catholic priest Menno Simons united the Anabaptist movement in 1536. In the 16th century, Mennonite groups some from Germany settled in Prussia (modern-day Poland), where they were granted many privileges such as the free exercise of their faith, complete control of their education, exemption from military service, and the implementation of their own government. After 250 years, the Prussian government restricted their freedoms from acquiring more land. The tsar Catherine the Great then invited the Mennonites to settle in southern Russia (in what is now Ukraine). In 1789 the first group of 228 families arrived in Russia and founded an agricultural village. More than 90% of today's Mennonites in Chihuahua are descendants of this group. The situation of the Mennonites in Russia changed drastically when the special office for addressing colonial issues was abolished and a new political agenda demanded the integration of settlers into Russian society. Since some Mennonites did not want to be integrated into Russian society, the most conservative Mennonites (around 8.000) left Russian between 1874 and 1878 to immigrate to Canada. In Canada, the Mennonites obtained lands in the province of Manitoba and privileges that allowed them to maintain their independent education and their beliefs.

After the First World War, the Mennonites were forced to send their children to public schools in the provinces of Manitoba and Saskatchewan. This broke the promise that the Canadian government had made in 1873, which allowed them to have their own schools where German was spoken and religious education undertaken. The Mennonites started looking at South America for a place where they would be free to pursue this education and exempt from military service.

Mennonites in Chihuahua

Mennonite's settling in Mexico is the product of special circumstances and exhibits unique characteristics. The Mennonites residing in Mexico today, are mostly descendants of Canadian-born Mennonites who came to Chihuahua in the 1920s. In March 1922, 215 Mennonites arrived in Chihuahua and within the next four years several thousand members of their community from Manitoba followed (Will 1997: 355).

President Alvaro Obregón invited the religious minority to settle in Mexico and pledged for federal protection of the Mennonites' interests (Will 1997: 353). The Mennonites came to Mexico at a time of change. The Mexican revolution had ended two years prior to the Mennonite migration, and many people were still trying to develop a sense of *mexicanidad*. At the same time the government was challenged with reconstructing the nation, while having to realize some of the revolution's goals in order to secure its legitimacy (ibid.: 354). In the case of the Mennonites, the federal government decided to sell a large tract of land to a group of foreign farmers, instead of parceling the land out to former peasants, which could be perceived as acting contrary to the revolutionary injunctive for the government to maintain the support of the people and secure economic and agricultural growth and stability.

Obregón issued a presidential decree granting the Mennonites exemption from military service and freedom of state intervention in religious life and education in order to secure the Mennonite colonization (ibid.: 354). All of these privileges (secular land ownership, education, etc.) clearly conflicted with the Mexican Constitution's regulations.

Nevertheless, importing colonists to Mexico in order to reconstruct the country was in the nation's best interest. The Mennonite group seemed promising as they arrived with capital and good work habits, which would promote economic growth. The arriving Mennonites were mostly members of the *Old Colony*, a highly traditional and closed church within the larger Mennonite community (Will 1997: 355).

The Mennonites brought an estimated four million dollars in capital to the country, as well as different breeds of cattle and new types of seeds to Chihuahua (Will 1997: 371). The region of Cuauhtémoc, where the Mennonites settled, became a thriving center of agricultural and commercial activity, which also benefited the surrounding areas. Moreover, the Mennonites invested heavily in the construction of roads and, thus, made an invaluable contribution to the economic development of the region (ibid.: 372).

Conceptualization of the modern Mennonite

There is a stark difference between the Mennonites in Chihuahua, and the ones in Canada. Most of my interviewees would be considered *modern Mennonites*, since many of them pursue their business in sectors other than agriculture and also refrain from wearing traditional clothing among other more modern practices. They do however keep their Christian religion and try to maintain their German and Low-German language skills. Most speak up to four languages fluently: Low-German, German, Spanish and English. Moreover, they engage with the Mexican society which is a rather new phenomenon. 20-30 years ago there was a change in beliefs in the Mennonite community, more Mennonites started to go to Mexican schools and marrying Mexicans instead of people from their local community (appendix M).

For a better readability I will use the term *Mennonite* as an equivalent to present-day Mennonites, descending from the Old-Colonial settlement in Canada, who are currently residing in the northern border-state of Chihuahua.

2.1.3 Selection of the interviewees

The interviewees vary in age, industry and employment position. All interviewees are male, this was not my initial intention; however most Mennonite women work in the home and take care of the children. I conducted eleven official interviews in two colonies lasting from 20 to 60 minutes each. The interviewees were aware that I was conducting research and did not want anonymity. The interviews were recorded, transcribed and translated. Moreover, I kept field notes that can be found in the appendix. In the field notes, I expressed personal and first-hand impressions, as well as recording informal conversations.

	Interviewee	Company	Position
Group 1 Culture expert	Eddie Plett (transcript 1)	Centro Escolar Evangelico col. 305, Printing press	School director
	Veronica Loewen (Field notes 30/03/2016)	Centro Escolar Evangelico, col. 201	School teacher
Group 2	Peter Rempel (transcript 2)	Peter Rempel Enns (Apple sorting, Packaging and refrigerators)	Owner Ex President Union de Crédito (1994-1998)

Agricultural sector	Jesus Quintana (transcript 2)	Peter Rempel Enns (Apple sorting, Packaging and refrigerators)	Employee, son in law of Peter Rempel
	Gerhard Reimer (transcript 7)	Industria Sillera (Apple sorting, chair factory)	Owner apple plantage employee chair factory
	Cornelius Reimer (transcript 8)	Hacienda Agropecuaria La Esperanza (Apple sorting, dairy farms, breeding bulls)	Owner
Group 3 Industrial machinery and retail	Lio Schmitt (transcript 3)	JKD Products (trailers) Gas station	Employee (sales) former PJ trailers, now US company in
	Ed Heide (transcript 4)	Materiales del Norte (construction material)	Employee, Sales department
	Peter Loewen (transcript 5)	Remolques del Norte (trailer production)	Operation manager, Sales
	Cornelius Loewen (transcript 6)	Remolques del Norte	Owner
	Enrique Giesbrecht Fehr (transcript 10)	Águila Real (Agricultural and industrial machinery production)	Part-owner together with brother David Giesbrecht Fehr
	Richard Reimer (transcript 11)	Reimer Jackets (Chamarras Reimer)	Owner
Group 4 Credit Union	Arnoldo Ochoa Delgado (transcript 9)	Unión de Crédito de Ciudad Cuauhtémoc	Gerente de Crédito (Credit manager)
	Antonio Loewen (field notes 30/03/16)	Unión de Crédito de Ciudad Cuauhtémoc	Internship

The interviewees may be grouped into 4 categories: (1) Mennonite culture expert, (2) agricultural industry experts, (3) mechanical industry and retail experts, as well as (4) members of the credit union.

Four interviewees were working in apple production, while two of those run multiple companies at once, including chair factories, dairy farms and breeding bulls. Four interviewees work in industry, mostly trailer production. Two interviewees work in manual labor: construction, jacket

production, and sales. Eddie Plett is a school director who provided me with general information about Mennonite culture and economy. Veronica Loewen added first hand knowledge on present-day Mennonite life. I talked to two people from the credit union of Cuauhtémoc, Peter Loewen (intern) and Arnoldo Ochoa Delgado (credit manager).

2.1.4 Constructionism and phenomenology

Social research concerns itself with social actors and social phenomena. Before carrying out any meaningful research, one has to be aware of the existing preconceptions and academic stances. Ontology and epistemology describe the relationship of research to theory.

Ontological perspective – Constructionism

The focal point of this research is the social actors, in this case the Mennonites in Chihuahua, Mexico. Richard Zaner states, that understanding the social world as it is for those people who participate there, it is only possible if one practices the art of listening to these participants in their own terms within the social world they construct for themselves (Kersen, Zaner 1973). A constructionism approach favors an ontological perspective, which highlights the subjective meaning and sense-making of the social actors. Bryman states that constructionism is “[a]n ontological position (often also referred to as constructivism) that asserts that social phenomena and their meanings are continually being accomplished by social actors” (Bryman 2012: 710). This is antiethical to objectivism, which “implies that social phenomena confront us as external facts that are beyond our reach or influence” (ibid.: 32). Constructionism questions whether “social entities can and should be considered objective entities that have a reality external to social actors, or whether they can and should be considered social constructions built from the perceptions and actions of social actors” (ibid.). For this study, the latter is favored. Social entities are understood as social constructions built by social actors. The applied qualitative measures are meant to discover the social world of the research participants. Moreover, the researcher him/herself plays a vital role in the depiction of the observed phenomena. There is no definite truth or knowledge, rather an interpretation or a specific version of reality presented by the researcher and his/her methods of sense-making (ibid.: 33).

Epistemological perspective – Phenomenology

Epistemology concerns itself with a subject's approach to reality and ways and means of knowing. It poses the question: what kind of knowledge can be regarded as acceptable in a

discipline? Bryman distinguishes between two opposing concepts *positivism* and *interpretivism* in the following: positivism “advocates the application of the methods of the natural sciences to the study of social reality and beyond” (Bryman 2012: 28). It is assumed that science must be conducted in a way that it is value-free. Hence, this epistemological stance is contradictory to constructionism, since constructionism denies the possibility of value-free social research. In opposition to positivism, Bryman (2012) introduces interpretivism, which “is predicated upon the view that a strategy is required that respects the differences between people and the objects of the natural sciences and therefore requires the social scientist to grasp the subjective meaning of social action” (Bryman 2012: 30). This definition is in line with constructionism, since both concepts favor the sense-making of the social actor, which requires a specific (epistemological) strategy to conduct valuable social research.

However, the term interpretivism “subsumes the views of many writers, who have been critical of the application of the scientific model to the study of the social world” (ibid.: 28). These writers have been influenced by different intellectual writings. All of them take an interpretative stance. Phenomenology is one of the main intellectual traditions of interpretivism. Based on the writings of Alfred Schütz, who was influenced by the works of Weber and Husserl, phenomenology is based on the belief that “[t]he thought objects constructed by the social scientist, in order to grasp this social reality, have to be founded upon the thought objects constructed by the common-sense thinking of men, living their daily life within the social world” (Schütz 1962: 59). Hence, the focus in phenomenology is to understand the social world from the perspective of the social actor. The “thought objects” constructed by the social scientist will furthermore be embedded in the scientific discourse about FTAs and global inequality.

It is expected that the same external factors do not provoke the same universal outcome for each social actor. Similar external factors, e.g. ratification of a FTA, have a different impact on each of the members of respective ethnic groups. Moreover, the social, cultural and economic environments play a vital role in understanding the ongoing processes. Therefore, I will begin by describing the cultural and economic contexts of the Mennonites in Northern Mexico and the Mexican agricultural sector. This may function as a positioning for my findings, which are presented in the conclusion.

2.1.5 Question of paradigms

Guba defines paradigms as “a basic set of beliefs that guides action, whether of the everyday variety or action taken in connection with a disciplined inquiry” (Guba 1990: 17). Hereby, epistemological, ontological and methodological concepts are intertwined and incompatible between paradigms. Paradigms are widely used in social research Guba (1990) presents various paradigms such as critical theory or constructivism. There are similar terms, although differently named, in the conceptualizations of Bryman (2012). According to Bryman, the argument of the paradigm is “that it rests [...] on contentions about the interconnectedness of method and epistemology” (Bryman 2012: 630). However, he distances himself from the notion and application of paradigms by stating that there is no “interconnectedness of method and epistemology” and the same method may be applied during opposing epistemological positions, the outcomes of research may differ. This argument is supported in this paper. Consequently, I will not use paradigms to guide the research.

2.2 Methods of data collection

The data samples comprises empirical and secondary data. The empirical data was gathered through expert interviews and field notes. This data may offer personal insights into the problem area, which will help to answer the posed research questions. The secondary data is used to describe the Mexican economy and trade relations between the US and Mexico.

2.2.1 Empirical data

The empirical data was gathered through semi-structured expert interviews and field notes. Before the interviews, I provided the interviewees with a general understanding of the researched topic, but did not send them the specific questions beforehand. This was done to secure well-thought-out answers related to the influences of NAFTA and TTIP, while allowing more spontaneous answers about Mennonite identity, which may reveal subconscious layers of meaning and sense-making. This is important to take into consideration since I am focusing on social-constructivist sense-making of the social world.

I conducted eleven interviews with Mennonite business owners and cultural advocates in March 2016. The interviews took place during the course of two weeks. I took this opportunity to employ different types of interviews as my research was developing. For the first interview with

Eddie Plett in Los Jagüeyes, I used an unstructured interview, focusing on the overall topics I wanted to discuss. Especially since until that day I had only read articles about Mennonites, I preferred the unstructured interview in order to be able to adapt to cultural specifics. Moreover, Mr. Plett is a school director and informed me mostly about Mennonite culture and general business developments over the last decades. For the second interview day, I was accompanied by Veronica Loewen, a Mennonite herself, who offered to take me around town and introduce me to local business owners. This time, I had prepared a semi-structured interview guide which was, to some extent, based on the findings, I had made the previous week through my conversation with Mr. Plett.

One may argue that different kinds of interview prohibit the ability to compare them. However, I am following an iterative approach and take into account that research is endless and new horizons may always appear. Thus, I decided to employ different kinds of interviews to embrace this peculiarity of social research.

Interviews

Semi-structured and unstructured interviews are the most common types used in qualitative research (Bryman 2012: 469). This is due to the exploratory nature of qualitative research and a social-constructivist research approach. In the following, I will describe the types of qualitative interviews more in-depth and present my interview guide.

- *Unstructured interview*

During an unstructured interview, the “interviewer typically has only a list of topics or issues, often called an interview guide or *aide-mémoire*, that are to be covered. The style of questioning is usually informal. “The phrasing and sequencing of questions will vary from interview to interview” (Bryman 2012: 213). I decided to conduct an unstructured interview with my first interviewee in order to gain a general understanding and identify existing preconceptions about the research topic. I was able to design my interview guide for the semi-structured interviewees accordingly. The advantage of the unstructured interview is, that it allows for a great flexibility to pursue topics which seem to be of particular interest to the interviewee. Moreover, it reveals the interviewee's values and opinions on certain topics as well as what remains unsaid.

- *Semi-structured interviews*

During semi-structured interviews, the interviewer has a series of questions that generally outline the interview; however, the interviewer has the ability to vary the sequence of questions.

Moreover, the interviewer has latitude to ask further questions in response to what he/she sees as significant replies. For the most part, the questions are some-what more general in their frame of reference than those for structured interviews (Bryman 2012: 212).

During the semi-structured interviews, I allowed the participants to answer freely and influence the direction of the interview. This was done in order to discover where the interviewee placed particular emphasis. After the two interviews in the colony in Los Jagüeyes, I spent an extended amount of time with the interviewees showing me around and telling me more about the Mexican Mennonites. Moreover, I had an informal conversation with Veronica Loewen, who helped me contact the interviewees in Cuauhtémoc. Summaries of these informal experiences will be found in the field notes (appendices L, M, N).

- *Interview guide*

Interview guides may vary from a rough idea or topic to specific questions that are to be asked. Bryman states, “[w]hat is crucial is that the questioning allows interviewers to glean the ways in which research participants view their social world and that there is flexibility in the conduct of the interviews” (Bryman 2012: 473). This ensures to understand the world from the social actor's point of view which is important for constructionism.

Since no one really likes to talk about their wealth with outsiders, I decided to not ask for specific numbers in order to avoid violating the trust, I was trying to establish during the interviews. Rather I asked for general perceptions and understanding of the events in the recent decades, including detailed numbers on trade. I procured these numbers from official statistics, which do not contain a separate report for Mennonite economics.

In the following, I present the interview guide for the semi-structured interviews. Similar questions were asked throughout the interviews to generate a general and comparable picture. However, the participants had the freedom to influence the interview by emphasizing their needs and opinions.

Topic	Question	Purpose
Introducing questions	What is your position in this company?	Validation of expert knowledge
	When did you start working here?	Easy questions to make the interviewee more comfortable in his/her position
	Why did you decide to start working here?	

Trade partners	Do you export your goods? Which countries are your most common trade partners?	Trade
NAFTA	What immediate impacts did NAFTA have on your business life? Have your views about NAFTA changed? What do most people think here about NAFTA? Is that the way you feel, too? How did you cope with the new possibilities and maybe restriction of NAFTA?	Influences of NAFTA on the Mennonite community. Perceptions of NAFTA.
TTIP	How did you feel when you first heard about TTIP/ NAFTA?	Perception of TTIP
TTIP	How would you react if TTIP was ratified/ What would your immediate reaction be? Do you think it would have an influence on how you carry out your company? + water scarcity	Perceived significance of TTIP/ awareness US as trade partner; highly subsidized EU agriculture
	What advice would you give to other people who find themselves in a similar situation	Survival techniques
	Are some Mennonites giving up and leaving Mexico?	Effects of NAFTA
Face sheet	When were you born?	Age

Additional follow-up questions were asked to further clarify the interviewees' experiences and opinions. This reflects the strength of the semi-structured interview it allows for further clarification.

- *Interview transcripts*

The transcripts can be found in the appendices. The interviews were conducted in German, Spanish, English, and partly in Low-German. Since I am not focusing on a linguistic analysis, language mistakes are not taken into account. The quotes were modified in order to be more readily understood. Moreover, some parts of the interviews have been summarized, as they do not provide insight into the research area. The transcripts were translated into English, transcript lines for the analysis are taken from the English transcripts.

- *Having an interpreter*

Neither my Spanish nor Low-German are strong enough for conducting interviews. In order to make the most of the interview, I decided to rely on an interpreter during some interviews. Having another person present may influence the interviewee and change the dynamic of the interview. However, since I am conducting expert interviews, and therefore relying mostly on what is being said rather than how it is said, having an interpreter present is not likely to significantly interfere with the outcome of the interview. Thus, this was not taken into account in the analysis.

Field notes

Field notes are associated with ethnographic research. These notes are usually taken during participant observations in a specific field, such as an organization, or cultural group, or at certain events. Field notes tend to be “fairly detailed summaries of events and behavior and the researcher's initial reflections on them” (Bryman 2012: 447). Due to the frailties of human memories, field notes are widely used tool in ethnographic research. Moreover, field notes may contain initial analytical thought and act as a springboard for theoretical elaboration of the data (ibid.).

I took field notes (appendices L, M, N) on my three research trips to the Mennonite communities in Cuauhtémoc and Los Jagüeyes. The field notes are used to reinforce the researcher's memory. The encounters with Veronica Loewen and her brother, who interns at the Credit Union, were informal and documented in the field notes. Moreover, I gained insights into the societal aspects of the community after the interviews with Eddie Plett and Richard Reimer. These impressions are recorded in written form in the field notes.

2.2.2 Secondary data

These statistical information will be used to draw a picture of the region of Cuauhtémoc and the economic influence of NAFTA on the Mexican economy.

For the economic development three indicators are considered: GDP, unemployment rate, and trade balance. The statistical data is taken from the OECD website, which ensures that the same methodological for each country is applied. It would have been beneficial to use the Gini coefficient to assess income inequality in the respective nation. However, for Mexico the Gini coefficient is only available for 2012 (OECD 2016: income inequality), which hinders an assessment of inequality with this indicator.

The graphs are used to illustrate the economic development of the respective countries. Each of the countries, Mexico, Canada and the US, are included in the graphs for a better comparison. As a time frame 1990 to 2015 was chosen. This time frame starts before NAFTA was ratified and concludes with the most recent data. This is may show the economic development after NAFTA.

GDP per capita

The GDP is a measure for economic activity. It is defined as: "Gross domestic product (GDP) at market prices is the expenditure on final goods and services minus imports: final consumption expenditures, gross capital formation, and exports less imports" (OECD 2016: Gross domestic product). The GDP per capita is the economic output per person. It is an important economic indicator. The GDP per capita from the NAFTA partners are discussed in the analysis.

Unemployment rate

Unemployment is an important indicator for the state of the national economy. "Unemployment rate is the number of unemployed people as a percentage of the labour force, where the latter consists of the unemployed plus those in paid or self-employment. Unemployed people are those who report that they are without work, that they are available for work and that they have taken active steps to find work in the last four weeks" (OECD 2016: Unemployment rate).

Trade balance

For this study the trade balance between Mexico and the US are considered. The trade balance equals the export minus the import of goods. A negative trade balance means that the country is importing more than it exports, which is considered a trade deficit ("Balance of trade" (n.d.): para. 2). The data is taken from the US Census Bureau. The trade balance between Canada and Mexico is not discussed, because the study focuses on the trade relation between the US and

Mexico.

2.3 Data analysis

The analysis will be carried out on the basis of an iterative research approach and the epistemological position of phenomenology. There will be an ongoing back and forth process while analyzing and collecting the data. The analysis of the interviews will focus on conscious knowledge. In the following, I will introduce the qualitative analytical tool *grounded theory* and elaborate on its *coding* tool. These tools are used for the evaluation of the interview statements and the statistical information.

2.3.1 Grounded theory

For the analysis of the gathered data, I will be relying on *grounded theory*. Grounded theory is an analytical tool that is widely used for qualitative research as it allows theoretical ideas to emerge out of the collection and the analysis of the data (Bryman 2012: 387). There are various definitions of grounded theory and scholars apply this method differently. However, a basic understanding of the method as a movement from the generation of codes that stay close to the data to more selective and abstract ways of conceptualizing phenomena prevails (Bryman 2012: 570). As previously mentioned, many qualitative studies aim to generate theory via an inductive research approach, but this is not the aim of this research.

Strauss and Corbin define grounded theory as “theory derived from data, systematically gathered and analyzed through research process. In this method, data collection, analysis, and eventual theory stand in close relationship to one another” (1998: 12). The two characteristics of grounded theory development of theory out of data and an iterative design are mentioned in this quote.

The research process and outcomes of grounded theory are briefly outlined in the following table:

Process	Outcome
1. Research question	
2. Theoretical sampling	
3. Collecting data	

4. Coding	Concepts
5. Constant comparison	Categories
6. Saturate categories	
7. Explore relationship between categories	Hypotheses
8. Theoretical sampling	
9. Collect data	
10. Saturate categories	
11. Test hypothesis	Substantive theory
12. Collection and analysis of data in other settings	Formal theory

Bryman (2012: 571)

The outcomes of grounded theory are concepts, categories, hypotheses and theory.

I will not be developing a formal theory, as this requires the data collection in contrasting settings (Bryman 2012: 570). Thus, more research is advised in a new field.

2.3.2 Coding

Coding is considered the key process in grounded theory. As data is being collected, codes are developed by the researcher. Since grounded theory follows the iterative approach, the codes are constantly being compared and revised to fit the developing meanings. Coding “entails reviewing transcripts and/ or field notes and giving labels (names) to component parts that seem to be of potential theoretical significance and/ or that appear to be particularly salient within the social worlds of those being studied” (Bryman 2012: 568). Herein, coding is considered the first step in the generation of a theory.

Coding entails different phases. Charmay (2006) distinguishes between *initial coding*, and *selective or focused coding*. Initial coding is very precise and may even result in one code per line. These codes provide the initial impression of the data. In this stage it is important to be as open-minded as possible in order to generate as many new ideas as possible (Bryman 2012:

569). Charmay states, “focused coding required decisions about which initial codes make the most analytic sense to categorize your data incisively and completely” (Charmay 2006: 57f.). Some initial codes may be dropped and new codes generated by combining and comparing initial codes.

For this research, initial and focused coding was carried out while the data was being collected. The questions for each interview varied slightly, since codes had emerged during previous interviews. The developed codes are presented in the following:

Initial codes	Focused codes
<ul style="list-style-type: none">• value for money• bankruptcy• apple dumping• corruption• subsidies• water scarcity• irrigation systems• wells• hail and other natural occurrences• border officials• bureaucracy• dairy farms• organic apples• Washington• illegal competition• law suits• etc.	<ul style="list-style-type: none">• innovation• growth• unionizing• diversification• emigration• compassion• corruption

The developed codes and categories are being compared with the academic literature and current relevant political discourse in order to substantiate the findings and support the research.

2.3.3 Writing about culture

To answer the proposed research question, cultural factors are taken into account. Culture is a heterogeneous and fluid concept used across academic disciplines. In order to avoid cultural determinism concepts as presented by Geert Hofstede and his followers, I am relying on the

statements of the interviewees. Thus, I am employing a social constructivist perspective, which depicts the social world from the view of the social actor, in this case the Mennonites.

2.4 Reliability and Validity

I will briefly discuss reliability and validity issues in the presented research. Bryman says that “reliability and validity are important criteria in establishing and assessing the quality of research for the quantitative researcher” (Bryman 2012: 389). However, these criteria are also important for qualitative research and may be transferred to this type of research. I will be applying concepts from LeCompte and Goetz (1982) and Kirk and Miller (1986) for the validity and reliability of the presented study.

Validity

Validity generally refers to whether “you are observing, identifying, or 'measuring' what you say you are” (Mason 1996: 24). Measuring is written in scare quotes because the term mostly applies to quantitative research. One may distinguish between *internal* and *external validity*. Internal validity occurs when there is a good match between researchers' observations and the theoretical ideas they develop (Bryman 2012: 390). This is a strength of qualitative research, since the researcher thoroughly engages with the researched group, which ensures a high level of congruence between concepts and observations (LeCompte, Goetz 1982). External “validity refers to the degree findings can be generalized across social settings” (Bryman 2012: 390). This is generally difficult to accomplish in qualitative research especially with a constructionism design and a limited sample size.

During this research, internal validity was accomplished by establishing a close relationship between theory, data collection and analysis. Moreover, current political debates about TTIP and NAFTA were constantly reviewed and evaluated in order to develop valid theoretical ideas. I am aware that it is difficult to generalize from one case (especially with a small sample size); however, it was attempted to ensure external validity, placing the Mennonite group in the broader economic and societal discourse.

Reliability

“*Reliability* refers to the consistency of a measure of a concept” (Bryman 2012: 169). It is concerned with issues of consistency among measures. LeCompte and Goetz (1982) distinguish between internal and external reliability. External reliability refers to the degree to which a study

can be replicated. As previously mentioned, this is a difficult task for qualitative research, as it is impossible to freeze social settings. If a study is replicated, the social researcher has to be in the same social role as the original researcher in order to gain comparable results. Internal reliability requires the members of a research team to agree upon what they observe.

Internal reliability was not of concern for this study, as the research was carried out by only one researcher. Since I am relying on well-established methods for the collection and analysis of the data – interviews, field notes, and grounded theory – it should be possible to replicate the study at a later stage. This may be valuable in gaining a greater insight into the Mennonite community and into the effects of trade liberalization.

2.5 Limitations

Some limitations are based on the use of grounded theory as an analysis tool. Qualitative data analysis has not reached a high degree of codification of analytic procedures, although many writers would argue that this is not desirable anyway (Bryman 2012: 565). Thus, the method of grounded theory may only function as a broad guideline for the analysis and interpretation of the data. Moreover, the data collection and analyzing process may have come to a premature end. Also, the outcomes may only pertain to a given moment, resulting in the necessity of further testing of any derived hypothesis.

Furthermore, grounded theory argues for the use of neutral observations as a starting point. This was not desired in this study. Theoretical conceptualizations were taken into account in order to ask specific questions during the interviews in order to obtain meaningful results. However, the research focus developed over the course of the data collection and analysis.

Despite the usage of grounded theory, there are some other limitations to the study. Although the interviewees vary in age and occupation, I failed to interview any women. This may lead to a biased male perspective of the research issue. However, in the Mennonite culture women tend to stay at home and take care of the children, which made it very difficult to find a meaningful interview partner. The only female perspective I gained was from Veronica Loewen, which is reflected in the field notes. Moreover, the interviewee sample lacks another important demographic e.g. those people who had to redefine their economic profession within the last two decades. Additionally, it would have been beneficial to also interview Mexican farmers in order to make for a better comparison with the Mennonites.

Moreover, it is difficult to analyze ongoing phenomena based on a singular event and one point in time. On the one hand, NAFTA was passed over 20 years ago, which means that the people hardly remember their distinct reactions at this point in time. By now, many have accepted NAFTA and have grown accustomed to it. On the other hand, TTIP is a very current topic and many of my interviewees have not yet heard about it or knew very little about it.

3 Theory

The objective of this section is to provide a theoretical underpinning for the analysis of data. The academic discourse on FTAs is presented, the focus is on the opposing stances which are currently present in academics. Additionally, I am going to critically reflect on the used sources. This section sets the necessary context for the research and will lead to the contradiction from which my problem area arose.

Firstly, an overview of the concept of free trade and FTAs and their historical development is given. This is done in order to better understand the current global trading system because it is based on its historical narrative. Moreover, I will be defining economic concepts, such as *trade protectionism*, which are used for this study. The main international trade theories, which are based on absolute advantage, comparative advantage, and competitive advantage, are introduced in sub-section 3.1.2. In sub-section 3.1.3, free trade, and free trade agreements such as NAFTA and TTIP, are presented. Ever since the implementation of FTAs there have been academics, economists and politicians who highlight different aspects of these agreements. In the sub-sections 3.2 and 3.3 I will critically present the two most common positions which are *prosperity for all* and *growing global inequality*. The section ends with a short description of the problem field for the following analysis.

3.1 Free Trade

Free trade is a policy followed by international markets in which countries' governments do not restrict imports from, or exports to, other countries. *Trade* is “the activity of buying, and selling, or exchanging, goods, and/or services between people or countries” (“trade” n.d.: B1).

Nowadays, many countries are members of the World Trade Organization (WTO) multilateral trade agreements. The WTO is an organization for trade opening, a forum for governments to negotiate trade agreements, a place to settle trade disputes and it operates a system of trade rules (“who we are” n.d.: para. 1).

3.1.1 Evolution of international trade

First trade relations are probably as old as civilization itself. There are first records from the Assyrian merchant colonies in the 19th century BC (Rawlinson 2001), another notably ancient

network of trade routes is the *Silk Road*, which connected the Asian continent from China to the Mediterranean Sea (Elisseeff 2001). Trade on the Silk Road was a significant factor in the development of the civilizations of China, the Indian subcontinent, Persia, Europe, the Horn of Africa and Arabia, because it opened long-distance, political and economic relations between these civilizations (Bentley 1993: 32).

The rise of a world trading system began with the industrial revolution which marked a major turning point for world trade in the early 19th century (World trade report 2013: 46). The industrial revolution brought immense technological advances in transportation and communication, which steadily reduced the cost of moving goods, capital, technology, and people around the globe. Since the mid-1800s, the world's population has grown roughly 60-fold, and world trade has grown over 140-fold (Maddison 2008 as cited in the World trade report 2013: 46).

The rise of a world economy, expansion of world trade, and economic integration may be referred to as globalization processes. Nowadays, globalization is difficult to imagine without the active intervention of politics. The last century is characterized by the rise of multilateral economic institutions, more activist economic and social policies at the domestic level, and assumption of the global leadership mantle by the USA. The long-term trend of the last century has been in the direction of expanding trade and deeper integration, but unpredicted geopolitical shocks (e.g. World Wars) have periodically interrupted or reversed this trend (World trade report 2013: 46).

Over the last three decades, international trade flows have increased dramatically. The value of world merchandise products rose from US\$ 2.03 trillion in 1980 to US\$18.26 trillion in 2011 (World trade report 2013: 55). One of the factors contributing to the expansion of trade is the reduction of trade barriers. Trade barriers include all costs of getting a good to the final customer besides the producing cost: transportation costs, policy barriers, and internal trade and transaction costs.

Trade protectionism

While technological and structural forces are the main drivers behind globalization, political forces play an equally central role – either facilitating the rise of a global market or resisting it. The latter may be referred to as *trade protectionism*. These policies are used by mostly richer governments to protect their local economies, when the challenge of competitive imports

becomes overwhelming or when they think that their industries are being damaged by unfair competition from foreign industries (“the case for open trade” n.d.: para. 7). As an excuse to protect producers, trade protectionism includes subsidies, complicated red tape², and hiding behind legitimate policy objectives such as consumer protection.

Adam Smith, the father of modern economics, criticized government protectionism because it hinders natural economic growth (Smith 1776: 336-338). Additionally, according to the WTO “[p]rotection ultimately leads to bloated, inefficient producers supplying consumers with outdated, unattractive products” (“the case for open trade” n.d.: para. 7). Eventually, the protected factories will close causing an increasing unemployment rate despite governmental help.

3.1.2 International trade theories

The development of trade theories may be pinpointed to the three most influential economists in this sphere: Adam Smith, David Ricardo and Michael Porter. The following groundbreaking economic theories – absolute advantage, comparative advantage, and competitive advantage – led to the development and evolution of free trade policies. The traditional theories from Smith and Ricardo are useful in understanding many of today's industrial and trade policies. Porter's more recent trade theory addresses the global economy, which was not present at Smith's and Ricardo's lifetime. Porter also critically discusses issues of the previous trade theories.

Following, I will summarize the key ideas of the theories referring to international trade.

Adam Smith: Absolute Advantage

Adam Smith (1723-1790) is considered the father of modern economics and is still among the most influential thinkers in economics (Davis et al. 2011: 133). In his book “The Wealth of Nations” (Smith 1776), he advocates the division of labor: “the greatest improvement in the productive powers of labour and the greater part of the skill, dexterity, and judgement with which it is anywhere directed, or applied, seem to have been the effects of the division of labour” (Smith 1776: 13). Smith introduced two important trade concepts: specialization and free exchange (Cho, Mun 2013: xxi). According to Smith, each trading partner benefits if countries specialize in the productions of goods in which they have an absolute advantage. Absolute

2 *Red tape* is a colloquial term used for bureaucratic practice which describes a "collection or sequence of forms and procedures required to gain bureaucratic approval for something, especially when oppressively complex and time-consuming" ("red tape" 2001).

advantage refers to “[t]he ability to produce an output using fewer inputs than other producers” (Black et al. 2013). An output may be a product, good, or service.

International trade favors a division of labor among different countries. Today's global economy is beyond the scope of Smith's work. However, Smith and his followers provided some crucial bases for economic thoughts. Moreover, Smith's thoughts identified the social respectability of trade businessmen as an important class and justified their pursuit of profit (Cho, Mun 2013: 9).

David Ricardo: Comparative Advantage

David Ricardo (1772-1823) developed the theory of *comparative advantage* which “has been one of the few theories that economists of all the different schools understand and agree with” (Negishi 2014: 21). The nowadays famous numerical example of Ricardo's theory describes the exchange of cloth and wine between England and Portugal. In this example, England may require the labor of 100 men to produce cloth and 120 men to produce wine for the same period. In this case, it is in the interest of England to import wine. Portugal may need the labor of 80 men to produce wine and the labor of 90 to produce cloth. Therefore, it would be advantageous for Portugal to export wine in exchange for cloth (Ricardo 1951: 135). The exchange between these countries would take place notwithstanding that Portugal is able to produce cloth with less labor than in England. What matters here is the comparative costs. “England can export cloth since she can produce it with the relative cost (to wine) cheaper than Portugal, i.e., $100/120 < 90/80$ ” (Negishi 2014: 22).

Ricardo extended the theory of absolute advantage to the theory of comparative advantage, this means that even if a country does not have an absolute advantage in any commodity, this country and other countries would still benefit from international trade. In his theory, the superior country should specialize where it has the greatest absolute advantage and the inferior country should specialize in where it has the least absolute advantage.

There are two problems with this theory. First, the simple Ricardian model predicts a high level of specialization, whereas in practice countries produce more than one commodity including import-competing products and may not choose to specialize (Cho, Mun 2013: 10). Second, the model explains trade based on differences in productivity levels, but fails to explain why these differences exist (Cho, Mun 2013: *ibid.*). The simple Ricardian model has been extended to give an answer to these problems³.

3 Cho and Mun (2013: 10f.) showed that the first problem may be solved by assuming that certain circumstances predict the country to “specialize up to the point where gains from specialization become equal to increasing

Michael Porter: Competitive Advantage

Recent economic theories include Michael Porter's theory (1990) of *competitive advantage*. It is among the most influential theories for international business and trade or as Cho and Mun (2013: xix) state: "Michael E. Porter is indisputably recognized as the father of modern business". Porter argues for value creation: business should be a positive-sum game where all players win. This thought revolutionized prior economic theories which focused on beating the competition to be successful (Cho, Mun 2013: xix).

Michael Porter's so-called *diamond model* inhibits four interrelated components: factor conditions, demand conditions, related and supporting industries, firm structure, structure, and rivalry. In additions, there are two exogenous factors: chance and government (Cho, Mun 2013: xxi). The following graph illustrates and characterizes the components:

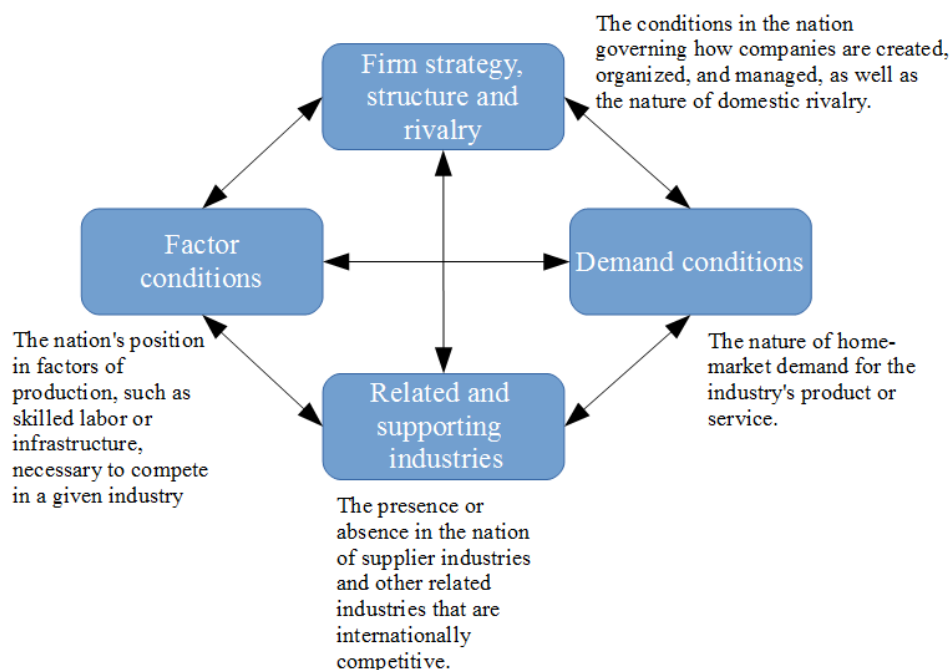


Fig. 2: Porter: Determinants of National Competitiveness (Cho, Mun 2014: 68)

Porter's theory claims that national prosperity is created, and not inherited, herein his model is thus dynamic. In a global economy, the role of a nation has become more important according to Porter, because each nation either favors or disfavors the creation and assimilation of knowledge which is a basis for global competitiveness. In Porter's theory, "[c]ompetitive advantage is

costs of specialization". The second problem is solved by the theory of factor endowments. For more information on factor endowments see Cho, Mun (2013: 11).

created and sustained through a highly localized process. Differences in national values, culture, economic structure, institutions, and histories all contribute to competitive success” (Cho, Mun 2013: 63).

Porter's theory gained a lot of praise after its publication in 1990. However, some critical voices became heard and Porter's single diamond model has been extended to a double diamond framework by Rugman and D'Cruz (1993) which suggests that managers have to consider domestic and foreign *diamonds* to become globally competitive. Moon et al. (1995, 1998) improved the framework, so it may be used to analyze small as well as large economies.

3.1.3 Free Trade Agreements

A FTA is "[a]n inter-government agreement to facilitate the exchange of goods and services across political borders by reducing and harmonizing any trade barriers (such as import duties on certain commodities)" (Castree et al. 2013). These agreements are based on the idea of comparative advantage; notable examples are the agreement to set up the European Trade Association (EFTA) in 1960 and NAFTA in 1994. Trade agreements may eliminate policy barriers to trade such as tariff and non-tariff measures.

North American Free Trade Agreement (NAFTA)

NAFTA is an abbreviation for *North American Free Trade Agreement* which went into effect in 1994. North America is hereby defined as Canada, United States and Mexico. This is an arbitrary definition and one not followed by others such as the United Nations (“Composition of macro geographical (continental) regions” n.d.: b/), but this definition is used for this paper since it provides a reasonable degree of utility.

“NAFTA established unprecedented ties within an economic region spanning the developing and advanced capitalist worlds, liberalizing trade in goods, services, and agricultural products among Mexico, Canada, and the United States” (Fairbrother 2014: 1326). With its implementation, NAFTA created one of the largest free trade zones in the world.

Article 102 of the agreement states its objectives, which are to:

- “eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services between the territories of the Parties;
- promote conditions of fair competition in the free trade area;

- increase substantially investment opportunities in the territories of the Parties;
- provide adequate and effective protection and enforcement of intellectual property rights in each Party's territory;
- create effective procedures for the implementation and application of this Agreement, for its joint administration and for the resolution of disputes; and
- establish a framework for further trilateral, regional and multilateral cooperation to expand and enhance the benefits of this Agreement.” (“Chapter One: Objectives” n.d.: para. 3)

There was a FTA between the US and Canada prior to NAFTA and Mexico has independently cut or eliminated many of its restrictive trade practices. NAFTA was supposed (and achieved) to take down most of the remaining barriers to trade and investment over the following 15 years (Sung 1992: 20). In 2008, the last remaining tariffs were removed within North America (“Frequently Asked Questions” n.d.: para. 8).

Trans-Atlantic Trade and Investment Partnership (TTIP)

TTIP is an abbreviation for Transatlantic Trade and Investment Partnership. It is the name of a FTA between the EU and the US which is currently negotiated. The Directorate-General for the Internal Market, Industry, Entrepreneurship and SMEs of the European Commission actively participate in the negotiation process (“EU-US cooperation” n.d.: para. 1). The negotiations include three pillars: market access, regulatory issues/non-tariff barriers and rule to address global challenges.

Negotiations about TTIP began in July 2013. During the EU-US Summit in November 2011, leaders from both sides directed the Transatlantic Economic Council (TEC) to establish a High Level Working Group on Jobs and Growth chaired by the US Trade Representative and the EU Trade Commissioner. The Working Group aims to identify measures to increase EU-US trade and investment (ibid: para. 3). However, since the tariffs between these trading zones are already rather low, the deal will focus more on business barriers such as safety standards or inspection procedures (Sara 2013: 8).

TTIP is currently in the second stage of the debating process – negotiation – the other stages are *mandate* and as a final step *decision*. In the current stage, the EU's TTIP team conducts meetings with the US Trade Representative's negotiators, swaps written proposals and will be drafting a

final text (“How we’ll make TTIP happen” 2015). After each TTIP Round⁴ factsheets, EU textual proposals and EU position papers are published online on the European Commission's website⁵. Also on the website of the *Office of the United States Trade Representative*⁶ one can follow the latest news regarding the negotiations.

The European public is rather skeptical of the trade agreement. Demonstrations are held in various EU countries such as France or Germany. The German public fears that multinational corporations will be given the right to sue governments for change in policies. Moreover, it is feared that US agricultural and genetically modified products will be pushed onto the European food market.

3.2 Free trade: prosperity for all?

The argument of open trade rests upon the wish of economic growth for the participating members. According to the WTO there is a "definite statistical link between freer trade and economic growth" (“The case for open trade” n.d.: para. 2). This is due to the principle of comparative advantage, where every country has an asset which can be traded with other countries be it human, industrial, natural or financial. Each country may concentrate on what they can produce best and trade these products with other countries. Liberal trade policies therefore sharpen competition, motivate innovation and breed success.

The broad consensus of economists is that free trade is a large and unambiguous net gain for society, despite the fact that it creates winners and losers. According to a study by Fuller and Stevenson economists disagree that international trade liberalization and open markets lead to “a degradation of national labor and environmental standards, large trade deficits, international financial instability, and an increasing degree of inequality in the distribution of income” (2003: 385).

Economic growth

Free trade enables the participating partners to import and export products, goods and services across nations. Thus, each country may gain economically from exchanging their commodities according to their competitive advantage. It is often argued that free trade stimulates economic

4 Until May 2016 there have been 13 TTIP Negotiation Rounds, all of those have been made publicly accessible to a certain degree.

5 See <http://ec.europa.eu/trade/policy/in-focus/ttip/>.

6 See <https://ustr.gov/ttip>.

growth and creates jobs. For example, the Canadian Prime minister predicted that CETA⁷ would lead to the creation of 80,000 jobs in Canada (McKenzie 2014: 234).

If countries can specialize in certain goods they can benefit from economies of scale which lead to lower average production costs. The country would be able to concentrate on its economies of scale in order increase productive efficiency. The conclusion is “that when there are economies of scale in production, then free trade, after an appropriate reallocation of labor, can improve national welfare for both countries relative to autarky” (Suranovic 2012: 310). The benefits of economies of scale will ultimately lead to lower prices for consumers and greater efficiency for exporting firms.

Economic growth is also stimulated by foreign investments after the opening of a market.

Creating positive relations between people and countries

It is argued that the economic interdependency between countries after they enter a bilateral or multilateral trade agreement, creates positive relations between peoples and countries, and thereby entrenches peace, or at least makes war less likely (McKenzie 2014: 241).

3.3 Free Trade: creating global inequality?

Discussions about free trade are often controversial. Before, I briefly presented positions in favor of free trade. However, “[t]he causal weight of free trade in stimulating economic activity and international cooperation is accepted as an article of faith when often the best we can is to show a correlation” (McKenzie 2014: 243). Therefore, this sub-section subsumes positions which present negative effects of trade liberalization. The main themes are national sovereignty, growing global inequality and environmental concerns.

Growing global inequality

Although, there is empirical evidence of increasing trade flows after the implementation of FTAs, the impact of free trade on jobs, absence of adjustment in the transitional period, or consequences for social programs are just some of the issues which nonetheless spark lively debates (MacDonald 2000: x). Hur and Park assessed „whether a bilateral FTA raises the growth rates of the two countries engaging in the FTA“ (2011: 1283). They found out that the effects of FTAs may either be positive or negative on economic growth rates for the respective partners

⁷ CETA stands for Comprehensive Economic and Trade Agreement. It is a freshly negotiated treaty between Canada and the EU. Currently, the agreement is being translated in all official EU languages and still needs to be approved by the Council and the European Parliament. ("Countries and regions: Canada" 2016: para. 2).

(ibid.: 1293). Therefore, a FTA is not a strategy which guarantees rapid economic growth for each of the partners.

Another aspect of trade injustice is that rich countries are able to subsidize their industry and create market barriers to keep developing countries out. While average tariffs are around 3 percent between richer countries, tariffs can rise to over 200 per cent in the US for fruits and nuts, or 300 per cent in the EU for meat (Benn as cited in Akinwade 2006: 150). Poorer countries often have no influence in what is happening in global politics and economics, nor are they able to support their agriculture and industry with the same sums as rich developed countries⁸. These trading practices are deemed to be unfair since some countries are not able to invest the same sums in their industries. In any way, as argued before, trade protectionism is counterproductive to the development of natural competition and will hinder economic growth in the long-term perspective.

Moreover, indicators like GDP or trade balance reveal little about how the wealth is distributed. One argument discusses that there is an increasing income gap, which is fostered by unfair free trade processes. As US economist and recipient of the Nobel Memorial Prize in Economic Sciences, Joseph Stiglitz has stated the real income of today's typical worker is less than it was 60 years ago (2016: 2, para. 4). It used to be believed that because of trade people, who were employed in the import industries, would lose their employment, but would get a new employment in the export industries. However, this did not hold true (Stiglitz 2016: para. 4).

Dismal growth

Some authors argue that, although there might be an initial growth phase after trade liberalization, more often than not, growth will falter in the course of the following decade. Vos et al. (2006) indicate that almost all Latin American countries have undergone far reaching economic reforms, featuring trade, financial and capital account liberalization in the late 1980s. At first, economic growth increased, inflation declined and there was an inflow of foreign investment. However, already around 1995 in many of the Latin American countries growth faltered and income inequality rose in areas where inequality was already high to begin with (Vos et al. 2006: 1). Trade liberalization may not be the only process to blame for the growth slowdown in this case. The authors argue that the overall impact of the reforms was positive but small (Vos et al. 2006: 2). Therefore, these reforms are not a solution to existing problems like

⁸ Rich countries support their agriculture of up to \$279 billion a year, which equals the income of sub-Saharan Africa (Benn as cited in Akinwade 2006: 150).

income inequality and slow growth.

Loss of national sovereignty

With current FTAs like TPP and TTIP some scholars suggest that these agreements are less about reducing or eliminating tariffs, since those are at an all-time low, but more about pushing towards a world government (Jasper 2015: 27). Richard Haass, president of the New-York based Council on Foreign Relation (CFR) which is one of the main organizations promoting TPP and TTIP, says that "states must be prepared to cede some sovereignty to world bodies" (as cited in Jasper 2015: 27).

With increasing globalization, some fear that the national state loses more and more power and the government's ability to sustain policies decreases. In the case of Canada and CETA, McKenzie claims that Canadians fear that "free trade means that economic, and often large corporate, interests trump social justice and the efforts of Canadians to put food on their table" (2014: 244). Thus, free trade is associated with challenges to national values, identity, and institutions like health care (ibid.). Non-economic meanings of free trade agreements are in the focus for this argument.

Environmental issues

The concerns expressed by many environmentalists around free trade systems have a solid grounding in theory (Schorr 2000: 227). The world's renewable and nonrenewable natural resources are overtaxed, which dangerously changes the climate and depletes the planet's biodiversity among others. If the expansion of the global economy continues in its current trajectory, the prior mentioned developments will worsen (Schorr 2000: 277). The World Wildlife Fund (WWF) found out that a direct impact of NAFTA on the environment was the conversion of forest into citrus groves of some Mexican landowners who were anticipating of new US markets for citrus products (Schorr 2000: 228).

Trade agreements do address environmental issues, however, more often than not, are these rather hazily discussed. For example, with NAFTA it is a basic requirement to effectively enforce domestic environmental laws. Moreover, there is a vague commitment by the parties to having high environmental standards, as well as language forbidding the relaxation of environmental standards in order to attract investment (Schorr 2000: 228). In reality, only the commitment to enforce environmental laws comes with an enforcement mechanism.

3.4 Problem area

The positive effects of free trade are expressed in the economic growth of the participating members. However, the effects of each agreement may differ between the partners. One partner might experience a stark economic growth, while the other partner experiences little to no growth. Moreover, growth may become stagnant after an initial growth phase. Sun and Reed found out that "[t]here were many instances when the FTA had export creation effects early (for COMESA, EU-15, and NAFTA), but in most instances those effects disappear in later years" (Sun, Reed 2010: 1362). Thus, the effects of FTAs vary over time.

Vos et al. established that "trade reforms increase skill-intensity and that some social groups win (mostly the better educated workers and profit earners) and some lose (often agricultural and unskilled workers)" (2006: 2). Therefore, trade liberalization is not a solution for a country as a whole, but has different effects on the local industry and society.

The effects of NAFTA in each of the member countries has been researched and discussed by academics, political advocates, as well as members of mainstream media. According to the discourse of the effects of trade liberalization, which was presented beforehand, it can be concluded that in the global and diverse world we are living in, it would be too easy to blame growing inequality or decreasing economic growth on one single factor. Moreover, the effects highly depend on the previous conditions (see Porter's diamond model for example).

In this paper, I am investigating the Mennonite group in Northern Mexico who are mostly employed in the agricultural and supporting industries. Despite minimal education, this group is performing well under the effects of trade liberalization in contrast to their equally educated Mexican counterparts.

How are the impacts of NAFTA experienced by the Mennonite community, what is the truth behind the frequently used numbers on a growing trade balance and job loss? What are the challenges the Mennonites have experienced and how could their coping mechanism be helpful in a broader context? Are their specific themes which can be accommodating in case TTIP is implemented?

I am taking into account the historical narrative of the researched group in relation to ethnic identity and cultural specifics. Moreover, Mexico's market and the effects of NAFTA on Mexico are considered. NAFTA and TTIP may be compared because they are similar in nature regarding to their impact at their time of implementation or negotiation e.g. creating the largest free trade

zones in the world.

4 Analysis

In this section, the analysis of the statistical material and the conducted interviews is presented. Firstly, a brief evaluation of the Mexican economy and the agricultural sector in the post-NAFTA period is offered, a focus will be on apple production in Cuauhtémoc, Chihuahua. This is done to present some of the effects of trade liberalization, which were discussed in the theory section beforehand. Secondly, the Mennonite community in Chihuahua is introduced. During the course of two weeks, 11 interviews with members of the Mennonite community were conducted. The semi-structured interviews focused on working culture, challenges and reactions to NAFTA, and perception of TTIP. The interviews are assessed using the analytical tool of grounded theory. This section is rounded off with a discussion, in which the findings will be combined and discussed.

4.1 NAFTA in Mexico

NAFTA revolutionized trade and investment in the member countries, which has helped to unlock their economic potential. “Since NAFTA came into effect, merchandise trade among the NAFTA partners has more than tripled, reaching US\$946.1 billion in 2008. Over that period, Canada-U.S. trade has nearly tripled, while trade between Mexico and the U.S. has more than quadrupled” (“North Americans are better off after 15 years of NAFTA” 2013: para. 7). Moreover, North American employment levels have climbed nearly 23% since 1993, which represents a net gain of 29,7 million jobs (ibid.: para. 9).

The impact of NAFTA on Mexican agriculture, especially on poor corn farmers, has been a controversial aspect ever since its passing. “Oxfam (2003) states that NAFTA allowed US agricultural subsidies to impoverish Mexican corn farmers” (as cited in Fiess, Lederman 2004: 1). Others argue, that NAFTA is responsible for the loss of hundreds of thousands agricultural jobs in Mexico (Audley et al.: 2003).

However, more recent studies concluded that NAFTA may not be held responsible for the poverty that characterizes subsistence agriculture, and further governmental protectionism might not help fight rural poverty in Mexico (Yúnez Naude 2002; Yúnez Naude and Becerrias 2003; and Puyana and Romero 2004). These studies concluded that the decline of Mexican corn prices was a long-term trend which preceded NAFTA. The authors argue, that prior studies failed to ask the key economic question: did removing restrictions on corn imports suddenly drive down the

producer price of Mexican corn towards the cheaper US export price? In sub-section (4.1.2) I will elaborate on this topic more in detail.

It is hardly possible to pinpoint the decline of a certain industry or economical group on specific phenomenon. The 1990s have been a difficult time for the Mexican economy, which may have had nothing or little to do with the implementation of NAFTA. Shortly after NAFTA's coming into effect, Mexico was hit by the *peso crisis* or *Tequila crisis*, which started after Mexico's devaluation of the peso in 1994. The value of the peso was cut by 52% by the end of 1995, which started a severe recession in Mexico (Whitt 1996: 1). Foreign investors who had invested in Mexico due to NAFTA, did not feel that their investment was secure anymore and withdrew their money.

Mexico suffered a devastating economic backlash at the same time NAFTA came into effect and is thus painfully remembered by many Mexicans (Alvarez 2006: 260). These factors make it difficult to evaluate NAFTA's influence on the Mexican economy. Some argue, that NAFTA is responsible for the above mentioned events, while others blame it on politico-economic decisions made in this time frame. However, an evaluation of NAFTA's influence on the Mexican economy is beyond the scope of this research. I am including the politico-economic background, because I am aware that trade liberalization is a multifaceted process which may not be pinpointed to a singular outcome.

4.1.1 Mexican economy

This section presents an overview on Mexican economy from 1990 to 2015 according to its GDP, unemployment rate and trade balance. Moreover, apple production and import are briefly discussed.

GDP per capita 1990-2015

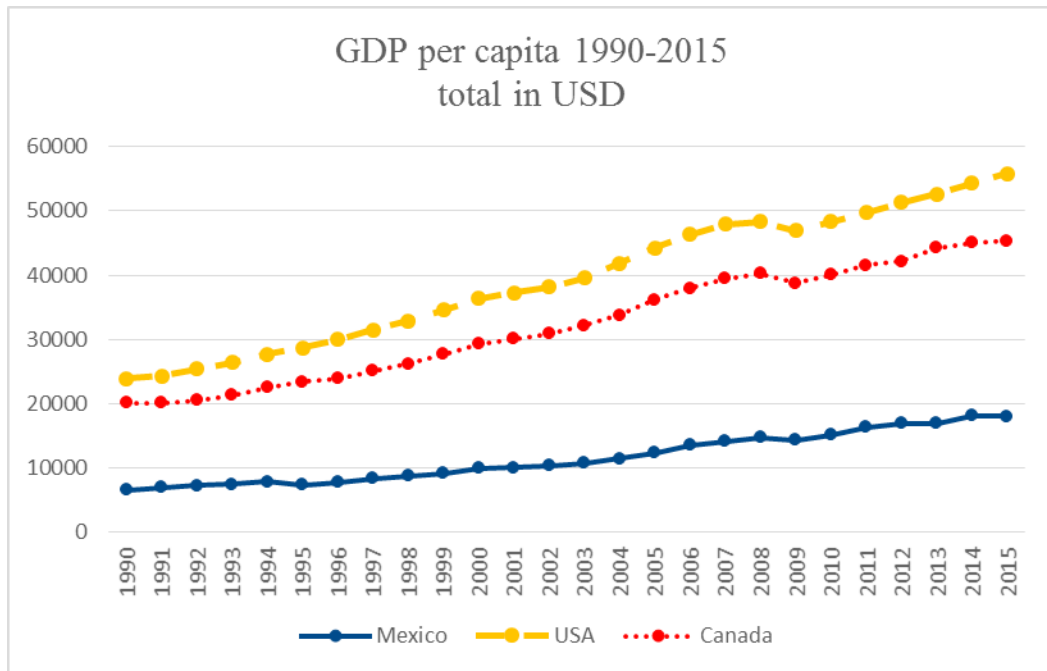


Fig. 3: OECD (2016): GDP per capita

The graph illustrates the development of the GDP in Mexico over the last 25 years. There has been a constant growth in each of the presented countries. In 1995, there is a drop in GDP for Mexico which is most likely due to the peso crisis in that year. Moreover, there is another drop in GDP during the years of the global financial crisis from 2009. Each country seems to have recovered from the crisis in terms of an increasing GDP. Mexico's GDP per capita is much lower than the one ones from the other NAFTA members. Nonetheless, the Mexican market enjoys a rising GDP per capita over the last decades.

Unemployment rate



Fig. 4: OECD (2016): Unemployment rate in %

In general, there is a lower unemployment rate in Mexico than in the US and Canada. US and Canadian unemployment rate have been dropping from the mid 1990s. There was a sharp rise in the unemployment rate during the years of the financial crisis. While Canada's unemployment rate decreased and stayed around the same, the US unemployment rate continues to fall.

In the beginning of the 1990s, the unemployment rate in Mexico was much lower than in two other NAFTA countries. Now, the unemployment rates are converging. There was a sudden rise in the unemployment rate from 1994 to 1995 in Mexico. In the end of the 1990s, unemployment was very low again but has been rising ever since. In the years of the financial crisis the unemployment rate increased in Mexico as well. However, the rate did not increase as much as in the US and Canada.

Trade balance



Fig. 5: US Census Bureau (2016): Trade Balance with Mexico

This graph illustrates the US trade balance with Mexico. The trade balance is depicted in US dollars. It shows that the US is importing more goods than it is exporting to Mexico. After the ratification of NAFTA, the US started to import more than it was exporting to Mexico. Currently, Mexico has a trade surplus with the US. This is the general trend, however, the graph does not reflect on individual industries.

Apple production and trade

Apples from Mexico and the US have entered a sharp competition. US apple dumping is one of the main concerns of Mexican apple producers in Chihuahua. The open border makes it much easier for US apples to enter the Mexican market. In 2012 the Mexican apple production dropped drastically, while there was a sharp rise in import of US apples (see appendix P).

In the state of Chihuahua the main agricultural product is green forage oat, on third place in production are apples (UCACSA 2014: 14). Apples are the only fruit that is cultivated in Chihuahua (see also transcript 2: 109).

Mexican apple farmers struggle with rising gasoline prices and water shortages, which has led to increasing production prices in the last decade (transcript 2: 89f.). In contrast to US apple

production, which is the main competitor for Mexico, “Chihuahua’s industry is more homespun. It has only about a third as many apple acres as Washington and its orchards are less productive. According to UNIFRUT, about 60 percent of the growers work fewer than 24 acres. They struggle to tap into large multinational grocery-store chains that have come to dominate Mexican food sales.” (“Apple Growers in Mexico call foul on trade with U.S.” 2014: para. 24). These groceries stores are overtaken by cheaper US produce. At the moment, Mexico only produces apples around 40% of its national market. However, the Mexican apple market is already satisfied with other produce, some of it illegally exported by the US (transcript 8: 80-82).

4.1.2 Agriculture in the Post-NAFTA period

Mexico and the US took far-reaching steps towards complete trade liberalization of agricultural trade. “The ultimate goal of their bilateral agreement was to eliminate all import quotas and tariffs – with no exception” (Hufbauer et al. 2005: 284). The US-Canadian agreement, on the other hand, allowed to maintain permanent tariff rate quotas on certain goods such as dairy products or peanuts (ibid.: 283). Complete trade liberalization was not implemented on a rapid schedule between the US and Mexico, but rather followed a 15-year phaseout period. Agricultural products, such as Mexican corn and dry beans, were included in the 15-year phaseout period. In 2000, nine commodities represented 55% of the value of US-Mexico agricultural trade: beer, coffee, tomatoes, cattle, peppers, cucumber, grapes, cauliflower, and broccoli (ibid.: 284).

Mexican agriculture is currently passing through a phase in the history of industrialization – as countries become richer, agriculture plays a smaller role in the economy and employs a smaller share of workforce (Hufbauer et al. 2005: 284f.). Nowadays, agricultural production is centering on large-scale farms, factory-type livestock lots, and capital-intensive food-processing. This puts pressure on small-scale farms and subsistence household farmers in Mexico. Although media tends to highlight negative impacts of NAFTA on the agricultural sector, it is important to emphasize that agricultural trade has prospered in the NAFTA era. However, the question remains who exactly became richer as an effect of NAFTA. Is it the multinational corporations or the rural farmer? One of the main concerns of those opposing TTIP is that this agreement will mostly benefit multinational corporations while small, local businesses will cease to operate.

Depending on the methods of a particular study different results may be achieved. If we are

looking at trade ratios, development of GDP or investment gains after NAFTA, a rise in these numbers, indicating a benefit for the respective economies, is noticeable. However, when focusing on particular groups or communities within the context of these phenomena, a different picture may appear. Adjustment costs are real and painful for the affected farms and communities. From 1993 to 2003, the number of Mexicans employed in rural agriculture dropped from 8.1 million to 6.8 million (Hufbauer et al. 2005: 289).

The Corn Saga

Mainstream media has exploited on some of these factors, arguing over and over about the devastating influence of NAFTA on the Mexican agriculture. Hufbauer et al. tried to distinguish fact from fantasy in the so called *corn saga*, which implies that “NAFTA can be held responsible for destroying the rural way of life in Mexico and driving illegal immigrants to US cities” (2005: 328). The authors are examining corn production, acreage, and trade.

First, there are different kinds of corn. Yellow corn is produced in the US and is predominately used as livestock feed. White corn is produced in Mexico and is used for human consumption. Under NAFTA both of these corn types are considered as the same commodity. By January 1st 2008 all tariffs on corn were eliminated. As a result of NAFTA, Mexican agriculture benefited from cheap yellow corn imports to meet the growing domestic livestock demands – from 1990 to 2002 Mexican per capita consumption of beef rose from 12.3 to 16.4 kilograms (Hufbauer et al. 2005: 329). Even though the prices of Mexican corn have fallen by 20% since 1994, Mexican corn production remained fairly stable at 7 million to 8 million hectares (Hufbauer et al. 2005: 332). This may imply that Mexican farmers were not forced to reallocate land to other crops or leave farm live altogether. Hufbauer et al. (2005) fail to mention here, whether the land for corn production was redistributed to different parties and if rural farming changed to industrialized farming. It is to be expected, that there were certain changes made within rural farming and employment, since employment numbers in agriculture dropped in this time frame (Hufbauer et al. 2005: 289).

Afterall, the US government did not pressure to liberalize the Mexican corn sector faster than NAFTA's 15 year timetable. Mexico eliminated price supports for corn during the mid- to late 1990s, and corn prices fell by 22%. Poor Mexican farmers, lacking alternatives, continued producing corn despite the falling prices (Hufbauer et al. 2005: 343). According to Hufbauer et al. international competitive pressure and improved domestic farm technology, will induce rural

emigration over the following years (2005: 343).

4.2 Mennonites

Thanks to the great achievements of the Mennonites in agriculture, livestock and industrial metal mechanics, they enabled a major boost to the economy in Chihuahua and their high quality products are recognized inside and outside the country.

“The officials praised the Mennonites for their innovative farming techniques and the advanced machinery which they used. Due to their orderly way of life, their organization, their capacity for work and their activity, they may be considered as an example of rural economy with much to teach” (Will 1997: 374).

Moreover, the Mennonite's settlement, advances in modern farming techniques and capital offered the country a much needed economic boost at their time (Will 1997: 377).

4.2.1 Working culture

As previously mentioned in the methodology section (see 2.3.3), the meaning of culture is regarded as a construction by the social actors. Herein, meaning is retrieved through the statements by the interviewed Mennonites. These are generalizations, but they are helpful to construct a specific reality, the reality of the social actors, at a point in time.

All the interviewees agree that the Mennonite have a profound work ethic. To describe the Mennonite working culture, phrases like “Just work. In the morning you get up, you go to work. Work, work, work until late” (transcript 1: 112) or “[s]ome societies are work hard, play hard. And this society is work hard, work harder again” (transcript 4: 77) are repeatedly uttered. Free time for Cornelius Reimer means working with purebred breeding bulls to improve the bloodline of local dairy cows (transcript 8: 3-5).

Moreover, it is important for many Mennonites to be able to organize their working time themselves:

“I: What do you like most about working for JKD?

L: That I could work from home, I have my own hours and that's about it. More free space for myself. It gives me the chance to do more business than just one.” (transcript 3: 49f.)

They are independent and innovative people who constantly want to improve. Many Mennonites work for more than one company or diversified their business. Gerhard Reimer owns a chair

manufacture, a forge, is in charge of cooling systems, all while harvesting more apples than any one else in Cuauhtémoc (transcript 7: 5f., 21).

Mennonites demand high standards for the products, they are using (transcript 4: 69). Moreover, they are eager to improve and use the latest technology (see appendix N: field notes 31/03/16). Older generations often have minimal schooling but are invested into learning new techniques within their working-environment (ibid.). The interviewed Mennonites stay up to date with the latest news and are eager to know as much as possible; Gerhard Reimer claims that he knows everything since he is watching the German news station “Deutsche Welle” on a regular basis (transcript 7: 76f.)

Unemployment is hardly an issue in the Mennonites community, because most people will start working at the family business⁹, be it at a farm or in a retail factory. It might be what many Mennonites lack in school education, they make up for in a lifetime working experience in their particular industry. Moreover, when a business struggles the community will most likely help out the person in need¹⁰.

Another key trait is compassion and complying with the law, which may be due to their Christian heritage. See example below:

“But let's not forget that as prosperous as it looks today, it can change one day. Let's remember: the faster we get headways, the easier it is too [sic] loose the ones that can't catch up and we always want to be Good Samaritans” (Petkau 2008: 152)

If everyone was complying with the law, there would be a much fairer competition. Corruption is an enormous problem in Mexico. Many in the Mennonite community stand up for their rights and protest against corrupt border officials or mistreatment¹¹.

Peter Rempel criticizes his fellow Mennonites for being too careless and not concerned about depleting natural resources (transcript 2: 159f. and 184f.). Money is an important measurement of success and the Mennonites strive to earn as much as possible. When asked why many of the Mennonites stopped working for Remolques Norte, Peter Loewen, the Head of Sales, replied: “I don't know. The Mennonite probably think they make more money, when they work on a farm. They are after money, they make a little bit of more money there and they have more free time”

9 Most of the interviewees answered to the question: „Why did you decide to start working here?“ with that it a family business. See Lio Schmitt (transcript 3: 20), or Ed Heide (transcript 4: 11).

10 Personal testimony from Levi L. Dueck (2008: 156): „[d]uring the 1990's the store went bankrupt, and was bought by four of the strongest treasuries on the colony [...]. After the store became independent again, it bought itself back, and became a Colony store again“.

11 „We demonstrated using legal documents that US apples, that you can no longer be sold there or are shortly before the cider press, are delivered to Mexico and sold here for 'dumping' price“ (transcript 8: 76-78).

(transcript 5: 59f.).

Plett states that there are noticeable differences between the Mennonites in Chihuahua (transcript 1: 29-32). These differences are mostly in how the person practices their faith, either in a liberal or in a more conservative way. The more conservative Mennonites want to remain farmers and cultivate the land as traditionally as possible, which means without modern irrigation system or tractors (transcript 2: 195-199).

All in all, according to the before-mentioned statements the Mennonite working culture can be characterized by the following traits:

- considerable working ethic
- hard-working
- money orientation
- goal orientation
- innovative and diverse
- informed of the latest trends
- compassionate and helpful

In contrast to the Mennonite working culture, Mexican working culture is often regarded as more relaxed and laid back. Mr. Plett says: “Where the Mexicans do not necessarily have the greatest moral, where they sit in the shade. We have a bit too much of a work ethic compared with them”(transcript 1: 106f.). Mr. Plett even considers the Mexican working culture as not very labor friendly (transcript 1: 102).

4.2.2 Challenges

Most Mennonite were excited for NAFTA and hoped for an economic boost. Apple farmers were more cautious about the free trade agreement. After all, they had been competing with the apples from Washington beforehand and knew that the competition would become much fiercer when the borders opened. Following, the main challenges after NAFTA are summarized.

- *Unequal power balance between the US and Mexico*

NAFTA states that there are no tariffs between its members, each country can export and import as much as it wants. In reality it is a bit more complicated. According to the interviewed

Mennonites, the US, mostly Washington, will dump¹² their apples at any time onto the Mexican market. But, whenever the US market for cattle or tomatoes or any other agricultural product is already satisfied, suddenly the Mexican tomatoes have a virus and cannot be imported (transcript 8: 121f.). With NAFTA, there needs to be a reason to not let certain commodities into the market (transcript 8: 115-121). Not all of the NAFTA rules are obeyed by everyone, although it appears like that on paper (transcript 2: 93f.). NAFTA is a tool that can be used in a number of different ways: “Had NAFTA not existed it would be legally impossible to use this tool for such purposes” (transcript 8: 102f.).

- *Corruption*

Corruption is one of the major problems in Mexico, and NAFTA did not help with it. There is a lot of paperwork involved in the process of import and export even more ever since NAFTA was ratified. Too much bureaucracy may foster corruption which is the case for Mexico (transcript 4: 54f.). Often, governmental subsidies get lost on their way (transcript 1: 89-93) or border officials suddenly forget how to count¹³.

- *Production costs*

The productions costs of apples are much higher in Mexico than in the US. The US state Washington has better climate to cultivate apples, and gasoline prices are less. In Chihuahua, the apple orchards need irrigation systems and hail roofs to be protected. Those roofs may cost up to 13 to 14 thousand dollars per hectare (transcript 9: 122f.), this makes it much more expensive to produce the apples in Chihuahua than Washington.

4.2.3 Reactions to NAFTA

There have been two reaction to NAFTA based on the fact that the interviewees were employed either in the agricultural or in the industrial and retail sector. The Mennonites working in the industrial and retail sector have experienced NAFTA positively. All of the Mennonites interviewed in these sectors have flourished after NAFTA. Although the aforementioned challenges apply to these Mennonites, the abolition of tariffs has made it much easier and cheaper to import and export trailers, which is one of their main income sources.

12 Apple-dumping refers to the practice of selling the apples below the production price. This is usually done, when the apples are so old that they are about to be pressed into juice. Selling the apples somewhere, even below production price, is still more profitable than making juice out of them.

13 „They use the same documents to bring in 3 or 4 trucks and say it is only one. Then we have 5 trucks with only one document. [...] But that is only on the basis of the documents, secretly there are 3-4 times as many trucks brought depending on the year.“ (transcript 8: 68-73).

The following strategies NAFTA are from the point of view of the apple farmers.

- *Creating economies of scale*

Many of the interviewees regarded growing as the only possibility to survive the open market. Gerhard Reimer said: “We planted more apples in order to survive on the market and move forward” (transcript 7: 49). Today, he is the biggest apple producer in the region of Cuauhtémoc. One of the benefits to owning more than one apple orchard is that one does not depend on that particular area. There might be years when hailstorms cause dramatic hazards to the apple harvest in certain areas. Having orchards in different areas of the state can be of an advantage in this case. Many of the small-scale farmers do not have the necessary capital to invest in expensive cooling systems. They have to sell their apples immediately after the harvest. These people are extremely vulnerable to market changes.

Unionizing is another approach pursued by some. Ochoa, from the credit union, says: “Another option would be that the producers here form an apple producer union in order to improve their opportunities” (transcript 9: 111f.). This strategy does not only apply to the agricultural business. The interviewees from the industrial sector are pursuing a similar approach¹⁴. Cornelius Loewen from Remolques Norte says that being in an association has been very beneficial for him (transcript 6: 77).

- *Diversification*

Instead of relying solely on apple orchards, many Mennonite apple farmers have additional income sources. Besides harvesting the most apples in Cuauhtémoc, Gerhard Reimer also owns a chair factory. Cornelius Reimer owns dairy cows and breeding bulls besides his apple orchard. Moreover, Peter Rempel regrets that he gave up his printing shop in order to solely focus on his apples. Therefore, if there is a bad harvest or minimal prices for the apples in one year, these people will still be able to support themselves with their other income sources.

- *Innovation*

Cornelius Reimer is investing into a new organic apple variety, for which is no demand yet in Mexico. He has to sell his apples much cheaper and without the organic label, but he is sure that in 20 years the apple demand in Mexico will change and ask for organic apples, he wants to be ready when this happens (transcript 8: 197-201). He likes to try up-to-date technology to make the most out of his produce.

14 „I: Do you have any ideas or thoughts on the future of this sector?

P: Yes, we have been thinking about that, that is actually why we are trying to expand, to get bigger“ (transcript 5: 49).

Moreover, the ability to import without duty has led to the production of superior products in some cases, because one is able to use parts of the product from different countries to assemble something new and maybe even better (transcript 8: 141-143).

- *Bankruptcy*

It was not talked about much during the interviews, but some smaller farms went bankrupt after NAFTA (e.g. transcript 7: 53-56, 85). Others simply left Mexico and migrated further south or went back to Canada.

4.2.4 Perception of TTIP

The awareness of TTIP in the Mennonite community is very low. As of now, TTIP has not been ratified yet and it is being negotiated. The awareness could be low, because TTIP will impact Mexico directly. However, the effects of a FTA in this scope this goes beyond its immediate treaty partners.

There were several opinions regarding TTIP and its influence on Mexico, they can be grouped into:

- TTIP would have influence on Mexico
- TTIP would not have any influence on Mexico
- having no opinion regarding the subject

TTIP would have influence on Mexico

Cornelius Reimer, Arnoldo Ochoa, and Enrique Fehr said that according to their opinion TTIP would have a positive influence on the Mexican economy. First, the US could export more of their goods to the EU instead of exporting everything to Mexico. This would mean that the Mexican producers can supply their home market to a greater extent than it is possible at the moment (transcript 8: 168-171, 178f.). Moreover, it may become cheaper to import products from the US to Mexico after TTIPs implementation (transcript 10: 43f.). Arnoldo Ochoa states that, although he has not yet heard much about it, he thinks it is going to have a positive influence on Mexico just like NAFTA did (transcript 9: 145).

The only person opposing TTIP is Gerhard Reimer, he has not had any positive experiences with NAFTA and fears that TTIP would have similar effects on the agricultural sector (transcript 7: 79-81, 87).

TTIP would not have any influence on Mexico

Ed Heide (transcript 4: 104-107), Peter Rempel (transcript 2: 160-165), and Lio Schmitt (transcript 3: 96f.) all agree that TTIP would not have any influence on the Mexican economy. Mexico and the EU do not have competing products according to Mr. Schmitt. Mexico's advantage is the cheap labor, they can assemble technology after they are provided with the machinery and knowledge. Mexico has to pay duty when buying products from the EU. Even if they would buy the European products from the US, Mexico would still have to pay duty. Thus, it would not have any effect on Mexico according to Mr. Heide.

No opinion regarding the subject

For Peter Loewen (transcript 5: 33), Cornelius Loewen (transcript 6: 39), and Eddie Plett (transcript 1: 76) the topic of TTIP was new and unknown, they did not express any opinion regarding TTIP.

4.3 Discussion

The previous sections described and analyzed the Mexican market, the effects of NAFTA, the awareness of TTIP, and Mennonite working culture. In the following, the findings are summarized and discussed for a greater understanding of coping mechanism from minority groups to the effects of free trade.

None of the interviewed farmers was struggling with existential questions. For apple orchards, there are only few permanently employed people and they mostly rely on seasonal workers for harvest and seeding (transcript 2: 19f.). In a sense, there was a certain amount of desperation because nobody knew what the future would hold especially in terms of water scarcity and an unstable political structure.

The interviewed Mennonites were up-to-date and used state-of-the art technology. They adapt well to changes. One great help for them is the local credit union, which offers them credit with low interest rates. These credits can be used to invest in cooling systems or other technology.

Another aspect is the compassion, the Mennonites help each other out, try to act morally correct and avoid unfair competition (transcript 4: 129-132). There is hardly any unemployment within the community, because there is always work to do in a cooperating community. Although, everyone strives to have their own business and be responsible for himself/herself, this is not possible for everyone.

Creating economies of scale

Cooperation is the key to stay successful during the globalization (transcript 2: 219-233). One has to unite and grow in order to remain competitive in the global market. One has to create economies of scale (see Suranovic 2012; Hufbauer et al. 2005). Hufbauer et al. stated that international competition and better technology will lead to rural emigration (2005: 343), which is also visible for the Mennonites. Those who want to remain small-scale farmers and not create companies of scales are emigrating further to the south to pursue their conservative, traditional lifestyle. After all, international trade is based on returns to scale (Negishi 2014: 20). Although, the last years have been very difficult for apple farmers in Chihuahua, because of dumping from the US, many farmers believe that growing is the only possibility to stay competitive. Mennonite apple farmers would have probably expanded even more over the last two decades if it was not for the problem of apple dumping.

Peter Rempel and Jesus Quintano are the only ones who did not expand as an answer to NAFTA. It seems that to a certain extent they regret that decision, since their neighbors and friends earn more money. However, they are concerned about environmental impacts of a too demanding agriculture. After all, a desert state is probably not the best option for a striving agriculture. Who made the right choice, will be decided in the future – so Rempel (transcript 2: 178f.).

When taking into account the age scope of the interviewees, the younger generation (from 30-50 years) seemed much more hopeful and exciting about free trade and border openings than the 50 or 70 year old people. The younger generations have grown up working with NAFTA and do not have a lot of experience how it was before.

Mennonites are highly motivated by money and economic returns. It seems that money is one of the main indicators for success in their community. Post-materialistic values such as self-fulfillment or freedom of expression (see Inglehart 1977) were not mentioned. Despite minimal schooling, Mennonites are very experienced in their area of work. They strive to improve and make the most of what they have.

Free trade

FTAs should enable free trade in order for each region to produce what it produces best because of its natural, economic, or social resources. It does not make a lot of sense to have the highest apple and oat production in the middle of the desert in Northern Mexico, when other regions,

even within Mexico, can produce the same agricultural goods with fewer costs. Nobody knows which exact changes and challenges TTIP may hold for the rural community, but the agreement will foster globalization processes. If some of those challenges are comparable to the effects of NAFTA, it can be expected that small-scale farmers will face even fiercer conditions on the national market. Trade between the EU and the US will increase and Canada and Mexico may first suffer economic losses from a decreasing trade rate.

Even without trade liberalization, Mexico is suffering from corruption and political up-rises. It might have been worthwhile to investigate more on how corruption is influencing globalization processes in Mexico. Some say, that NAFTA is a tool which is used for illegal purposes. However, corruptions issues preceded NAFTA and would most likely have been of concern even without NAFTA. In order to fight apple dumping and illegal imports from the US, some Mennonites have sued the responsible people. However, until now there has been little to no success in this matter. The unequal power balance between the US and Mexico will most likely prevent a success from the Mexican side.

It is too short-sighted to assume that TTIP would have no or barely any influence on the Mexican economy and agricultural market. Market liberalization affects more than the participating members. TTIP would create a strong economic bond between two of the worldwide leading economic industrial zones. Trade between the partners will most likely increase and the EU and the US will become more connected. Small-scale companies and entrepreneurs will likely be affected by similar effects as after NAFTA. It will become more difficult to compete in the global market, when having not as much leverage as multinational corporations.

Raise consumer awareness

If consumers pay more attention to what they buy, the market would be changed accordingly. For example, if customers would only buy local agricultural produce, then the US apples could not compete with the Mexican apples on the Mexican market (transcript 2: 242-243).

Although, Mennonites are regarded as a unique case for this research, they face the same challenges as any other group. The interviewed people may not have been small-scale farmers, those most vulnerable to changes within the global market, to begin with, but nonetheless studying them offers valuable insight into how globalization affects each part of the society globally as well as locally.

5 Conclusion

Above, I have summarized and assessed the evolution of free trade and its impact on the global market, presented effects of NAFTA on the Mexican economy, and discussed economic and cultural practices in relation to market liberalization of the Mennonite community in Chihuahua.

Contrary to the theories of traditional economists Adam Smith and David Ricardo, we currently live in an era in which trade does not automatically benefit everyone (Stiglitz 2016). Simply put, in free trade there are winners and losers. Not only are small-scale producers and rural population exceptionally vulnerable to changes caused by market liberalization, but the common workers suffer as well.

In response, to consider the effects of trade liberalization on a specific group, I will discuss the problem formulation:

How has NAFTA affected the Mennonite community in Chihuahua, Mexico, and what can we learn from the community's economic and cultural practices regarding expanding trade liberalization caused by FTAs such as NAFTA and TTIP?

To elucidate how NAFTA has affected the Mennonite community in Chihuahua, I first present NAFTA'S effects on the community and later explore prospectives for counter-measures to the negative effects of further trade liberalization.

The answer to the problem formulation can be divided into two parts. First, I will present the effects of NAFTA on the Mennonite community in Chihuahua. Second, prospects for counter-measures on negative effects of further trade liberalization are presented.

NAFTA's effects on the Mennonite community in Chihuahua, Mexico

Since NAFTA, US-Mexican trade had generally prospered and at present Mexico enjoys a trade surplus with the United States. Following, a sharp rise in unemployment in Mexico in 1995, unemployment decreased, yet again began to slowly rise from 2000 to 2009. For all NAFTA members, GDP per capita has also steadily increased since 1990. Although both trends indicate that Mexico has benefited from NAFTA, they do not indicate who among Mexicans has benefited, be they multinational corporations or rural farmers.

My interview sample comprised apple farmers and producers of industrial machinery. In general, interviewees employed in trailer manufacturing have experienced NAFTA as a boon for their companies for its implementation made it cheaper to import from the US, produce in Mexico, and sell in the US or Canada.

Apple farmers, by contrast, have been more suspicious of NAFTA. Indeed, many had faced fierce competition with US apple producers even before NAFTA. After the opening of the border, apple exports from the US to Mexico became far easier and apple-dumping became a major concern for local Mexican producers. In response, many small farmers united with neighbors or families in order to expand production, and among Mennonites, some of the more conservative decided to migrate further south or back to Canada. Wanting to pursue traditional farming methods and avoid irrigation systems and other modern technologies. These Mennonites and their small-scale production cannot compete in the global market, and they thus conceived migration as their only option for survival. In general, however, most of Chihuahua's Mennonite businesses, in either the agricultural or industrial sector, grew after NAFTA.

What can be learned from the economic and cultural practices of the Mennonite community regarding expanding trade and market liberalization caused by FTAs such as NAFTA and TTIP?

The economic practices of the interviewed Mennonites in Chihuahua cohere with what contemporary economists have recommended to withstand the challenges of market liberalization. According to Michael Porter (1990), a nation's competitiveness depends on the capacity of its industry to innovate and upgrade. In that regard, Mennonites have a long-standing tradition of farming, and most Mennonites in Chihuahua are employed either directly or in related industries such as trailer production. After NAFTA's implementation, most Mennonites interviewed expanded their businesses and created economies of scale. Another economic strategy pursued involved diversification, which in this case meant engaging in several industries at once. In addition to owning and operating apple orchards, most Mennonites interviewed owned other businesses, including a chair manufacturing factory or a dairy farm. One Mennonite even invested in the innovation of new apple varieties in order to claim a share of the market when demand for such produces began to grow.

What makes the Mennonites in Chihuahua unique is their set of cultural differences when to local Mexican society. As Porter (1990) writes a nation's competitiveness is sustained and

created through national values, culture, and history among others aspects. Generally speaking, Chihuahua's Mennonites demonstrate considerable work ethic and are hard-working, goal-oriented, innovative, and compassionate. Moreover, they fight for their legal rights and against corruption, and illegal trading practices. Even with minimal schooling, Mennonites stay competitive on the market compared to their similarly educated Mexican counterparts.¹⁵

Although, the Mennonites have managed to respond to global challenges while retaining their identity and social values, a certain degree of adaption to overcome threats and global challenges is necessary. Indeed, though more conservative Mennonites have immigrated further south, at some point there might be nowhere left they can maintain their lifestyle. Plus, having to live apart from society and be self-sufficient is not one of their interest or part of their cultural heritage.

Other factors with negative effects on the Mennonites are illegal competition and corruption. Not only is corruption a major problem in Mexico, but some enterprises use NAFTA as a tool for illegal competition in apple-dumping for example. In effect, extensive bureaucratic procedures have been altered in order to export more apples than recorded. At the same time, current TTIP negotiations are criticized by the general public and mass media in the US and the EU as being overtaken by massive corporate businesses (Wallach 2016: 1, para. 4). As a result, many people fear that the interest of the average consumer are being overruled by those greedy corporations.

In Mexico, as in many other parts of the world, the gap between the working class and ruling elite continues to grow. Although free trade has prompted economic growth in general, the distribution of wealth within a country has changed. Stiglitz declares that the effects of economic growth is comparably small to the distributional effects and that in industrial countries, the poor suffer the most from those changes (2016: 1, para. 12). Yet, why do international policies benefit people, who have already accumulated more wealth than the rest of society? Of course, answering that question is beyond the scope of this research, yet it nevertheless clarifies the point being made here.

Even Mennonites, a group with considerable work ethic, whose members unionize, cooperate and innovate, struggle under market liberalization. Although, not much discussed by the interviewees bankruptcies and economic failures have often occurred in the agricultural sector. In that light, whom does further market and trade liberalization benefit? Many groups in

¹⁵ This generalization applies to generations until the 1980s. Today, the Mennonite school system has expanded, although university degrees remain rare in the Mennonite community.

agricultural sectors worldwide have suffered, and they are not alone. As the income increases, it seems that globalization has been carried out on the backs of common workers. Mennonites have cultivated a profound work ethic and goal-orientation for centuries; if they are struggling, then who are the real winners?

Though the TTIP might not be ratified, globalization and liberalization processes have continued to advance into uncharted territory and thus provoked a great deal of controversy and several opposing sides.

For other groups, expanding, unionizing, diversifying, and innovating are crucial to staying economically successful in today's global market. Cultural traits such as exceptional work ethic, compassion, and goal orientation are also important for social values go hand in hand with economic success in the Mennonite community.

All in all, Chihuahua's Mennonites demonstrate one way of tackling market liberalization and the expansion of multinational corporations. Although, this study has presented a limited point of view due to its small sample size, the interviewees were able to express the general coping mechanisms of their community: staying together, being fair (i.e. shunning illegal competition), and creating economies of scale. Such advice can also be applied for other groups around the world, especially rural farmers, who worldwide are experiencing similar circumstances as the Mennonites and might benefit by incorporating or unionizing. Moreover, since the consumers are an important, if not the most important, part of the market, then by raising consumer awareness of local challenges and problems those suffered by farmers, for example buying habits might be changed. In other words, if consumer ask for local products, then more small-scale farmers could survive. At the same time, governmental protectionism cannot be regarded as an answer to increased free trade because it hinders economic growth in the long-term. In general, how market liberalization is carried out and can thus be changed needs to be rethought.

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