

**Ethan Goldman**

## **Interpopulation Competition and Cooperation: Mexican maquiladoras and local entrepreneurial opportunity**

Maquiladoras are factories run by foreign companies that take raw materials and process them into finished products. These products are then exported to the country of that company. Maquiladoras are found throughout Latin America primarily in Mexico, Paraguay, Nicaragua, and El Salvador. They provide the benefit of allowing the factories to operate largely duty-free and tariff-free.

Over the last few decades, maquiladoras have become an integral part of the Mexican economy. Foreign manufacturers, predominantly those from the United States, invest in cheap labor through the maquiladora framework. Mexico, in turn, receives machinery, equipment and new technology. Maquiladoras provide over 500,000 jobs for Mexican workers, of which 50 percent are women. Many of these women are married, have children, or have low levels of education and do not have access to many other employment opportunities. Areas of Mexico that have more exposure to globalization and maquiladoras have higher labor income and lower incidences of wage poverty. Moreover, following changes that increased the competitiveness of maquiladoras, export trade increased by 99% from 2005 to 2017 and the poverty rate decreased by roughly 14% over the same period.

Working alongside officials from the Mexican Government agency INEGI, we will analyze large datasets to determine the impact that maquiladoras have on local entrepreneurship, technology evolution, and quality of life of the communities that they are in. INEGI is a government agency that is responsible for gathering national data from various sectors including employment and occupation, education, prices, and public safety and justice. We have a formal agreement with INEGI to use their data, specifically the data on every firm in the country. Examples of other data that will be analyzed include size of industries, number of new industries, poverty levels, and violent crime rate.

The results of our findings will be shared with the Mexican government in order to aid them in creating effective policies that encourage local entrepreneurial opportunity.