

Obama, Clinton promises on NAFTA hard to fulfill

By Doug Palmer - Analysis
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WASHINGTON - Promises by Democratic presidential candidates Sen. [Barack Obama](#) and Sen. [Hillary Clinton](#) to change the North American Free Trade Agreement may resonate with Ohio voters weary of manufacturing job losses, but will be difficult to fulfill, analysts said.

"[Barack Obama](#) and Mrs. Clinton are selling an illusion. The idea that the leaders of Canada and Mexico would sit down with the U.S. and rewrite this agreement is really a fantasy," said Dan Griswold, director of trade policy studies at the Cato Institute, which advocates free trade.

Both Obama and Clinton have said they would seek changes in NAFTA if elected president. That rhetoric has intensified with the approach of the March 4 primary in Ohio, a state where NAFTA is often blamed for manufacturing job losses.

Obama has said one of his first tasks would be to call leaders of Canada and Mexico to ask to put stronger labor and environmental provisions into the pact and change investment provisions that critics say overly favor corporate interests.

Clinton also has promised to "review NAFTA and work with our trade partners to correct its shortcomings."

That message strikes a chord with many Ohio voters who blame NAFTA and other trade deals for a sharp drop in U.S. manufacturing jobs, said Karen Hansen, state coordinator of the Ohio Conference on Fair Trade, a coalition of organizations calling for big changes in U.S. trade policy.

"We lost 50,000 jobs originally directly to NAFTA ... and probably four times that many jobs that were impacted by the ripple effect," Hansen said.

"Finally we have some presidential candidates who are acknowledging 'yes, there is a problem here,'" she said.

U.S. and Ohio manufacturing jobs actually increased during the initial years of NAFTA.

There were 989,400 Ohio workers employed in manufacturing when NAFTA went into force in January 1994, according to the U.S. Bureau of Labor Statistics.

MANUFACTURING JOBS SLIDE

That rose to 1.03 million by January 1995 and stayed at roughly that level until March 2000, when Ohio manufacturing jobs began a long slide to about 774,300 currently -- in line with a drop in overall U.S. manufacturing employment.

The decline coincides roughly with China's entry into the World Trade Organization -- another event often blamed for U.S. manufacturing job losses.

But the real cause was a recession in 2001 and productivity gains that have allowed U.S. manufacturers to make more and better quality goods with fewer workers, Griswold said.

"NAFTA has been a success for the American economy, for U.S. foreign policy. It's helped solidify Mexico not only as an ally, but a vibrant, multi-party democracy," he said.

To make any changes in the agreement, the United States would have to persuade Canada and Mexico to go along, and both countries say they are happy with the pact now.

"I do not see a reason to revisit NAFTA," Canadian International Trade Minister David Emerson said in a statement.

"When you consider how integrated whole industries and companies are across the Canada-U.S. border, the very thought that you would break that two-way flow of trade down is highly unlikely," Emerson said.

A spokesman for the Mexican Embassy in Washington said Mexico considers the current agreement "a success story for all three North American nations."

Many North American companies have a big stake in NAFTA, so it would take an enormous effort to persuade Mexico and Canada to change the pact, said Sherman Katz, a trade policy expert at the Peterson Institute for International Economics.

But it would be in their interest to work with a new president to address deep U.S. public anxiety over trade so the United States can continue to be a force for open markets, which benefit both Mexico and Canada, he said.

At the same time, the United States needs to get its own house in order by building a stronger safety net for workers who have lost their jobs and need retraining.

"We all know that trade does lots of good things for many people, but we also know it has costs and we've haven't done a very good job of addressing those costs," Katz said.

(Editing by Stuart Grudgings)