

Cracks Emerging in NAFTA

By Shamus Cooke

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The once-solid North American Free Trade Act (NAFTA) is starting to show its age. The 1994 trade agreement that laid the foundation for the economic/political integration of North America is encountering serious internal ruptures, threatening future "progress."

The problems are numerous: fights over trade, immigration, and military cooperation are all issues that Obama recently discussed in Mexico with his NAFTA partners, Mexico and Canada. The annual meeting that usually delivers plans for additional integration was instead used to remedy these heated issues, none of which were fully solved.

Both Mexico and Canada are angry with the U.S. for the "buy American" provision in Obama's stimulus bill, which they label correctly as "protectionist." The bill is explicit that many of the raw materials used in construction projects must be bought from U.S. corporations only, in violation of NAFTA. Mexico soon retaliated with taxes (tariffs) on dozens of U.S. goods entering Mexico, a spat that was hoped to have been solved with Obama's visit.

Other conflicts involve immigration — between all three countries — and the transportation of goods.

Although NAFTA was written with U.S. corporations first in mind, many of them have been out-competed by companies in Canada or Mexico. It was these U.S. corporations that pressured Obama into promising to "re-negotiate" NAFTA.

A danger for U.S. workers, however, is to think that any re-negotiation of NAFTA is intended to help them. Some "fair trade" and anti-free-trade groups — many with connections to labor unions — used Obama's promise to re-negotiate NAFTA as proof that he should be supported. Since being elected, EVERY significant policy implemented under Obama has been anti-worker — bank bailouts, wars, killing EFCA, etc. The issue of "trade" will not be a progressive exception.

This is because being "against free-trade" is not automatically progressive. The many U.S. corporations that hope to re-negotiate NAFTA to shut-out foreign competitors should not be admired for their actions. They are for the opposite of free-trade, protectionism, and instead of looking for low wages and poor working conditions abroad, seek to further implement them in the U.S.

Some of these companies have codified their intentions in the TRADE Act, a U.S. congressional bill yet to be passed. Although the TRADE Act has a number of progressive statements concerning worker and environmental standards, it

immediately contradicts itself by advocating specific pro-corporate policies, including: assessing how NAFTA has affected the "competitiveness" of U.S. corporations; "protecting intellectual property rights," protecting the "right to hold clear title to property" (for mega-corporations abroad); and wording that protects the "investments" of trans-national corporations and rich investors. This is the real reason that many Democrats feel compelled to pass the bill.

Many Canadian and Mexican corporations are similarly miffed by NAFTA, threatening the plans of some corporations — the best market competitors — to further unify North America. These ideas find expression in the North American Union, a think tank plan to essentially turn the NAFTA countries into one nation, or at least to erase specific economic/political boundaries similar to what has happened in the European Union.

Tension between feuding corporations, however, will keep the North American Union purely theoretical. Similar corporate conflicts are threatening further unification of the European Union, while also driving the World Trade Organization into an indefinite coma.

The New World Order that many are predicting will emerge through agreements with various governments and international mega-corporations to exploit the world's labor force and resources — using a common currency, military, etc. — is unlikely to materialize.

Internationally, conflicts between nations are on the rise; the world political situation has not been this tenuous for decades, with the threat of further regional wars being obvious (for example, in Pakistan, Iran, Israel, Georgia, and the U.S. meddling in Latin America, etc.).

The world recession is further exacerbating these tensions, driving governments to off-load the economic crisis affecting their native corporations onto other governments through currency manipulation, state subsidies (bailouts, stimulus plans), tariffs (protectionism), etc.

The New World Order theory is not new — long-ago referred to as "Ultra-Imperialism," a theory that took World War I to disprove. The corporations directing government policy in various nations cannot agree to live peacefully together; the bigger ones use their markets and military advantages to drive up profits at the expense of the smaller corporations residing in weaker countries. Capitalism is organically competitive and vicious, not cooperative.

Another guarantee against New World Order integration is the phenomena of nationalism. The deeper the recession becomes, the more nationalistic/patriotic our government officials act. They will blame foreign countries and immigrants for the country's problems, but never the corporations inside their countries. Nationalistic sentiments were in part what led to disagreements at the recent NAFTA summit.

One point of agreement, however, was the militarization of Mexico. The billion plus dollars that the U.S. has given Mexico under "Plan Mexico" to beef up "border security" and wage a "drug war," has thus far "led to more than 12,000 drug-related deaths, hundreds of allegations of human-rights violations against the military..." (Washington Post, August 9, 2009).

This "drug war" was conveniently begun when social movements in Mexico were at their peak, and many movement leaders have "accidentally" fallen victim to the military state.

These human rights abuses include kidnapping, torture, murder, "disappearances," etc. Obama's reaction to these tragedies is to dismiss them, along with U.S. law. The law states that Plan Mexico aid must be restricted if human rights abuses continue.

To skirt the law Obama merely used a false interpretation as to what was happening in Mexico — the Associated Press explains: "Obama told Calderon that human rights is a major priority for him, but also assured him that the State Department is working to prepare a report that recognizes all Mexico's efforts to prevent abuses..." (August 9, 2009).

This tweaking of the facts would apply equally to the above-mentioned TRADE Act, which says that the U.S. will sign free trade agreements with countries that have respectable human and labor rights records. If the current administration is to judge what constitutes a "violation" of rights, such an agreement will of course mean nothing.

The U.S. government cannot be relied on to be a neutral enforcer of anything, especially in trade-related issues. For workers, taking sides on trade issues is itself a dangerous game to play, since one can be unwillingly drawn into an international market turf war between global corporations. Neither side deserves our support.

The whole debate over free-trade versus protectionism is an argument between these corporate forces: the best competitors want free-trade and the other mega-corporations want protection from free-trade. Until these corporations are brought under the control of the people — something that cannot be done under the two party system — the issue of trade will remain a battle for market dominance.

Free-trade, however, does contain a progressive element. All the countries in the world would benefit from a free exchange of goods, services, raw materials, ideas, etc. But under a capitalistic free-trade, the concept of cooperation gets soiled by the profit motive, which means a ruthless competitive battle over the international market. To win one must reduce prices to a minimum, especially by lowering labor costs, by any means necessary.

Protectionism is anti-cooperation. The international goods and raw materials that were once freely traded become inaccessible, except by force. Protectionism helps

speed the march to war, a fact recognized by the post World War II Bretton Woods agreement that helped create the World Trade Organization (then called G.A.T.T). Under capitalism, free-trade is a necessity, whereas protectionism signifies a descent into trade wars and military wars.

In consequence, workers need a completely independent position. The notion that we can entrust our government to promote sane trade policies is unwarranted. Indeed, certain labor leaders love the issue of trade because it means they can sit back and do nothing, aside from encourage their members to vote Democrat. Before workers can encourage U.S. policy to be pushed abroad, it must first undergo drastic, progressive change domestically.

Such a change has already happened in Latin America, where a progressive vision around trade has emerged in miniature form. A bloc of countries in Latin America have formed a trade agreement (ALBA), based on the principles of social welfare, bartering, and mutual economic aide — concepts that lie outside of the limits of capitalism. Because these Latin American countries are still semi or majority capitalistic, they cannot arrange agreements that are wholly cooperative, but their example shows what is possible on a small scale.

Achieving a similar policy in the U.S. will first require the abandonment of the corporate-dominated two party capitalist system, and its replacement by an organization that is able to pursue the interests of workers. Such a party can only come into existence through a struggle that involves organized labor, community organizations, students, and all those interested in fighting for social justice.

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