The hidden costs of free trade

By Adrian Boutureira
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WE HAVE already seen the devastating effects of the North American Free Trade Agreement in Massachusetts. According to conservative estimates, more than 100,000 manufacturing jobs have been lost in the last decade alone. Nationally, at least 3 million jobs have been sent offshore, and the wage gap continues to expand.

Our trading partners have suffered, too - with huge increases in inequality and massive displacement. For example, at least 1.3 million Mexican farmers have lost their livelihood under NAFTA. As a result, the number of annual immigrants from Mexico to the United States surged from 332,000 in 1993, the year before NAFTA went into effect, to 530,000 in 2000 - a 60 percent increase.

Despite the unsatisfactory record of NAFTA as a "free trade" model, the neoliberal economic policy has continued its march forward in the same direction. This week, the Democratic-led Congress will have its first vote on the Bush administration's latest NAFTA-like expansion, the US-Peru bilateral free trade agreement.

Some Democrats are supporting this effort because President Alan Garcia of Peru has agreed to improve some international labor laws with presidential decrees. But Peruvian labor leaders think this is insufficient and will not protect the rights of the majority of people, 75 percent of whom work in the informal sector of the economy.

Like many workers in Latin American countries, Peruvians face constant threats to their labor rights. Violations include discrimination against union organizers, illegal firings, and forced overtime without pay. Further, the new system of fixed-labor contracts and subcontracting radically undermines workers' rights because it does not guarantee a 44-hour work week or labor standards. The new, much-talked-about labor language added to the US-Peru agreement does not solve this or many other key labor rights issues.

Latin America is infamous for having the most unequal income distribution in the world. In Peru, the meager income growth of the last few years has not been shared equally. Peru's capital, Lima, the country's most densely populated city, has experienced growth at a rate twice that of the rest of the largely rural country. This manifests itself in limited access to critical services, including healthcare. According to the United Nations' Food and Agriculture Organization, nearly 15 percent of Peru's population is malnourished.

As if that weren't enough, there's an unseemly underbelly to the proposed deal that could lock Peru into a privatized social security system similar to the proposal by President Bush that Democrats successfully fought off in the last Congress. The main beneficiary of the provision seems to be Citibank, the largest shareholder in ProFuturo AFP, a company authorized to compete against Peru's national social security system.

An effective trade policy with Peru would create jobs and increase wages, reinforcing our national security by strengthening our industries, promoting economic opportunities abroad, and seeking specifically to alleviate income inequality in both countries.

Our policy makers must change the model if they expect to achieve a different economic result than the one NAFTA has produced. Halting our expansion of the NAFTA model into new bilateral trade agreements is not an end to trade. Rather, it is a starting point for a long overdue revision of trade models that consider not only maximum profits for multinational corporations, but critical improvements in the lives of working families of all trading partners.

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