NAFTA now 10 years of bad policy

By John Nichols, The Capital Times
January 1, 2004

The North American Free Trade Agreement was implemented 10 years ago today. But it can safely be said that it has done 100 years of damage.
Sold to the people of the United States, Canada and Mexico as a border-opening panacea that would provide millions of jobs, send farm prices soaring and foster unprecedented prosperity and cooperation, NAFTA has done untold damage to the livelihoods and the communities of workers and farmers in all three countries.

"Had (the promises made by NAFTA backers at its inception) come true, NAFTA would have been an enormous boom and we would all be cracking champagne corks," says Lori Wallach, a Wisconsinite who directs Public Citizen's Washington-based Global Trade Watch program. "But, instead, we have got the 10-year record and it's pretty damn grim."

How grim? Since NAFTA's rules went into effect on Jan. 1, 1994, hundreds of U.S. manufacturers have shuttered assembly lines and factories in the United States and moved operations to Mexico, seeking not to develop that country's economy but to take advantage of its low wages. Despite all the claims that NAFTA would raise Mexico out of poverty, pressure from the multinational companies that have set up factories south of the border has made wage rates in many sectors of the Mexico's economy more depressed today than they were a decade ago.

Thus, as NAFTA has eliminated high-wage jobs in the United States and Canada, it has depressed the economy of Mexico. Now, as China lures the multinationals to move factories there from Mexico, officials south of the border are increasingly frantic about the future, and rightly so.
"Spin from the Bush administration cannot drown out the chants of 'Down with NAFTA' being heard in Mexico," says Wallach. One of the world's leading specialists on trade policy, the Wausau native explains, "NAFTA's 10-year record demonstrates that under the NAFTA model most people in the three countries were losers, while only a few of the largest corporations who helped write NAFTA were the major winners."

The Bush administration is now pushing to expand on that model, negotiating a hemispheric Free Trade Area of the Americas agreement that would impose a "NAFTA on steroids" corporate trade regimen all of North and South America. For today's anniversary, the Bush team will try to tell a free-trade success story. But don't believe the election year spin.
The facts confirm that NAFTA is a failure.

Instead of the trade surplus that was supposed to swell the U.S. economy, the U.S. trade deficit with Mexico and Canada has grown from $9 billion in 1993 to almost $90 billion in 2003.

Instead of creating new jobs in the United States, NAFTA has been a job killer. Under the strict requirements of the NAFTA Trade Adjustment System, more than 525,000 U.S. workers have been officially certified as having lost their jobs as a result of the agreement. And that is just the tip of the job-loss iceberg; hundreds of thousands of additional

positions have been eliminated in NAFTA-related factory cutbacks and closures.
Instead of raising U.S. wages, NAFTA has been used to depress pay. According to the Institute for Policy Studies, threats by U.S. corporations to move manufacturing operations overseas if workers join unions were heard in around 50 percent of union organizing drives before NAFTA went into effect. After its implementation, the threats were heard in close to 70 percent of organizing drives.

There is no debating the reality of NAFTA. No candidate for the presidency in 2004, neither Republican George W. Bush nor a Democrat like Joe Lieberman, should be allowed to get away with peddling free-trade fantasies on the campaign trail. Candidates who are not for radically rewriting - or simply scrapping - NAFTA are putting corporate special interests ahead of the public interest. And, in this NAFTA anniversary year, they ought to be held accountable.

Published: 1:58 PM 12/31/03