

What a vote for free trade means for the U.S.

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In the 2006 elections, aspiring Democrats attacked the Bush administration's free trade policies, and more than 20 new members of Congress were elected, giving the Democratic Party its new majority in the House of Representatives. Yet, nearly two weeks ago, Democratic Party leaders urged those same members of Congress to vote for a new free trade agreement with Peru.

Most rebelled, but enough Democrats voted for the Bush administration proposal, along with every Republican, to push it through the House. The Senate is expected to take up the agreement any day now.

Why would Democrats support the administration's trade policy, when campaigning against it helped them win in the last election? Try money.

Fourteen years ago, the promoters of the North American Free Trade Agreement promised that free trade would produce jobs. We hear the same claim today for the agreement with Peru, as well as the other agreements Bush has negotiated with Colombia, Panama and South Korea.

NAFTA certainly produced some winners. Large corporations moved high paying jobs south of the U.S.-Mexico border in order to cut their labor costs and increase their profits. Mexico created a new generation of billionaires. But rising profits did not produce jobs.

By November of 2002, the U.S. Department of Labor had certified 507,000 workers for extended unemployment benefits because their employers had moved their jobs south of the border. The Department of Labor stopped counting NAFTA job losses, but the Economic Policy Institute in Washington, D.C., estimated that NAFTA had eliminated 879,000 jobs. That was five years ago.

But U.S. job loss didn't produce job increases in Mexico - it eliminated them there too. In NAFTA's first year, more than a million jobs disappeared in the economic crisis NAFTA caused.

To attract investment in Mexico, the treaty required privatization of factories, railroads and other large enterprises, leading to more layoffs of Mexican workers.

On the border, Ford, General Electric and other corporations built factories and moved production from the United States to take advantage of low wages. But more than 400,000 maquiladora workers lost their jobs in 2000-2001 when U.S. consumers cut back

spending in the last recession, and companies found even lower wages in other countries, such as El Salvador or China.

Before NAFTA, U.S. auto plants in Mexico had to buy parts from Mexican factories, which employed thousands of local workers. But NAFTA let the auto giants bring in cheaper parts from their own subsidiaries, so Mexican auto parts workers lost their jobs, too.

The profits of U.S. grain companies, already subsidized under the U.S. farm bill, rose higher when NAFTA allowed them to dump cheap corn on the Mexican market, while at the same time it forced Mexico to cut its agricultural subsidies. As a result, small farmers in Oaxaca and Chiapas couldn't sell corn anymore at a price that would pay the cost of growing it.

When corn farmers couldn't farm, or auto parts and maquiladora workers were laid off, where did they go? They became migrants.

The real, dirty secret of trade agreements is displacement. During the years NAFTA has been in effect, more than 6 million people from Mexico have come to live in the United States. They didn't abandon their homes, families, farms and jobs willingly. They had no other option for survival.

Farmers and workers throughout Central America, who saw what NAFTA did to Mexicans, have protested, marched, and even fought in the streets of El Salvador, Guatemala, and most recently Costa Rica, to stop ratification of the Central American Free Trade Agreement. Now that rebellion is spreading to Peru.

No major union or organization of poor farmers wants the trade agreement that the Bush administration negotiated. No wonder. They don't want to say goodbye to their families, and start looking for work in Los Angeles, San Francisco or New York.

To get the Peru treaty through Congress, its supporters claim it will protect labor rights. Peruvian unions don't believe this promise any more than they believe it will bring them jobs.

Today a huge mining corporation, Grupo Mexico, has provoked a strike by demanding that miners work 12 hours a day instead of eight in Peru's largest copper mine. Since NAFTA passed, the same company has forced strikes and cut thousands of jobs at its Mexican mines to cut labor costs, and the government there has also cooperated. Toothless labor rights protections never stopped union busting and job elimination in Mexico. They won't in Peru either.

Those freshmen members of Congress have a better grasp on global reality than their party leaders, who are enthralled by the siren song of big contributions from corporate free traders. But those newly elected Democrats will have a hard time going back to their districts and explaining to constituents why their party allowed the treaty to pass.

Party strategists think Democrats can accept big contributions to support the Bush free trade program. They calculate that unions, workers, displaced immigrants and those hurt by the treaties have nowhere else to go in 2008. They're wrong. They could stay home - the Democrats certainly won't be giving them much reason to get out and vote.

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