

Standing Up to NAFTA

By Laura Carlsen | December 18, 2007

Every hour, Mexico imports \$1.5 million dollars worth of agricultural and food products, almost all from the United States.

In that same hour, 30 people—men, women, and children—leave their homes in the Mexican countryside to take up the most dangerous journey of their lives—as migrants to the United States.

No matter what one's stance on these two fundamental phenomena of our age—economic integration and immigration—one thing is absolutely clear: they are related.

As the final phase of implementation of the North American Free Trade Agreement (NAFTA) approaches, the debate remains disappointingly stuck in ideologically defined terms. Proponents of the free trade model point, not surprisingly, to increased trade as proof of its success. Opponents cite negative impacts from the point of view of their respective sectors, issues, and interests.

In January 2008 NAFTA enters its last stage of implementation in which all remaining tariffs on corn, beans, and other sensitive agricultural products will be eliminated. With severely negative impacts predicted for Mexican farmers and an accumulation of social problems in all three countries, this phase obliges policymakers to finally take NAFTA to task for how it has affected the daily lives of North American citizens.

Applying the NAFTA model elsewhere in the world, U.S. negotiators have hammered through “free trade agreements” (FTAs) bent on prying open new markets for U.S. products and guaranteeing favorable conditions for investors.

These are laudable objectives, but for too long they have ignored the fact that this narrow focus has high social costs in our country and in the partner countries.

There comes a time when we have to determine whether those social costs are worth the benefits and consider a change in course.

To do this, we need comprehensive studies that look at the macroeconomic data and statistics, but also at livelihoods, communities, and families.

Two Towns

The reality reflected in carefully selected numbers too often hides the devastation in human lives. Two towns—El Paso, Texas and Nochixtlan, Oaxaca—illustrate some of the real costs of NAFTA.

Shortly after NAFTA went into effect, companies located in El Paso began an exodus over the border. The textile industry was the hardest hit. The community organization Mujer Obrera reports that between 1994 and 2007 some 50,000 apparel workers lost their jobs. Two-thirds of them were women, mostly of Mexican descent. As companies closed shop, women workers lost their jobs and the county of El Paso, now tied for the third poorest county in the nation, never found a way to compensate.

As a result, poverty has increased by over 30% since 1999 and today nearly one of every three El Paso residents lives in poverty, 57% of them



women. Federal money under NAFTA for retraining programs has been insufficient and misdirected, as former workers are either poorly trained or trained for jobs that do not exist in the community. Year after year, El Paso drops down in average income.

What has happened is no longer due primarily to job loss. Most of the poor are working poor, according to the 2005 census. They have lost income because employers are paying less and more people are employed in the informal sector. Under this post-NAFTA scenario, women and children bear the brunt—a full 45% of women-headed households live below the poverty level.

Nochixtlan, Oaxaca also suffered under NAFTA, but in a very different way. In the small Mixteco Indian community of southern Mexico, corn farming supported nearly all the inhabitants in one way or another.

After centuries of misuse, the land suffered from one of the worst erosion rates in the world and chemical farming had depleted the soil. Then, lower yields were combined with the impact of increased imports under NAFTA that drove the domestic price of corn down 59% between 1991 and 2006. Nochixtlan farmers began to abandon their farms, and today the Mixteca region of Oaxaca has one the country's highest rates of out-migration. Here, too, no government programs came to the rescue or even attempted to soften the blow.

But El Paso and Nochixtlan have something else in common besides tragedy—the tremendous will of the community to pick itself up and move on. In El Paso, the seamstresses have created a community development plan that includes food gardens, a restaurant, an import business, and a daycare service. All are small

scale but they are serious attempts to create sustainable jobs that fulfill human needs.

In Nochixtlan, a farmers' organization has built trenches to stop erosion, started a reforestation program that has planted three million native variety trees to date, and instituted sustainable farming techniques. As they attempt to save their village, they are also contributing to the global battle against global warming and environmental decline.

The efforts of both are slowly reviving their communities. But they need help.

U.S. trade policy sent these communities into deep crises. A new trade policy can help pull them out, and avoid a similar fate for other communities.

The terms of NAFTA must be modified to permit government regulation of basic food production and supply, and provide policy instruments so poor Mexican farmers are not forced to compete with subsidized large companies for their own markets. The petition to withdraw corn and beans from the free trade agreement and support small farmers and food sovereignty is not a blow against free trade precepts but a common-sense demand for public policy that places lives and livelihoods first.

There must be mechanisms of flexibility when the terms of trade threaten livelihoods, food security, or health. This flexibility has been lacking in NAFTA and other FTAs. Negotiations have been inflexible, with developing countries finally giving in to terms they know will harm part of their population. The pound of flesh exacted from poor countries in exchange for access to the U.S. market in the end hurts both partner countries and the United States, since the terms of the agreements exacerbate

inequality and close off opportunities, leading to increased immigration.

U.S. negotiators call this success but the long-term price in international relations will be high and the immediate price is the rejection of U.S. trade policy we see in many Latin American countries, accompanied by resentment of the United States for the terms of imposition.

There is a false dichotomy presented to us that divides protectionism—seen as an evil of the past—and free trade as the only path to the future. Free trade has even been presented as synonymous with freedom in the political realm and the Western Hemisphere portrayed as divided between the democratic open-market supporters and nations searching to mitigate the polarizing effects of trade and investment liberalization. Until we reject ideological posturing and analyze the real impact of FTAs we will never arrive at more just and viable trade policies for all our countries and a more prosperous and stable hemisphere.

To develop a sustainable and fair trade policy this debate must become less dogmatic and more pragmatic. It's time to take a close look at what really is happening under these agreements and be open to corrections or creative changes in course. Communities have already begun to do that and a new trade policy can find many pointers in these local experiences.

1) Trade policy should be accompanied by aid for sustainable development:

U.S. aid to Mexico should be used to encourage efforts like Nochixtlan and compensate for damage done by NAFTA by funding new economic initiatives. NAFTA's extension, the Security and Prosperity Partnership (SPP) has gone off in the complete opposite direction. Instead of directing aid and programs to

regions negatively affected by the agreement, it has facilitated terms for transnational corporations—the only sector of society directly represented in its negotiations. Most recently, the SPP process has led to Plan Mexico and a ten-fold leap in proposed U.S. aid to Mexico—but for enforcement, intelligence, and military equipment. This creates a grave danger of militarizing a politically polarized Mexico and increasing the possibility of conflict. Creating healthy employment in the United States and Mexico would have a far greater impact on reducing the illegal drug trade than surveillance planes.

2) We need comprehensive studies:

For too long we have ignored or sought to patch over the serious problems generated in the United States and Mexico by NAFTA. We have abundant information on trade flows from the USTR, but little on the real consequence on real human lives. It's past time to call for studies that assess the economic data but also report on changing social indices even when direct cause and effect with NAFTA is difficult to ascertain.

The results then should be heeded. One of the very few studies of NAFTA in Mexico by the General Accounting Office concluded years ago that there was a pressing need for rural compensation funds. Nothing was done. Since then many of the predicted negative impacts have occurred, and there has been no policy response whatsoever.

3) A moratorium should be called on all new FTAs, including the three remaining before the U.S. Congress: South Korea, Panama, and Colombia.

The moratorium should last until new studies of the immediate and long-term impact of

FTAs have been thoroughly evaluated so as to determine whether this model works. The three FTAs before congress should be rejected not just for the particular circumstances of each case but because the FTA model is seriously flawed as an instrument of a constructive trade and foreign policy.

What we already know about NAFTA-style Free Trade Agreements is that along with increasing trade, they generate inequality. Adopting a trade policy that widens the gap between rich and poor here and abroad does nobody a service in the long term. Unless we change course, the social costs of our current trade policy will grow over the years and what we already see—unemployment and underemployment in our communities and abroad, environmental degradation, natural resource depletion, and growing gaps between those who benefit and those who are harmed—could develop into more serious problems of instability and widespread poverty.

A new policy would assure predictability and stable markets for U.S. producers, guarantees—not privileges—for U.S. investors, and basic rights for workers everywhere. It will imply a

more active role of governments in balancing a competitive open-market system with protection of weaker sectors and the common good.

It will also mean denying some of the demands large corporations make in the name of competitiveness. But that's healthy. If there is one thing we've learned from the growth of inequality under NAFTA, it's that trickle down doesn't work unless you squeeze from the top.

Companies must recognize responsibility for the communities whose labor and resources go to make the products they sell and the profits they reap.

Powerful interests will complain, but greater fairness for all—between employers and employees, the United States, and its partner nations—will build a more peaceful and stable world for the future.

And that will benefit all of us.

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