

# The North American Free Trade Agreement (NAFTA) Resulted in Increasing Unemployment in the U.S.

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On July 7, 2010, President Obama made the following remarks:

We're also reforming our own restrictions on exports, consistent with our national security interests. And we hope to move forward on new agreements with some of our key partners. I've instructed U.S. Trade Representative Ron Kirk to begin discussions to help resolve outstanding issues with the pending Korean Free Trade Agreement before my visit to Korea in November. It's an agreement that will create new jobs and opportunity for people in both of our countries.

We also want to deepen and broaden our relations with Panama and Colombia. So we're working to resolve outstanding issues with the free trade agreements with those key partners, and we're focused on submitting them as soon as possible for congressional consideration.

If President Obama's promise that these Free Trade Agreements (FTA) will create new jobs conjures up a sense of déjà vu to those hearing these words, this is entirely explainable. In 1993 President Bill Clinton said of the signing of NAFTA:

We will make our case as hard and as well as we can. And, though the fight will be difficult, I deeply believe we will win. And I'd like to tell you why. First of all, because NAFTA means jobs. American jobs, and good-paying American jobs. If I didn't believe that, I wouldn't support this agreement.

## North American Free Trade Agreement's (NAFTA) Results

President Clinton could not have gotten it more wrong. According to an analysis by the Economic Policy Institute (EPI), the number of U.S. jobs created by export expansion in relation to the number of U.S. jobs lost to the growth of foreign imports because of NAFTA in its first ten years resulted in a net loss of 879,280 jobs. (See "NAFTA - [Related Job Losses Have Piled Up Since 1993](#)" by Robert E. Scott.) This is not to mention the downward pressure on U.S. workers' wages NAFTA created, which contributed to their relative stagnation since the mid 70s.

NAFTA allowed U.S. corporations to more easily move their investment funds across the Mexican/U.S. border to set up new production facilities, while closing down similar factories in the U.S. They were happy to do this because of Mexico's cheap wages and less regulated labor and environmental standards. This created huge profits for the business elite but resulted in deteriorating conditions for workers on both sides of the border. U.S. workers were forced to face wage cuts or unemployment, and Mexican workers lost their traditional

jobs, and farms and were forced to work in near slave labor conditions in U.S. corporate facilities within the economic zones called maquiladoras.

NAFTA's free trade was a boon for Wall Street, but a bust for Main Street. President Obama is resurrecting President Clinton's failed promise of NAFTA's jobs creation in hopes of selling the public on the Korea, Colombia, and Panama FTAs. With nearly half of U.S. workers having lost a job or experienced a cut in wages since the recession started in 2007/2008, combined with a jobless "recovery," the need for jobs is first and foremost on U.S. workers' minds. However, this time around, after the experience of NAFTA, the promise of jobs creation comes off like a cheap gimmick used too many times, as if to sell a shoddy "lemon" used car as good coin. All three of the trade agreements Obama is pushing are modeled after NAFTA. There is absolutely no reason to expect different results when it comes to jobs creation.

### New FTA Consequences

For instance, when it comes to the Korean Free Trade Agreement, another study by the EPI estimates that it would likely displace 888,000 existing or potential U.S. jobs. This would include many union jobs in heavily organized sectors of the U.S. economy such as auto. The Korean Free Trade Agreement would make it easier for corporations involved in automobile production to outsource U.S. jobs to Korea in search of cheaper wages and bigger profits, further decimating the ranks of the United Auto Workers. While there would be some job creation in industries related to exports, according to the EPI study, U.S. workers would still be faced with a net loss of 322,000 jobs by 2015. (See "[Economic Impacts of Korus-FTA](#)" page 6, by Robert E. Scott.)

In addition to threatening U.S. jobs and wages, by promoting FTAs with nations such as Panama and Colombia, the administration is further exposing its lack of concern when it comes to corruption and workers' rights abroad. Panama was identified by the Government Accountability Office as one of eight countries listed on all the major tax haven watchdog lists. An FTA with Panama would increase its ability to act as a money-laundering center. Colombia is the most dangerous nation in the world to be a union member, with 2,300 labor advocates assassinated since 1991. An FTA with Colombia would give its government further strength and motivation to trample on workers' basic rights.

The fact that these trade deals are being pushed during hard times for U.S. workers is another example of how the U.S. political establishment is captive to corporate and Wall Street big money interests as opposed to the aspirations of the majority who voted for Obama in hopes of change. What U.S. workers need is a serious, massive jobs-creation program now, not dressed up policies that result in job losses.

### The Same Goal?

Towards the conclusion of his recent remarks President Obama said:

For a long time we were trapped in, I think, a false political debate in this country where business was on one side, labor was on the other. There were partisan divides. The

argument was either you were pro-trade or you were anti-trade. What we now have an opportunity to do is to refocus our attention where we're all in it together. Businesses, workers, government – everybody is focused on the same goal.

Unfortunately, as the FTA policies he is promoting attest to, Obama's notion of "we're all in it together" is that workers do all the sacrificing while big business reaps all the profitable benefits. This is not a partisan divide between Democrats and Republicans. While holding the presidency, the Democrats have proven themselves to be the most effective party for passing FTAs with Republican support. Rather, it is a class divide. While Wall Street is hoarding taxpayer paid-for bail outs and high unemployment continues, it could not be clearer that it is impossible for the corporate owners and working people to be focused on the same goal. What is good for one class of people comes at the expense of the other. The FTA policies that President Obama is advocating, with Wall Street's support, will hurt U.S. workers. No amount of labor friendly amendments to these FTAs can fundamentally change this.

### Labor's Chance to Lead

Labor needs to take the lead in opposing the FTA's that Obama is pushing and struggle for the creation of 15 million jobs along the lines that AFL-CIO President Donald Trumka has spoken of recently. It is not enough to pay visits to Congressional representatives and Senators in lobbying campaigns. Such an approach failed to defeat NAFTA, pass Single Payer Health Reform, or pass the Employee Free Choice Act, etc. A bold unambiguous show of unity and strength is required to win jobs at Wall Street's expense and defeat FTAs that hurt workers. Labor needs to galvanize its tens of millions of supporters, as well as all of its allies and hit the streets in a massive way.

The recent news of the AFL-CIO's Executive Boards support for building demonstrations on October 2nd in D.C., Louisiana, Arizona, and San Francisco is of historic importance. (See [AFL-CIO Backs October 2nd March in Washington DC for Jobs, Justice and Peace](#).) Should these demonstrations be actively built nationwide, they could play a role on par with Dr. Martin Luther King's March on Washington in 1963 in mobilizing the vast majority of working families into the streets for jobs as an unambiguous expression of what is most important in their minds. That is, this outpouring of popular sentiment for jobs at the expense of Wall Street could prove to be pivotal for putting workers' rights on the political front burner as the March on Washington was for Civil Rights. If so, it is all the more likely that the Korea, Panama, and Colombia FTAs will be left to wither on the vine.

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