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**Keynote Address**

**The NAFTA Debate: What Was That All About?**<sup>©</sup>

by

<sup>©</sup>**Beth Burrows, Associate  
Institute for Agriculture and Trade Policy  
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I want to thank you for inviting me here to talk about the North American Free Trade Agreement, the NAFTA. It's a worthy topic and this is certainly a worthy audience. But frankly, I'm not skilled enough to say what needs to be said about the NAFTA in half an hour. But that's all that I was given.

It seems that everything about the NAFTA is the product of rush.

My exact topic is "The NAFTA Debate: What Was That All About?"

...Well, the short answer to that question is "It was all about impact assessment." It was all about whose impact assessment was valid, whose was sexy, and whose got believed. It was all about whose impact assessment got published and whose impact assessment was seen or heard in the media.

Now, "impact assessment" is the short answer to the question, "What was the debate all about?" The validity of the impact assessments had little or nothing to do with perceptions of who won the debate and little or nothing to do with the passage of NAFTA in Congress. But impact assessment did have a lot to do with why there was a fight over NAFTA in the first place.

A lot of the fight had to do with rush. From the passage of the "fast track" that greased the Congressional skids for NAFTA to the insistence that NAFTA had to be sent to Congress before the Mexican elections, there was a lot of rush. Rush.

The United States and Mexico and Canada began formal negotiations on NAFTA in June, 1991. Fourteen months later negotiators concluded their talks. Fourteen months to integrate the economies of the United States, Mexico, and Canada. Fourteen months to create an economic integration that it took Europe decades to do.

...Rush.

Now, technically, the NAFTA is a trade agreement dealing with a broad range of issues, including tariffs, non-tariff trade barriers, investments, trade in

services, intellectual property rights, government procurement, and rules for addressing trade problems. Physically, the NAFTA is a 2000 page text filled with trade jargon. And emotionally the NAFTA is a hope - a hope that by integrating the economies of three countries, prosperity will be increased for all. And that 's the problem.

In the rush to create a NAFTA, some of us wondered: . . .Had we really created something that would bring prosperity for all? We wanted to slow down the rush and examine what the NAFTA might really be about.

First of all, the NAFTA is not about free trade. It is about changing the rules for regulating trade. If you look in chapter 17 of the NAFTA, you won't see "free trade". You'll see blatant protectionism. You'll see the rules for protecting United States-style intellectual property in three nations. You'll see protectionism! (I might note that there is no such comparable chapter, with such stringent rules, and such carefully-laid out punishments for violation for either workplace safety or environmental health.)

To call the NAFTA a "free trade agreement" is fundamentally inaccurate. Trade between the U.S. and Mexico, for example, is already virtually unencumbered compared to just 10 years ago. The average Mexican tariffs have dropped -- depending on whose assessment you believe--to only 6 to 10%. And less than 20% of Mexico's imports now require an import license. Ten years ago it was 100%.

Although some barriers remain, they were already disappearing even without a NAFTA. So if trade is open already, what is going to be "free" under the NAFTA?

The answer to that question is a bit disturbing because, again, the NAFTA is not about freedom; it's about deregulation. The primary purpose of the NAFTA is to enhance the flow of investment from the United States to Mexico. The NAFTA is essential to U.S.-based multinational corporations - they are the prime

NAFTA winners - because it protects existing and future investments in Mexico from the economic nationalism and protectionism that has sometimes characterized Mexican politics.

Henry Gonzalez, chair of the house banking committee, went even further in his assessment. Gonzalez is quoted as saying that Big Banking interests are behind the free trade agreements. Quote, . . . "They get their wish lists with no concessions made to safety or soundness." The Congressman was referring to the fact that the NAFTA will allow a U.S. bank-holding companies to exercise powers in Mexico that they cannot exercise in the United States. An American bank, through a financial holding company, may operate in Mexico a bank, a securities firm, an insurance company, as well as leasing and factoring subsidiaries. Further, U.S. consumers will be able to purchase those services from those operations in Mexico. Thus, according to Gonzalez, the NAFTA amounts to a back-door scheme by which our biggest banks get what they have not been able to get directly from the U.S. Congress. They will be able to deal in high-risk investments under the NAFTA and "will not be required to put up adequate reserves to protect the banking system should those investments turn bad."

Now, to sell the NAFTA plan to voters and to Congress, the supporters of NAFTA would have liked us to believe that by exporting hundreds of thousands of manufacturing jobs to Mexico, we will raise the Mexican standard of living enough so that Mexican consumers will buy American consumer goods. Somehow everyone will benefit. Somehow NAFTA will solve all the problems.

Now this view is based on the hope that we won't notice that the number of Mexicans entering the economy each year is much greater than the number of jobs likely to be created under a NAFTA, that we won't notice that the jobs created under NAFTA will be much lower-paying than the jobs lost in the U.S. and in Canada, that the jobs created will be in workplaces without the union protections and workplace

safeties we have all come to see as minimal. The NAFTA sellers only hoped we wouldn't notice that the land tenure program the Salinas government was forced to change before the NAFTA was negotiated -- and here I am talking of the collectives, the ejidos, something that had always been the cornerstone of the Mexican Revolution -- the land tenure program had been changed to allow the sale of Mexican land at about the same time as the Mexican corn market was being opened to U.S. corn. And the two factors together would, by the reckonings of Mexican economists, force -- depending on whose impact assessment you believe -- force between 3 to 15 million small Mexican farmers off the land, into the cities, with no urban skills to sell, and so onto the unemployment rolls, over the border, and into the migrant labor stream that comes to the U.S.

The NAFTA sellers were hoping that we wouldn't notice that this and the expansion of the infamous exploitation and pollution of the maquiladoras into the interior of Mexico -- this is what the NAFTA is likely to bring. They were hoping that we wouldn't notice that, even after 20 years in Mexico, U.S. companies still pay an average of between 63 cents and one dollar an hour, . . . depending on whose assessment you believe. They were hoping we would stop reminding them of the enormous Canadian job loss that followed in the wake of the U.S.-Canada Free Trade Agreement. They were hoping that we wouldn't notice the painful example we already have before us of the costs that "free", unregulated trade can inflict on people and the environment. I am talking of the free-trade zone along the U.S.-Mexico border where enforcement of environmental laws is virtually non-existent. The drinking water on both sides of the border has been polluted because of the factories there, largely U.S.-owned factories. The NAFTA sellers were hoping that we wouldn't mention that in San Elizario, Texas, a shared aquifer has been contaminated and 35% of the children contract Hepatitis A by age 8 and 90% of the adults have it by age 35. They

were hoping that we wouldn't mention that recent tests on both sides of the border at Nogales, Arizona, indicate groundwater contamination with high levels of cadmium, arsenic, and other chemical pollutants released by the factories. And they were hoping that we wouldn't mention that for the past decade, 95% of these industries could not even account for their hazardous waste. These are the phenomena we worried would spread throughout Mexico. This is what we saw as the multinational promise of prosperity.

[Now Dan Leahy, of Evergreen State College, put the matter a little different in a recent op-ed piece but I think he was talking of the same thing. By Dan's assessment, "NAFTA says the problem (for the United States) is that U.S.-based multinational corporations need to make more money: This is called 'remaining competitive'. NAFTA says all the things they took from working people under Reagan and Bush haven't been enough. Now they need to take over Mexico's land and use its labor. Once they do that, working people here will start to get something more. Do you believe that line?...How do (we) know what NAFTA is? . . . If you are a union timber worker who in the mid-1980's took a \$4 per hour wage cut and then watched Weyerhaeuser leave town, you know what NAFTA is. . . . If you are a woman working a part-time job with no benefits and no protection, you know what NAFTA is. . . . If you are one of those people concerned about the Onalaska kids with malignant brain tumors, you know what NAFTA is."]

Now let's turn away from the economics of it all; let's skip the debate about how many jobs will be lost and how many gained and what kinds of jobs will go to which people living where. Let's remember that we thought NAFTA was about a lot more than just Trade. Let's notice that under the banner of "trade fairness" a lot of other things are about to change. Technically, the changes will come through the mechanisms called the "elimination of non-tariff trade barriers" and the

"harmonization" of standards. . . . And in case there's still anyone out there who thinks that "harmonization" means all of us, the people of three countries, in our native costumes, standing arm in arm, on a green hill, on a sunny day, singing the same happy song together, I say, " Take another look; that ain't NAFTA; . . . don't rush.

NAFTA isn't only about that kind of harmony. And it isn't only about trade. I have stacks and stacks of impact assessments that indicate that NAFTA is about your job , your food, your health, your democracy, even about the way you think of yourself. The NAFTA sellers were hoping that you would not notice all that is about to change. Consider this list of outcomes we think will result from the agreement that Congress has just okayed. Tell me which outcomes are acceptable. Give a round of applause for the good ones.

- promotion of increased energy consumption by industry and consumers
- importation of foods containing DDT
- increased exposure of U.S. meat industry workers, inspection officials, and consumers to the risks posed by bovine tuberculosis
- exposure of U.S. consumer laws to challenge and elimination as non-tariff trade barriers
- free trade zones in which manufacturers avoid stringent environmental and labor laws
- a requirement that U.S. taxpayers pay for the cleanup of pollution that is caused by U.S. companies operating abroad
- overturning of U.S. environmental laws that get in the way of the free flow of trade
- highly secret ways of resolving disputes, so secret that meaningful citizen oversight will be eliminated from such vital concerns as food safety, consumer product standards, and environmental regulation
- elimination of one of the few means for ensuring public access to new products, especially new medicines, at affordable prices

- overburdening the Canadian health care system with new costs and eliminating the possibility for a similar system in the United States
- huge declines in the number and health of family farms in all three countries
- U.S. support for what the London Economist has called a "perfect dictatorship".

. . . How does it sound? (Did I go too fast for your applause?)

This is the result of a vision our leaders saw stretching from Anchorage to Tierra del Fuego. This is the upshot of Enterprise for the Americas. This is the world of the North American Free Trade Agreement.

What's at the heart of that world is Trade. Now Trade is neither good nor bad. It is usually at the service of some other value. But in NAFTA, it is the highest value and it is the NAFTA dispute resolution panels of unelected trade bureaucrats who will decide if our environmental and health and social justice laws get in the way of the free flow of trade and so have to be eliminated or compensated for.

It is the vision of NAFTA to make Trade the highest value. Not people, not environment, not life, not right, not democracy, but Trade.

Once a long time ago we thought trade agreements were just matters of trade. We have since learned differently. Tuna and dolphin and British Columbia tree-planting programs have taught us a thing or two. We have seen national and state laws overturned when they collided with "free" trade. We have seen visions of human health attacked by trade, environment attacked by trade, and even democratic process attacked by trade.

So what's wrong? What was missing in the NAFTA? . . . What was missing was basic workers rights,. What was missing was a plan to raise the standard of living and protect consumers, the environment, and worker health and safety in all three countries. . . What was missing was consultations with the stakeholders --



consultation not just with the hundreds of corporate CEOs that advise the U.S. Trade Representative's office, consultation not just with the four chosen environmentalists and one chosen labor leader that sit on the USTR advisory panels but consultation with consumer advocates and human rights activists, consultation with the scores of indigenous peoples whose resources and values are about to be impacted, and consultation with the ordinary citizens whose lives are about to be changed.

What was needed was **enforceable workers' rights**. The right to organize and to join a union. The right to strike. The right to health and safety on the job. The right to collective bargaining. The right to equal treatment for men and women. The right to fair pay.

What was needed was a plan to raise the standard of living, a long-term development plan to invest in activities and goods that create high-skilled, good-paying jobs in Mexico, the U.S., and Canada. What was needed was real vocational training and decent health care and protection for consumers and the environment everywhere. We needed to be willing to invest to help others raise their standards and to be sure that we enforced our own. We needed to recognize that Mexican workers were as good as anyone else, given the same factories and training. We needed to set hefty penalties against polluters; we needed to make sure, as we do in this state, that the polluter pays. And we needed to ban the use of hazardous chemicals and food processes. . . . We needed to do a whole lot better than we did.

President Clinton, when he was Candidate Clinton, said on December 17, 1992, "A successful NAFTA...must be coupled with a plan to...protect the environment, ...prepare our entire workforce to compete in the global economy,...(present) special safeguards for unexpected surges in imports...(for)worker assistance,...(for) farmers,...(for)greater public participation." He was right. He just didn't deliver.

The NAFTA sellers say he did deliver all that ...in the side agreements.

Remember the side agreements? We used to argue a lot about the side agreements. Some of the environmentalists even thought they were pretty good. Well, maybe not "good" but the "best we can do at this time", or, as the head of the World Wildlife Fund wrote me, "We're better off with them than without them."

Are we? Are we better off with them than without them? A friend of mine says the side agreements are irrelevant. The side agreements, she claims, are to NAFTA what a rape crisis center is to the problem of rape: they simply give the victims a place to go and talk about their experience. They don't solve the problem.

But that still doesn't answer the question. Are we better off with them than without them? Some say the side agreements created the illusion that certain problems had been solved and may thereby have ensured that the problems were exacerbated instead. They say the side agreements were a side show, a sly distraction.

What do I think? I'm going to sidestep the issue for two reasons. One, even if I willingly suspended my disbelief and pretended that the side agreement worked out the problems for labor and for the environment, where, I would have to ask, where are the side agreements to fix the problems with agriculture and to remediate the assaults on democratic process? Second, I think arguments over the side agreements are a waste of time. Especially in light of a statement by the Clinton administration, October 29, of this year. In a concession to Congressional Republicans worried that the side agreements gave too much to labor and the environment, the Administration has been quoted as saying that the U.S. would not be obligated to drop out of NAFTA if either Canada or Mexico withdrew from the side agreements. So what, I ask, are the side agreements worth if they are not enforceable? . . . No wonder Mexican negotiator Jaime Serra Puche enjoined his government not to worry about fines resulting from the side agreements. No wonder he thought it, quote, "very improbable that the stage of sanctions could ever be reached."

So, what's the verdict?

Am I against NAFTA? Yes, I am against **this** NAFTA, not all possible NAFTAs. We were never against a North American Free Trade Agreement per se.

But I believe that the vision embedded in **this** NAFTA is a vision of all of us as commodities, worker and consumer inputs to be seen only in the light of Trade.

Let me tell you a story about Roberto Bissio, an economist in Uruguay. He once told a story about how free trade can make commodities of us all. He was talking about the results of a free trade agreement that Uruguay has with some other countries. And he said that free trade was sold to his people the same way they sold it here, with promises of prosperity and more jobs. Anyway, after they had the agreement, about six months after, some economists got together and tried to see if the promises were true. They tried to find something that had improved under free trade. And they looked and looked and couldn't find anything; not one economic indicator that had gone up. Things seemed to be going down. But they were very persistent because some of them believed that something must have improved. And finally their search paid off. They found something. Something had improved. . . . The number of human kidneys that Uruguay exports to Brazil had increased under free trade.

. . . Workers and consumers as . . . commodities, inputs. . .

It was a Canadian impact assessor who first noted that when Trade becomes the highest value, life becomes a competition for Poverty. The goal of classical free trade is efficiency, efficiency without special regard for social or environmental impacts. The achievement of NAFTA will be, for most of us, poverty -- poverty of wages, poverty of environment, poverty of resources, poverty of spirit.

It was not my vision. It was not my NAFTA. Nor was it the vision of, to

mention a few of us, the National Farmers Union or the Consumer Federation of America or the Sierra Club or Public Citizen or the Rainbow Coalition or Friends of the Earth or AFL-CIO or the Canadian Environmental Law Association or the Pacto de Grupos Ecologistas, a coalition of Mexican environmental organizations. This NAFTA was the NAFTA of General Motors and General Electric and AT&T and BankAmerica and IBM and Dupont and Eastman-Kodak and all the others who funded the main sales organization, USA-NAFTA. This NAFTA was the product of their vision and their money.

For at the end, this NAFTA was not won by force of argument;. . . it was won by political power and money. . . .

When you go to do the future assessments of NAFTA, when you go to tell us what NAFTA really accomplished, please, be sure to give us more than just an up-to-date list of job losses, of wage concession threats, of pressures to change state laws, of machine parts outsourced out-of-country, of changed disease rates tied to new pollutions, of family farm closures in the U.S. and in Mexico, of detectable pesticides in the food supply, of land purchased from the ejidos and reconsolidated into big haciendas, of Mexican opposition leaders jailed and disappeared, of cubic footage of water and gas shipped from Canada to the U.S. and to Mexico, of changes in water and air quality along the borders, of decreasing forests, of increasing Asian investment in Mexico to create export platforms into the United States, of increased prices of pharmaceuticals in the U.S. and Canada and Mexico, of related changes in death rates due to lack of access to affordable medicines. Please,. . . don't rush; be sure to tell us more than just **that**, more than just the increases and decreases in exports. Be sure to tell us the impact of a lack of fair coverage by the press. Be sure to assess for us the impact of labelling the interests of Big Business as "trade liberalization" and the interests of consumers and workers and the environment as "protectionism". Be sure to let us know the real cost of the public pork-barrelling that bought an agreement

that could not be sold. Please, be sure to let us know how much the public really paid for those two extra cargo planes and that one extra study center for Texas, how much the public really paid for those grazing fees that never got raised, that bridge in a district that doesn't have any water, those reductions in cigarette taxes, those new airline routes, that Florida vegetable deal, those renegotiated sugar provisions. . . . Please, be sure to measure everything, not just the obvious. Count those extra highway accidents involving drivers who can't read the highway signs. Count the extra skin cancer cases from the extra time given to phaseout of methyl bromide. Count the number of Mexican and Canadian pharmaceutical facilities that close. And, by all means, count the impact on the children and teenagers who watched the porkbarrelling on television night after night and learned that. . . this is how the future is won. By all means, when you make your accounting, tell us, what was the actual cost and what was the cost of idealism foregone?

Thank you.

