

Free Trade and the American Economy: *Printable Documents*

Important: *You do not need to print these documents if you are working online.*

Pros and Cons of NAFTA (November 9, 1993)

The newspaper USA Today outlines the positions of the opposing sides in the NAFTA debate.

The North American Free Trade Agreement seeks to create an open market from Mexico to Canada, with the USA in the middle. It would bring together 370 million people and a gross domestic product of \$6.8 trillion — making it by far the world's largest free-trade zone. It would take affect Jan. 1 if Congress approves.

The agreement

The six points of the accord would:

1. Eliminate trade barriers between the three countries over 15 years ...
2. Promote fair competition
3. Increase cross-border investment opportunities
4. Protect copyrights
5. Set up a mechanism to resolve disputes
6. Establish a framework for future cooperation

...

Arguments for

- End tariffs that increase prices on cross-border trade
- Open Mexican market to U.S. [and] Canadian industries that now must open plants there to sell there
- Create jobs in all three countries as marketplace grows
- Help clean up environmental problems along U.S.-Mexico border and encourage Mexico to clamp down on polluters
- Stem flow of illegal immigrants from Mexico by improving economic prospects there

Arguments against

- Low-paid Mexican workers can not afford to buy U.S. [and] Canadian products
- Industries will move south to take advantage of cheap labor, taking manufacturing jobs from USA [and] Canada
- Environmental accords not strong enough to achieve desired effect
- Illegal drug runners would be able to freely cross borders
- Illegal immigrants will flow across open borders

from "Pros and Cons of the NAFTA Accord" *USA Today*

NAFTA Public Opinion (November 9, 1993)

The results of NAFTA public opinion polls and policy reports published in the newspaper USA Today.

What's the public response (according to USA TODAY/CNN/Gallup polls)

	Favor	Oppose
Aug. 12	41%	44%
Sept. 12	35%	41%
Nov. 4	38%	46%

Depth of support, opposition

Strongly favor	10%
Moderately favor	28%
Moderately oppose	26%
Strongly oppose	20%
No opinion	16%

Source: A USA TODAY/CNN/Gallup national telephone poll of 1,003 adults conducted November 2-4, 1993 ...

Unions: 7.4 million jobs vulnerable

About 7.4 million U.S. jobs are vulnerable to the NAFTA agreement, according to labor unions. Jobs vulnerable by region:

Northeast	1.3 million
Midwest	2.3 million
South	2.5 million
West	1.3 million

States with most vulnerable jobs

Calif.	840,000
Mich.	501,904
Texas	410,000
Ohio	406,667
N.Y.	403,000

States with highest percentage of vulnerable jobs

Mich.	14.1%
Ind.	13.3%
Ark.	13.2%
Miss.	12.9%
N.C.	12.8%

Source: Economic Policy Institute

Supporters: 200,000 new jobs

NAFTA supporters say the agreement would protect current U.S. jobs dependent upon exports to Mexico and would create new ones. The gains:

Jobs saved	700,000
Jobs created	200,000

States with net job gains

Calif.	9,600
Texas	6,800
N.Y.	6,800
Fla.	4,200
Ill.	4,100

from "Pros and Cons of the NAFTA Accord" *USA Today*

Ross Perot (September 1993)

In a book published just before the congressional vote, Ross Perot strongly argues against NAFTA.

NAFTA's principal goal is to protect the investment of U.S. companies that build factories in Mexico. This is accomplished by reducing the risk of nationalization, by permitting the return of profits to U.S. businesses, and by allowing unlimited access to the American markets for goods produced in Mexico.

The eventual elimination of Mexican tariffs on U.S. goods going to Mexico, which average only about ten percent, will mean little to most U.S. companies and workers. The reason is simple: Mexico's market is small ... and Mexican consumers are poor. Mexicans have per capita incomes that are less than \$2,500 a year, or roughly one-tenth that of someone in the United States. A person making that little can't buy very much.

Does anyone from the United States benefit from NAFTA? Yes, the owners of labor intensive companies that move their factories to Mexico. They can save a minimum of \$10,000 for every job they move from the United States to Mexico. In the process, they can avoid U.S. environmental, health, and safety regulations.

...

A person can only wonder why and how a trade agreement so harmful to U.S. interests was negotiated, and whose interest was foremost in the minds of the U.S. negotiating team.

from *Save Your Job, Save Our Country*

President George H. W. Bush (December 17, 1992)

President George H. W. Bush speaks about the advantages of the North American Free Trade Agreement at the ceremonial signing of the accord.

...[B]y signing the North American free trade agreement, we've committed ourselves to a better future for our children and for generations yet unborn. This agreement will remove barriers to trade and investment across the two largest undefended borders of the globe and link the United States in a permanent partnership of growth with our first and third largest trading partners.

The peace and friendship that we've long enjoyed as neighbors will now be strengthened by the explosion of growth and trade let loose by the combined energies of our 360 million citizens trading freely across our borders.

...

This is the fastest growing region in the world for U.S. products ... Travel to Miami or El Paso, Los Angeles or Chicago or New York, and listen to the language of our neighborhoods. We are tied to the Americas not just by geography, not just by history but by who we are as a people.

...

This hemisphere can be as well a zone of peace, where trade flows freely, prosperity is shared, the rule of law is respected, and the gifts of human knowledge are harnessed for all.

from "President George Bush remarks on Signing the North American Free Trade Agreement" George Bush Presidential Library

Congressman Announces He Will Oppose NAFTA (September 21, 1993)

Influential Missouri Congressman Richard Gephardt explains his opposition to NAFTA.

... [T]oday I am announcing that I will vote against this NAFTA. The issues are too important, and the stakes are too great to pass a deficient NAFTA, and no NAFTA is preferable to a deficient NAFTA. Once [it is] approved, we will not have the opportunity to easily revisit this issue

...

Numerous studies have been conducted on the effects of NAFTA in terms of jobs, and there are those today who support the agreement and will say every reasonable study shows net job gains. And then there are those who oppose the agreement, and they'll say that every reasonable study shows net job losses ... A lost job is not just a debating point in a discussion. To the person who loses the job, the consequences are devastating.

...

Now let me turn for a moment to the important issue of the environment. From now on, environmental issues will always have a place on any trade negotiating agenda, for we can and we must use the leverage of our marketplace and access to it as an incentive to clean up the land, air, and water of this earth.

We do a disservice to our people and people everywhere if we fail to pursue sustainable development policies. No nation, developed or lesser developed, should be encouraged to poison the future in order to pay for false

progress or prosperity. We need to understand that without pressure, environmental protection can be seriously damaged in the quest for economic growth.

There is profit, unfortunately, in pollution unless we help to stop it. Environmental degradation on both sides of the border has had a tremendous impact on people's health. In terms of border clean-up, the status quo may become better under the environmental portion of the NAFTA, but only marginally so, and the NAFTA will certainly not live up to the expectations.

...

... I can't support this NAFTA. The agreement isn't sound, and our economy isn't ready for it. In fact, the greatest failures in the agreement could exacerbate our worst economic problems -- disappearing jobs and a declining standard of living.

from "Congressman Gephardt announces that he will oppose NAFTA" Federal News Service, Inc.

President Clinton Radio Address (October 16, 1993)

In a radio broadcast President Bill Clinton urges support for NAFTA.

All wealthy nations are finding today that they can't create jobs without expanding trade. It's not just the United States, the same thing is true in Germany and the rest of Europe and in Japan. I know we can do it, because ... we've got a plan to increase exports.

...

The bottom line is this: NAFTA ... will produce jobs -- 200,000 of them by 1995 -- and will continue to create jobs in the future. It will help our economy to grow.

...

With NAFTA, our products will have easier access to Canada and the second fastest growing market in the entire world: Latin America. Without NAFTA, one of our best markets, Mexico, could turn to Japan and Europe to make a sweetheart deal for trade. With NAFTA, we'll be creating the biggest trading block in the world right at our doorstep and led by the United States. Without NAFTA, Mexico could well become an export platform allowing more products from Japan and Europe into America.

Why would we want that to happen? It's no accident that NAFTA is supported by every living former president, almost every serving governor, and leaders of both parties. And yet, I know many Americans are worried about the agreement. They've been told that companies will head south once the ink is dry because wages are lower and environmental investments are cheaper in Mexico. But all the wishing in the world won't stop those companies from leaving today. Today companies can go to Mexico and produce for the American market with low tariffs if they want to. But NAFTA will require Mexico to enforce [its] own environmental laws and labor standards, to raise the cost of production in Mexico by raising wages and raising environmental investments. That will make it less likely, not more likely, that a company will cross the Rio Grande River to take advantage of lower wages or lax pollution laws.

I say again, under NAFTA more jobs will stay at home here in America, and more [American] exports will head to Mexico. NAFTA means exports and exports mean jobs.

from "Radio Address by the President to the Nation" National Archives