

NAFTA TAKES THE CAKE

THERE'S NOTHING TO CELEBRATE ABOUT THE 10TH ANNIVERSARY OF NAFTA

The proponents of NAFTA and increased free trade seem a bit cranky these days. After 10 years of the NAFTA regime, there are just too many economists, trade experts, and researchers recognizing the negative impact of this deal for their taste.



Canadians demonstrating against the FTAA in Miami.

Photo: Bill Moore-Kilgannon

NAFTA proponents are left to rely on trade numbers to make their case. The reason that if we trade a lot, then everything is okay. The problem is that 10 years ago they were promising jobs, a better standard of living, economic growth, and protection for our social programs and the public interest. By all of these standards, NAFTA has been a failure.

A recent issue of the right-of-centre magazine *The Economist* concluded that NAFTA is good but conceded that “NAFTA champions” oversold their case, and that it was “never plausible,” for example, that NAFTA would be a net creator of jobs. Is it possible that Canadians were simply lied to about jobs so they would support a corporate-style trade agreement?

NAFTA supporters say that investment in Mexico has jumped by billions of dollars and that Mexico is now the world’s eighth largest exporter. Yet 75 per cent of the population now lives in poverty, an increase

that those billions in investments are “largely disconnected from the domestic economy.” In the eight years prior to the first free trade deal between Canada and the U.S., Canada’s economy was growing at an average of 1.9% per year. From 1989 to 2002, Canada’s real per capita growth averaged just 1.6%. The disparity in Mexico’s economic growth is even greater. Between 1948 and 1973 the Mexican economy grew at a rate of 3.2%; since NAFTA, it has grown at a paltry rate of 1% per year.

Free trade proponents would have us believe that our social programs are stronger today because they have been made more efficient. The Paul Martin budget of 1995 – one year into NAFTA – included cuts of close to \$29 billion. Throughout Martin’s time as finance minister, cuts were made to Unemployment Insurance benefits, Old Age Security, and federal transfers to the provinces for health care and education. Do proponents see disqualifying 61 per cent

of jobless Canadians from unemployment insurance as efficiency?

The Chapter 11 “investor-state” clause of NAFTA, simply stated, allows corporations or private investors to sue governments directly when they perceive their profits to have been affected by government legislation. Owing to this, a “regulatory chill” has set in which hinders governments from considering public interest policies that could be perceived as a slight by a corporation. As a result of Chapter 11, corporations have received US \$46 million dollars from the public purse due to rulings against public interest laws that were viewed by trade tribunals as “indirect expropriation” or “regulatory takings.” Perhaps NAFTA’s proponents would say we were lucky given the fact that corporations have sought more than US \$28 billion in compensation?

The so-called champions of NAFTA promised a lot to the people of North America in order to gain passage of their deal. They haven’t delivered. This brings to mind President Bush and Iraq: to justify the war against Iraq, U.S. President Bush said time and again that Iraq had huge supplies of weapons of mass destruction. In his most recent State of the Union address, in a weak attempt to justify the invasion, he said that inspectors had found “dozens of weapons of mass destruction-related program activities,” whatever that means.

Perhaps they realize that without lies a pro-free trade, pro-war agenda cannot be sold.

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