WHAT'S WRONG WITH FREE TRADE?

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"Trading Freedom: How Fair Trade Affects Our Lives, Work and Environment", editor John Cavanaugh, et al, Institute For Food and Development Policy, S.F., 1992

A few weeks ago Mexican President Carlos Salinas, Prime Minister Brian Mulroney of Canada and George Bush initiated a North American Free Trade Agreement. The U.S. Congress had already, in May 1991, given up its right to amend the treaty by granting "fast track" authority to the President. The NAFTA would lower barriers to goods and services flowing between the three countries and eliminate barriers that deter or inhibit mobile corporate investment. The administration-predicted benefits to the U.S. include the opening of huge markets to American goods, which they say would mean more jobs for American workers. This expansion would also strengthen U.S. corporations vis a vis Japan and Europe.

The Bush free trade agenda is not restricted to North America. Under the rubric of "Enterprise for the Americas," Bush is laying the groundwork for a hemispheric free trade zone. Bilateral free trade agreements have been signed with some twenty nations of this hemisphere. Negotiations are also going on to establish regional frameworks for free trade in the Caribbean, Central America, the Southern Cone and the Andean Region. Bush hopes to have a Common Market of the Americas by the end of century. He does not share the reluctance of Northern Europeans to jump into economic entanglements with poor, underdeveloped nations.

Well-heeled American corporations are drooling at the prospect of unrestricted movement of goods and services across borders, and at the inability of local or national governments to protect local industries, agriculture, jobs, wages or environments. Free trade will be the hammer used to smash efforts to support and maintain family farms, sustainable and organic agriculture and logging, landuse planning, national and regional self-sufficiency efforts, and small and medium manufacturing for domestic use. The governments' ability to target specific industries for support "in the national interest" will be eliminated. Already, the threat to close and move U.S. plants has pressured states and communities to reduce or eliminate taxes and environmental restrictions, to the detriment of local taxpayers.

The administration claims that the effect of free trade with poor countries will be to raise their living standards as development proceeds. In fact, the opposite is true. If wages and environmental standards rise significantly, corporations will continue to move to more desperate countries. Corporate and capital mobility will generate downward pressure on jobs and wages for the U.S. and Canada, as well as Mexico.

The essence of free trade agreements is the surrender of sovereignty. Free trade seeks to increase our dependence on, and vulnerability to foreign economies and to the web of interlocking corporations which are answerable to no one. As the New York Times says, The new (economic) order eschews loyalty to workers, products, corporate structure, businesses, factories, communities, even the nation."

Free trade will further undermine what remains of a social contract between companies, their workers and their communities. Authority will become ever more separate from responsibility. Much of the authority to protect the environment, food, labor and small business will be taken from communities, states and nations and "put into the hands of governments' appointed trade ministers, multinational corporations...obscure international agencies and courts."

For example, if Oregon decided to ban log exports, or restrict the import of foods contaminated with pesticides now banned in the U.S., foreign governments could and would sue us in international courts for establishing "non-tariff barriers" to trade.

We are well onto a path where the economic destiny of communities, regions and entire nations is decided in the boardrooms of global corporations, largely unaccountable to the public and unfettered by government regulation.

Clatsop County has experienced the effects of decisions made thousands of miles away to close Bumble Bee and Crown Zellerbach operations and move them to San Diego and Georgia. This kind of activity will only increase with NAFTA.

As manufacturing jobs are moved overseas, American corporations will become increasingly "hollow." For instance, as the recent series in The Oregonian on Nike pointed out, Nike shoes are made in poor countries, in factories which are sweatshops and which pay survival-level wages. Nike performs the service operations, design, marketing, financing and distribution. They also bank the profits.

The effects on Canada of the Free Trade Agreement they signed with the U.S. in 1989 have included the loss of 435,000 manufacturing jobs from plant closures and layoffs; foreign (U.S. corporations) control of Canadian companies has jumped a full percentage point. "90% of foreign corporate activity in Canada is in the form of takeovers, not new investment." Canadian firms are moving to the southern U.S. or Mexico to take advantage of lower interest rates, much lower "social benefit rates" (taxes, health and unemployment insurance), low wages and hostility to unions.

Businesses in both countries are challenging environmental protection laws as "non-tariff barriers to trade." This is likely wherever different laws exist. Canadian companies challenged the U.S. EPA regulations banning asbestos. U.S. companies challenged Canadian industrial emissions and workplace safety regulations and bans on some pesticides. The end result will likely be the lowering of environmental standards in both countries to the lowest common denominator in every area.

U.S. automakers import whole lines of cars from overseas and put their nameplates on them. Some parts of all U.S. cars are made in foreign countries, from engines to trim and seatbelts. Some cars are assembled in jointly-owned foreign/U.S. plants located in Mexico or in the U.S.

Tax and other incentives encourage investment abroad, including the relocation of whole factories. The U.S. Department of Commerce and the State Department actively promote the movement of U.S. industrial capacity to Mexico, Central America and the Caribbean (excepting Cuba).

Twenty-eight percent of U.S. imports are from affiliates of U.S. corporations. The U.S. economy is being invaded by American-owned transnational corporations.

Million of U.S. workers have lost and are losing their jobs as factories shut down and relocate to Mexico. General Motors, for instance, operates 37 maquiladora plants just over the Mexican border, employing 42,000 workers. GM plans to build more plants as it closes 12 of its remaining 21 plants in the U.S. and Canada. (For a personal view of the effects of GM plants closures on Flint, Michigan, see Michael Moore's documentary film, "Roger & Me.")

The constant threat to close plants and move has depressed U.S. manufacturing wages by an average of 10% during the 1980s. Sweatshop

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