



*President Donald Trump welcomes Canada's Prime Minister Justin Trudeau on the South Lawn before their meeting about the North American Free Trade Agreement (NAFTA) at the White House in Washington, D.C., in October.*

REUTERS/JONATHAN ERNST

# No more NAFTA

*The controversial trade agreement is set for renegotiation. Could this be the year we finally put our foot down?*

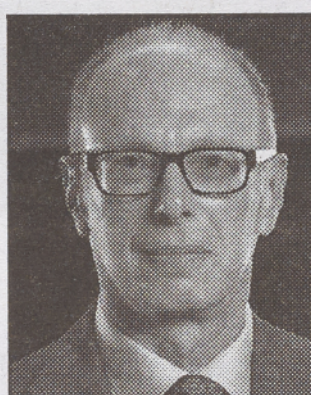
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The North American Free Trade Agreement (NAFTA) is unpopular with many people who correctly blame it for encouraging capital flight, job loss, deindustrialization and wage suppression. President Trump triggered the agreement's renegotiation, and talks between the governments of Mexico, Canada and the U.S. about NAFTA's future will likely conclude sometime this year.

To this point, most unions and activist trade groups have been reluctant to call for NAFTA's termination, and that is regrettable. Instead, they have pressed to modify the agreement. Unfortunately, this stance encourages people to believe that a few key changes in the agreement can make it an acceptable vehicle for advancing "national" interests and that the Trump administration, when offered good ideas, will do the "right thing." Neither is true. It is time to just say no to NAFTA.

## The truth about free trade agreements

Free trade agreements such as NAFTA are designed to promote the power and profitability of multinational corporations. The phrase "free trade agreement" calls to mind a world in which "neutral" market forces ensure that the trading activity of national firms leads to a balanced international exchange of goods and services. But that is



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not the world we live in.

Approximately 50 percent of all goods imported to the U.S. are intra-firm, meaning they are bought by one unit of a multinational corporation from another unit of the same multinational. The percentage is considerably higher for imports of manufactures, especially in key sectors like electrical, machinery, transportation, and chemicals. Approximately one-third of all goods exported from the U.S. are sold by one unit of a multinational corporation to another unit of the same company. The percentage of U.S. service trade that is intra-firm is even higher, almost 70 percent. And these percentages do not include trade between multinationals and their "independent" subcontractors.

In short, most trade is organized within

multinational-corporate-controlled networks. Multinational corporations want these free trade agreements because they provide stability and security for their global operations, operations that are structured to serve corporate, not national interests.

These agreements also include dozens of chapters that have little to do with trade as we commonly think of it. For example, they include chapters that restrict the ability of governments to:

- Set national food and environmental safety standards
- Regulate the extraction and use of national resources
- Use public purchasing to reward firms with good labor or environmental records
- Regulate financial institutions and their cross-border capital flows
- Operate publicly owned health and insurance services
- Control the gathering and use of private data

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