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**Stop blaming Nafta**  
By Robert A. Pastor  
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**WASHINGTON:**

In their last debate, Barack Obama and Hillary Clinton expressed skepticism about free trade and sharply criticized the North American Free Trade Agreement.

The Democratic presidential contenders concluded by effectively sending an ultimatum to Canada and Mexico: Either renegotiate the labor and environmental provisions to make them enforceable, or forget about Nafta.

Their criticism of Nafta is unwarranted. But it was particularly disappointing that they did not take the opportunity to define a new positive approach to America's neighbors and to address the new North American agenda that has emerged since Nafta. There will be another chance.

Nafta's goals were to reduce and eventually eliminate trade and investment barriers, and it did that. From 1993 to 2006, trade among the United States, Mexico and Canada tripled - from \$289 billion to \$846 billion. Foreign direct investment quintupled, tying the economies closer together and forging continental firms. If one measures success by stated goals, Nafta is a success.

Of course, the main concern with free trade is the effect on jobs. Yet in the first seven years of Nafta - the period when trade soared - the number of new, relatively higher-paying jobs in the United States grew by 22.7 million. Nafta cannot claim all, or perhaps even much of the credit, but it surely cannot be blamed for net job loss.

Over the past decades, there has been a steady decline in jobs in manufacturing and agriculture in the United States, but most economists conclude that this is due more to technology than trade, and it reflects a natural progression to a more productive, service-oriented economy.

Free trade promotes competition in an expanding market. Firms grow, and some fail. Some workers win, others lose. But as consumers, we all win with cheaper and more diverse products.

If people lose their jobs, they sometimes blame trade, even if the real cause is poor management. If their lives are improved by trade, they are more likely to attribute their success to their own skills.

Those who lose are more likely to complain, and that explains the political logic of trade. When asked in polls if Nafta has benefited their countries, however, a majority of the public in all three countries have said yes - but they also have said yes when asked if the other countries benefited more than theirs.

There is nothing wrong with improving the enforcement of labor and environmental provisions, but as a prescription for correcting the mistakes of trade agreements, it is filled with ironies.

First, the United States was the author of these provisions, largely for political reasons, and Mexico and Canada accepted them. Second, the U.S. is the main culprit in failing to comply with the agreement. Third, the purpose of the provisions is to have all three governments uphold their own policies, but they don't need an international agreement for that. And fourth, better enforcement won't solve America's trading problems.

Indeed, these provisions do not affect U.S. trade or jobs. U.S. firms do not move to Mexico to escape environmental laws or for lax labor laws. They do so for several reasons, one of which is the lower cost of labor. But if that were the only reason, all would move to China.

The sad part of the Clinton-Obama debate is not that their assessment and prescription were wrong; it's that they missed the real issues. Nafta has accelerated economic and social integration, creating a continental market, and the problem is that the three governments have not kept pace. Trade has tripled, but they have not built new roads.

The income gap between Mexico and its northern neighbors has not narrowed. Illegal immigration from Mexico to the United States has grown worse, but so too has the flow of guns from the U.S. to Mexico. The border, which was supposed to have been flattened by Nafta, has developed huge speed bumps since 9/11.

The real problem is that the three governments have failed to address this extensive post-Nafta agenda. Indeed, they have been intimidated by parochial, antiglobalist forces, and they have sought protection in private meetings with CEOs, thereby appearing to confirm the suspicions of the critics.

Some critics fear that the governments are secretly conspiring to merge the three countries into a North American Union. The real problem, however, is that they are doing almost nothing to promote the North American idea.

One of the most important tasks for the next American president will be to restore America's prestige in the world. But that will not happen unless the world sees that we Americans respect our neighbors.

There are other compelling reasons for the new president to join with Mexico and Canada to define a vision and a program for a future North America.

First, no two countries are more important to the U.S. in trade, energy, migration or security than Canada and Mexico.

Second, to compete against China and Europe, we need transform our free-trade area into a customs union with a common external tariff.

Third, the security of our continent requires a new trilateral approach at both borders and the perimeter.

Fourth, we need to build North American institutions to work on transportation and infrastructure, education, dispute settlements and immigration.

Fifth, we should work together to improve the environment and provide a sturdier safety net - wage insurance, health care, training - for all our workers.

Sixth, we need a North American Investment Fund to close the income gap between Mexico and its northern neighbors, because that is the only way to stop immigration and establish a community.

The North American agenda is so full and so important that we should stop debating the past and get on with our future.

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