

Associate Editor Wayne Lutton reviews three new books dealing with the North American Free Trade Agreement.

A Skeptic's Guide to NAFTA

Book Reviews by Wayne Lutton

SAVE YOUR JOB, SAVE OUR COUNTRY: WHY NAFTA MUST BE STOPPED — NOW!

by Ross Perot with Pat Choate
New York: Hyperion
142 pp., \$6.95

FACTS AND FICTIONS ABOUT "FREE TRADE": A READER FOR JOURNALISTS

Don Hazen, editor
Institute for Alternative Journalism
100 East 85th Street, New York, NY 10028 ph.(212)
799-4822; fax: (212) 580-0209
157 pp., \$15.00

THE TRADING GAME: INSIDE LOBBYING FOR THE NORTH AMERICAN FREE TRADE AGREEMENT

Charles Lewis, Bill Hogan, et al
The Center for Public Integrity
1910 K St., Suite 802, Washington, DC 20006
ph. (202) 223-0299; fax: (202) 223-6287
108 pp., \$15.00

Had Ross Perot decided not to use his resources to help make it a national issue, it seems likely that the North American Free Trade Agreement would have been quickly ratified with little public discussion. As we go to press, the outcome of the ratification battle is very much in doubt. The three volumes considered here provide plenty of reasons to view the agreement, and the accompanying lobbying campaign in support of it, with great skepticism.

Save Your Job, Save Your Country is a readers' guide to the two-volume, 1,100-page tri-lateral treaty. In addition to outlining the provisions of the agreement, the authors discuss the dubious politics behind NAFTA. While Bill Clinton pledged to "reinvent government," there can be little question but that NAFTA is "the ultimate insider deal."

According to Perot and Choate, the current agreement originated not with Mexican, Canadian, or United States interests, but rather with Japanese and European investors who sought guaranteed access to the huge American market, along with increased security for investors in Mexican-based enterprises. Until recent years, Mexico discouraged foreign investment and, like a number of other Latin American countries, has had the unpleasant habit of nationalizing potentially profitable companies. Despite successful efforts to attract outside investment, exemplified by

the *maquiladora* program, Mexico remains a poor country with a large and growing population. Its domestic market is simply too small to make it attractive to the sort of large-scale foreign investment the Mexican government has been hoping to encourage.

In June 1990, Mexican President Salinas met with President Bush and urged that the United States, Mexico, and Canada join in a trade and investment-protection agreement. After Bush received congressional "fast track" authority to negotiate in complete secrecy and without congressional participation [representing a questionable "stretching" of Article I, Section 8 of the U.S. Constitution, wherein Congress is granted authority to regulate foreign commerce], the agreement was finally put together and signed by Salinas, Bush, and then-Canadian Prime Minister Mulroney. It awaits final approval by the national legislatures of the United States and Canada.

Upon reading the actual agreement, rather than merely the 44-page official press release, it is clear that NAFTA is concerned less with actual trade than it is about protecting investors and companies operating in Mexico. Even without NAFTA, many U.S. firms will continue to "disinvest" in America by shipping manufacturing jobs to Mexico. But Asian and European interests remain wary of Mexico's investment climate. As the author's emphasize, NAFTA's "principal goal is to assure foreign investors that their capital investments and plans will be safeguarded. ... NAFTA makes Mexico investor friendly — a place where U.S. [and other foreign] companies can operate under lax government regulations and with high-quality, low-wage workers kept in line by a tough Mexican government. For both investors and companies, NAFTA is a terrific deal."

The price to be paid for NAFTA will be borne by workers in the U.S. and Canada. In this country, the accelerated loss of manufacturing jobs will especially hurt high-school educated youth and urban minorities. Indeed, increasingly destructive social divisions are among the most likely consequences of NAFTA.

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immigration laws."***

Working-class Americans will not be the only

ones to suffer. Buried within the treaty are important provisions opening 63 professional categories to "temporary" foreign workers. Unknown to the general public, "NAFTA forces the United States to eliminate any citizenship and permanent residency requirements for professional service providers, such as doctors, lawyers, and accountants. ... *While no one was watching, U.S. NAFTA negotiators radically revised the nation's immigration laws*" [emphasis added].

Instead of forcing Americans to compete with workers from populous Third World countries, such as Mexico, where wages come to one-tenth the U.S. average, or Bangladesh, where employees earn an average of 15-cents an hour, Perot and Choate outline alternative economic strategies. In the meantime, NAFTA must be rejected.

Facts and Fictions About "Free Trade" is a collection of highly informative articles that have appeared in *Dollars & Sense*, *Harper's*, *Multinational Monitor*, *The Village Voice*, and a number of other "alternative" journals that most of us only rarely encounter. Sections are devoted to NAFTA and GATT (the multi-national General Agreement on Tariffs and Trade, a "super" NAFTA); the impact of the agreement on Mexico, the United States, and Canada; the lobbying campaign waged by Mexico and multinational business interests; environmental and public health concerns, including the undermining of food safety regulations; the impact of NAFTA on labor conditions; how "free trade" is turning the Third World into a huge labor pool; and a discussion of alternatives to GATT and NAFTA.

Arguments raised by NAFTA proponents are subjected to careful review. Richard Rothstein, writing in *L.A. Weekly* and John Whalen, in *San Jose Metro*, argue that the promise of increased sales to Mexico is an illusion. Mounting population pressure assures that wages will remain low. Aside from food, Mexican consumers simply can't afford very much that is produced in America. Migration pressures will continue as the expansion of industry based in Mexico fails to keep up with its growing population. Until American wages and living conditions descend to Third World levels, North America will remain a magnet for the world's poor.

Some very influential U.S.-based business executives, who use the threat of plant-moving as a bargaining chip in labor contract and tax-authority negotiations, have made it clear that they look forward to the day when American economic conditions do indeed mirror those prevailing throughout much of Latin America and Asia. As Goodyear executive vice-president Stanley Michelick told *The New York Times*, "until we get real wage levels down much closer to those of the Brazils and Koreas, we cannot pass along productivity gains and still be competitive."

The Economist, a British journal that strongly supports NAFTA, admitted that: "Washington's

culture of influence for hire is uniquely open to all buyers. Its lawful ways of corrupting public policy remain unrivaled." The extraordinary lobbying efforts on behalf of NAFTA is the subject of *The Trading Game*, a study prepared by the Center for Public Integrity, a Washington, D.C.-based research organization that specializes in considering ethics-related public issues.

Based on an analysis of Justice Department Foreign Agent Registration Act records, congressional and executive branch documents, and hundreds of interviews with participants in all sides of the NAFTA debate, the study confirms that:

- NAFTA is the most expensive foreign lobbying campaign on a specific issue in history, with the Mexican government spending over \$30 million to employ an army of Washington lobbyists, lawyers, public relations firms, and consultants.

- More than 33 former U.S. government officials, who have held top congressional, White House, and State, Treasury, and Commerce department posts have been hired by Mexico to advise them on the agreement and lobby for its approval by the U.S. Congress.

- Once it was clear that President Bush might not be reelected, Mexico launched a campaign to influence Clinton's thinking. Weeks before the 1992 presidential election, Warren Christopher's law firm was retained by Mexico, and the Clinton Administration includes a number of high-level appointees who have been paid by Mexican interests. Appendices disclose the names of firms and former U.S. government officials working for NAFTA's passage.

NAFTA is a telling example of what William Greider, author of *Who Will Tell the People: The Betrayal of American Democracy* (Simon & Schuster, 1992), has described as "deep lobbying," a "dimension of mock democracy — a system that has all the trappings of free and open political discourse but is shaped and guided ... by the resources of the most powerful interests." Opponents of the treaty have been trivialized and branded as "racists" or paleolithic "protectionists" unwilling to advance into the New World Order. As *The Trading Game* documents, powerful economic and political interests have poured tens of millions of dollars into the campaign for NAFTA. Clearly, there is more at stake here than just "free trade." ■