

A Note from the Editor

NAFTA After Ten Years: Murdoch Warns of Strife Ahead

After ten years, the North American Free Trade Agreement has failed to deliver the cross-border economic growth that advocates predicted. “We got it wrong,” San Diego Regional Economic Development Corp. vice president Erik Bruvold admitted at a University of San Diego conference in late April.

The most active sectors of the economy have been in Mexico’s *maquiladora* manufacturing industry and cross-border consumer spending (there are big Wal Marts on the Mexican side of the border). But the job growth they have created has been mainly in low-wage, entry-level jobs. And, recently, an estimated twenty percent of the *maquiladora* jobs have been lost, many to even cheaper locales in Central America and China.

Less than a third of Americans believe NAFTA is a good thing. Polls indicate a similar response among Canadians and Mexicans.

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Mass media mogul Rupert Murdoch recently told an audience of leading American business people in Beverly Hills, “There is going to be real trouble coming in Europe...The Muslim populations in France and Germany are in much larger proportion than what they are in this country, and they have made a very bad job of assimilating them.” While the United States has “pockets of trouble here and there, they (Europe) have major centers of problems that are just boiling up. Paris is surrounded by vast blocks of tens of thousands of apartments—all Muslims, all no-go areas for police and totally lawless. There is more danger of terrorist attacks coming than what we have here,” he observed.

Murdoch also sees Saudi Arabia as a dark cloud on the horizon for the world economy: “I think the most outstanding thing to worry about, if we are talking about urgency, is in the Middle East and it is with Saudi Arabia. Saudi Arabia is really the swing. If there was a revolution there it would happen overnight and you might see oil go from US\$40 to US\$89 or US\$90 a barrel and that wouldn’t simply affect us. It would bring China and Japan and all those countries into a pretty terrible state.” While Murdoch’s remarks were widely circulated in Australia, U.S. media gave them much less play.

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As we were going to press, we discovered Harvard University economist George Borjas has released a new study documenting how two decades of growth in the supply of immigrant workers cost native-born American workers an average of \$1,700 in annual wages, with Hispanic and black American workers being hurt the most by the influx of foreign-born job competitors. Proposals by President Bush and Congressional Democrats to open American labor markets to additional foreign workers would be to depress wage growth for Americans at all levels of education and job skills.

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We wish to thank John Rohe for guest editing our opening section by interviewing former Colorado Governor Richard Lamm, and assembling a collection of some of his more provocative writings. Governor Lamm is still much in demand as a speaker and panelist on the subject of health care in America. Some years ago I was one of his constituents, and appreciated then that he was willing to buck the tide by drawing attention to those present and future problems that few other public officials, in either political party, recognized.

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