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**Start from Scratch: Analyzing the Replacement of NAFTA with the USMCA**

**ABSTRACT*:*** *The North American Free Trade Agreement was a groundbreaking agreement between its three members. Now, 30 years later, it has been ripped up and replaced. In this essay, I will analyze the pros and cons of NAFTA and show that the USMCA represents a massive step forward.*

Nearly three decades ago, the United States, Canada, and Mexico took a bold step towards economic integration by signing the North American Free Trade Agreement (NAFTA). It was a groundbreaking move that united two of the world's most developed nations with a rapidly developing neighbor, creating a powerful trade bloc. But despite its ambitious goals, NAFTA fell short of expectations and became a hotly debated topic among politicians in all three countries. It's no surprise that the Trump administration sought to negotiate a new deal, the US-Mexico-Canada Agreement (USMCA), to replace NAFTA. In hindsight, it's clear that NAFTA had a negative impact on both the US and Mexico. The USMCA is a welcome step forward that will create new opportunities for businesses and workers alike, bringing us one step closer to a truly integrated and prosperous continent.

In 1993, the Clinton administration signed the controversial NAFTA agreement, a first of its kind. “NAFTA eliminated most tariffs on products traded between the three countries, with a major focus on liberalizing trade in agriculture, textiles, and automobile manufacturing. The deal also sought to protect intellectual property, establish dispute resolution mechanisms, and, through side agreements, implement labor and environmental safeguards” (Chatzky, et al.). The US and Canada hoped that NAFTA would lead to a stronger Mexican economy, which would in turn become a location for low cost labor. Overall, NAFTA is seen by many economists as a wash. "NAFTA did not cause the huge job losses feared by the critics or the large economic gains predicted by supporters. The net overall effect of NAFTA on the U.S. economy appears to have been relatively modest," per the Congressional Research Service (Geewak).

Still, NAFTA was not without its benefits for both US and Mexico. From a purely neoliberal outlook, trade more than tripled between the three nations with Canada and Mexico ranking as the top two nations for US exports. For the US, North America has appeared as a strong market for manufacturing vehicles, “…so when you are buying a vehicle assembled in Canada, it contains lots of made-in-America parts” (Geewak). Additionally, the US has seen a trade surplus of almost $30-billion under NAFTA.

For Mexico, there was a massive increase in agricultural imports after NAFTA. While this has its flaws, it made the country less reliant on their own farm based economy which was more variable to weather events and such. Additionally, it has resulted in an overall increase in wealth for the nation. Mexico has developed very fast and has seen growth from its middle class.

On the other hand, critics of NAFTA have a ton of ammunition. One of few things agreed by both Donald Trump and Bernie Sanders was that NAFTA has led to a loss of US manufacturing jobs. The Economic Policy Institute found that US workers have lost almost 700,000 jobs specifically to Mexican rivals. However this is far from a zero sum game, “while millions of U.S. manufacturing jobs have melted away over the last two decades, economists attribute most of those losses to new technologies and Asian competition, not NAFTA” (Geewak). NAFTA’s almost complete lack of labor rights or protections for American workers was a massive oversight that put the growth of the global capitalist economy over that of actual workers.

For Mexico, NAFTA was pretty much a disaster. Mexican President Carlos Salinas de Gortari believed NAFTA was a chance to “modernize the Mexican economy so that it would ‘export goods, not people’”. While it did see growth in its exports and trade, Mexican workers didn’t reap the benefits. “Poverty remains at the same levels as in 1994. And the expected convergence of U.S. and Mexican wages didn’t happen, with Mexico’s per capita income rising at an average of just 1.2 percent annually in that period…” (Chatzky, et al.).

The biggest negative impact to come out of NAFTA came with the change of food production. As put by Carlsen, “economic efficiency dictates that each country should devote its productive capacity to what it does best and trade liberalization will guarantee access across borders. trade liberalization.” At the time it was signed, corn was the biggest resource to be developed by Mexican farmers. However, since its yields were significantly below that of the US, Mexican farmers stopped being able to compete with the imported corn and were not backed by their government, instead being told to find jobs in manufacturing, since that was going to be Mexico’s main role in NAFTA. What ensued was a corporate takeover of the Mexican food system, leading to increasing unemployment, lower health standards for their food (Mexico has the second worst morbid obesity rate behind the US), and an exodus of jobless Mexicans to the US to try to find work. While the more industrialized north saw some betterment compared to the agricultural south, “the areas that adapted successfully to industrial agriculture and agroexport crops are characterized by flagrant violation of the labor rights of migrant farm workers, widespread pollution and water waste, and extreme concentration of land and resources” (Carlsen).

For both the US and Mexico, the US-Mexico-Canada agreement was a necessary step forward in trade negotiations and the world economy. It addressed issues surrounding labor protections, jobs in the US, and environmental rights. One of its stronger stipulations was the demand that 75% of vehicles assembled in a nation must originate in the member countries. This avoids outsourcing parts to non-member countries and ensures more manufacturing jobs stay. Another key addition made is the stipulation that 40% of each vehicle must come from factories paying at least $16 an hour. This small but strong addition endorses better labor rights and help for workers who were overall left behind by NAFTA. It also requires more Mexican recognition of unions and collective bargaining agreements, measures to combat illegal fishing and wildlife trafficking, and the extension of patent protections for certain drugs. In comparison to NAFTA, USMCA is a massively more worker based agreement that, while not without its faults, is a massive step forward (Chatzky, et al.).

NAFTA was a disastrous agreement that caused more harm than good. Despite promises of economic growth and job creation, it resulted in a meager increase in GDP while sacrificing thousands of American and Mexican jobs. As if that wasn't bad enough, it also exacerbated inequality in Mexico and created a "profoundly unhealthy food system for the entire [Mexican] region" (Carlsen). This agreement was a slap in the face to workers and prioritized expanding the global capitalist order above all else. It was a complete failure that demanded immediate attention. Thankfully, the USMCA is a step in the right direction, placing a greater emphasis on workers' rights than most US trade agreements. However, there's still much work to be done. The massive globalist trade will always leave domestic workers at risk, and member economies must prioritize the well-being of workers over the pockets of the elite. The USMCA must be used as a catalyst for positive change, a starting point for the creation of a fairer, more equal trade system that empowers workers and brings prosperity to all members of society.

**Works Cited**

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