NORTH AMERICAN FREE TRADE AGREEMENT

The political battle over the North American Free Trade Agreement (NAFTA), which entered into effect on January 1, 1994, brought U.S. organized labor from the political drift of the Reagan-Bush years (1980–1992) to the center of a nationwide debate about the U.S. role in the global economy. On June 11, 1990, the opening of negotiations for a Mexican-U.S. free trade agreement was announced by the U.S. president, George Bush, and the Mexican president, Carlos Salinas Gotari, and joined by Canada in February 1991. After a contested May 23, 1991, congressional vote on “Fast Track” negotiating authority, NAFTA emerged as a defining issue in the 1992 presidential election between the Republican George Bush, the critical but supportive Democratic candidate Bill Clinton, and a strongly anti-NAFTA third-party candidate, H. Ross Perot. Despite the addition of side accords on labor and the environment under Clinton, NAFTA’s fate was uncertain until the eve of the November 17, 1993, vote in the House of Representatives, where Clinton prevailed by 34 votes, with 132 GOP representatives in favor to 43 opposed, while losing the vote of his party by 156 to 102.

NAFTA’s near defeat required an unusual degree of unity among the member unions of the AFL-CIO, a weak confederative apparatus. Not only did the AFL-CIO successfully focus the energies of diverse organizations of workers on NAFTA, but its anti-NAFTA campaign did not remain solely at the level of paper resolutions and backroom arm-twisting by professional labor lobbyists in Washington, DC. Instead, leaders of national unions mobilized the lower ranks of their organizations, including many members, while reaching out to potential allies. At local and regional levels, this popular mobilization found an outlet in innovative forms of grassroots activism that opened outward toward allies on the left that, less than a decade earlier, would have been suspect to the long-standing Cold War leadership of the AFL-CIO president, Lane Kirkland.

As its opponents were quick to point out, the 2,000-page NAFTA treaty was far from being a “free trade agreement,” since trade barriers between the three countries had already been largely dropped—through the Canada-U.S. Free Trade Agreement of 1989 and by Mexico unilaterally. As much an investment as a trading agreement, NAFTA codified a common set of rules, especially in Mexico and Canada, that liberalized access for foreign financial, service, agricultural, and industrial investors and producers—primarily to the benefit of U.S.-based capital. NAFTA sought to achieve a de jure and not just a de facto integration of North American markets, but only for trade and investment since it accelerated capital mobility while leaving the free movement of labor untouched. In the end, the inclusion of labor and environmental side accords, however inadequate, did symbolically point toward a different future path in an increasingly globalized world.

Labor’s Anti-NAFTA Strategy: “NAFTA Math” and “Job Body Counts”

The fate of a proposed bilateral and eventually continental free trade agreement depended upon the extension of Fast Track negotiating authority by the U.S. Congress, which was scheduled to expire in June
1991. Fast Track allowed the U.S. president to submit implementing legislation, such as a trade pact or treaty, leaving Congress 90 days to vote it up or down with no possibility of amendments. In January 1991, the AFL-CIO formally demanded “Full Debate: No Fast Track: Fair Trade,” although even the House Democratic leader Richard Gephardt, one of labor’s most articulate congressional supporters, in the end sided with the Bush administration. Although 170 Democrats broke with their leadership, the final vote in favor of Fast Track on May 23, 1991, was 231 to 192.

With Fast Track approved, organized labor’s job became clear: defeat NAFTA. At its November 1991 convention, NAFTA was denounced as “an agreement based solely on exploitation,” and the AFL-CIO declared “that a new trade agreement with Mexico, unless carefully structured, will only encourage greater capital outflows from the United States, bring about an increase in imports from Mexico, and reduce domestic employment as the United States remains mired in a recession. . . . A bad trade agreement for the United States would result in less job creation, less productivity increases, and regression in environmental and other social standards. For Mexico, it could well reduce that country’s comparative advantage to simply cheap labor, turning Mexico’s economy into one large export platform, sacrificing balanced and equitable economic development” (AFL-CIO, “North American Free Trade Agreement,” Proceedings of the 1991 Convention, Detroit: AFL-CIO, 1991, p. 145).

The touchstone of the unfolding NAFTA controversy was potential job losses to Mexico, the single most potent political obstacle to congressional approval. With even President Bush’s Secretary of Labor Lynn Martin conceding 150,000 U.S. jobs would likely be eliminated, pro-NAFTA analysts and policy makers sought to diffuse the issue by aggressively trumpeting statistical studies that claimed that U.S. exports to Mexico post-NAFTA would produce a net gain of 175,000 to 200,000 U.S. jobs. Speaking at the 1992 Republican National Convention, the U.S. special trade representative, Carla Hills, would hail NAFTA as above all else a jobs agreement. Moreover, the creation of better-paying jobs in Mexico, it was said, would reduce the number of Mexicans illegally seeking jobs in the United States. “Create jobs here,” it was said, “so they won’t come here,” a claim echoed by the Mexican president, Carlos Salinas, who told a U.S. newspaper, “we want to export goods and not people” (Mexico according to Carlos Salinas,” U.S. News & World Report, July 8, 1991, p. 41). If this “NAFTA math,” as it was dubbed by the U.S. senator Carl Levin, simply did not add up, due to the arbitrary nature of the modeling exercises, this did not diminish the ubiquitous circulation of such claims, especially once the Business Roundtable had launched an active and well-financed lobbying campaign through USA-NAFTA.

With NAFTA supporters on the defensive, U.S. organized labor sensibly placed the intensely emotional issue of job “losses” at the center of its anti-NAFTA campaign. In doing so, it successfully moved the insecurity of the U.S. worker to the forefront of domestic political debate. In touching a nerve in mass public opinion, jobs gave substance and resonance to the anti-NAFTA campaign by pointing effectively toward the suffering, uncertainty, and anxiety of U.S. working people over the previous two decades. While pro-NAFTA forces had difficulty crafting convincing images of U.S. workers who, were it not for exports to Mexico, would otherwise have been unemployed, there was no shortage of workers who could personally relate the negative impact of plant flight to Mexico. Interviewed by the Wall Street Journal, Bernie Leona explained that the workforce at his General Electric plant had shrunk to 450. “We’ve lost 1,200 jobs,” the union official said, because “they’re going to Mexico for cheap labor.” With unionized workers making an average $12.67 an hour, “at 50 cents and 60 cents an hour down there, we can’t compete.” (Jackie Calmes, Wall Street Journal, May 22, 1991, p. A16).

For workers, residents, and local politicians from traditional manufacturing regions, now dubbed the “rust belt,” the most potent anti-NAFTA image was the shuttered factory, the “runaway shop” of labor and community lore. The emphasis on jobs also rallied some who were unsympathetic to organized labor, while bluntly the charge that a privileged minority, the unionized 11% of the private-sector workforce, was seeking to protect itself from a salutary global competition that would reduce consumer prices for all. The contrasting anti-NAFTA image was one of trade unionists who stood up to defend their families and communities from harm, in the form of imports and capital mobility, and thus championed the very living standards that made mass consumption for all possible in the United States.

The jobs argument advanced by the AFL-CIO operated on several interconnected levels that paralleled the tactics of pro-NAFTA forces. It argued that liberalized trade, foreign imports, and the lack of controls over capital investment had already produced a significant loss of U.S. jobs. It also used academic and legislative analyses that attempted
to predict, in quantitative terms, the heightened negative impact that NAFTA would have on gross and net U.S. employment. In disputing the job gains trumpeted by NAFTA supporters, the AFL-CIO cited studies that projected 130,000 to 550,000 in net job losses (AFL-CIO Task Force on Trade, "North American Free Trade Negotiations, The Jobs Debate: Fiction and Reality," no. 21, 1992; "North American Free Trade Agreement, The Jobs Debate: Part II," no. 22, 1993). Others invoked the dramatically higher estimate of 5.9 million U.S. manufacturing jobs at risk of being moved to Mexico as a consequence of NAFTA. Drawn from a study conducted by the Manufacturing Policy Project, this figure was based on tallying all U.S. manufacturers in the low- to mid-technology range with a labor content equivalent to 20% to 30% of sales (Pat Choate, "Jobs at Risk: Vulnerable U.S. Industries and Jobs under NAFTA," Amherst: The Manufacturing Policy Project, April 1993).

The economic frustration that fed the revitalization of labor’s public role was equally conducive to other NAFTA opponents, including the billionaire Republican H. Ross Perot, who made NAFTA the defining issue of his 1992 third-party presidential campaign. Author of Save Your Job, Save Our Country: Why NAFTA Must Be Stopped Now (New York: Hyperion, 1993), Perot was also responsible for the single most memorable NAFTA sound bite, “Let’s go to the center of the bull’s eye—the core problem,” he said during the third presidential debate. “And believe me, everybody on the factory floor all over the country knows this. You implement that NAFTA—the Mexican trade agreement where they pay people $1 an hour, have no health care, no retirement, no pollution controls, etc., etc., etc.—and you are going to hear a giant sucking sound of jobs being pulled out of this country” (Frederick Mayer, Interpreting NAFTA: The Science and Art of Political Analysis, New York: Columbia University Press, 1998, p. 229).

In opposing NAFTA, Perot was joined by a minority of other conservatives, including the Republican Pat Buchanan, who combined an anti-NAFTA stance with a heightened defense of national sovereignty, which they identified with restrictions upon immigration, especially the “illegal alien” problem posed by undocumented Mexicans in the United States. Yet, such anti-immigrant and anti-Mexican arguments were rejected by labor and its allies in the Afro-North American community, a powerfully anti-NAFTA constituency of the Democratic Party (Latinos were more divided). In his testimony before Congress, the prominent civil rights leader Jesse Jackson observed that “right now many Americans are screaming that Mexicans are taking our jobs, which is not true. And the more they say it, the more racist it sounds. Racist. Mexicans are not taking jobs from us. United States corporations are taking jobs to Mexico to exploit them and undercut our own workers. ... We have a point of view different than Mr. Perot’s point of view, different than Pat Buchanan’s point of view. And ours is not narrowly nationalistic. It is not building a wall. It is not racist. It is not protectionist. ... That is why, when people start talking ... some narrow nationalism, about America first and isolation, we are not talking about the same thing” (Jesse Jackson, testimony transcribed in NAFTA: A Negative Impact on Blue Collar, Minority, and Female Employment? Hearing before the Employment, Housing, and Aviation Subcommittee of the Committee on Government Operations, U.S. House of Representatives, 103rd Congress, First Session, November 10, 1993, Washington, DC: GPO, 1994, pp. 61, 64).

In deploying its own NAFTA math in leaflets, articles, speeches, and testimony, the labor movement faced certain fundamental difficulties. The “job loss” argument was fundamentally defensive in nature and operated on the unfavorable terrain defined by its pro-employer opponents. The anti-NAFTA jobs argument was not, after all, about creating needed new jobs, but about preserving those that still existed. Moreover, the “jobs body count” approach had difficulty grappling effectively with the overwhelming global trend toward international capital mobility and further reduction of barriers to trade, both of which negatively impacted the bargaining power of nation-specific labor relative to transnational capital. As pro-NAFTA analysts were quick to point out, the hypothetical jobs “lost” or “gained” through NAFTA were insignificant given total U.S. employment, with its enormous fluctuations given the weakness of job security guarantees. “With almost 120 million people currently employed” in the United States, noted the Congressional Budget Office, the expected contributions of NAFTA to total employment either way was “negligible,” and the New York Times noted that an estimated 20 million U.S. workers would suffer future displacement, for various reasons, even without NAFTA (Congress of the United States Congressional Budget Office, A Budgetary and Economic Analysis of the North American Free Trade Agreement, Washington: July 1993, p. 84; “Demythologizing the Trade Pact,” New York Times, July 25, 1993). Finally, voting down NAFTA would not, in and of itself, prevent a single “runaway shop,” restore a single job, or raise the wages of a single worker in the United States.
Electoral Politics, Bill Clinton, and NAFTA’s Environmental and Labor Side Accords

The groundswell of debate about NAFTA showed deep concerns within the U.S. public about the place of their country in the global economy. “To those who believe that average Americans don’t know their own interests, or fail to appreciate the benefits of free trade theory, you are wrong,” declared the House Democratic leader Dick Gephardt in September 1992. ‘The American people get it, this issue resonates with them, and the NAFTA agreement is rapidly becoming, substantively and symbolically, representative of everything that is wrong in their lives economically’ (“North American Free Trade Agreement [NAFTA]: Update on Recent Developments,” SourceMex, September 16, 1992). Given these political realities, congressional Democrats inclined to vote in favor of NAFTA believed that the only way they could explain a “yes” vote to their troubled constituents would be if the “Bush NAFTA” was reshaped to include labor and environmental concerns.

The Democratic presidential candidate, Bill Clinton, who backed Fast Track in 1991, delayed taking a clear position on NAFTA until a month before the November 1992 elections. Speaking in Raleigh, North Carolina, Clinton declared NAFTA to be beneficial for all three countries, but pledged not to sign it “until we have reached additional agreements to protect America’s vital interests.” While disclaiming any intention to renegotiate the basic agreement, Clinton said we must “reaffirm our right to insist that the Mexicans follow their own labor standards, now frequently violated, and that they do not aggravate the wage differentials which already exist.” We need an agreement, he said, “that permits citizens of each country to bring suit in their own courts when they believe their domestic environmental protections and worker standards aren’t being enforced.”

In publicly backing the highly controversial NAFTA, Clinton broke ranks with many of his fellow Democrats, as well as important Democratic constituencies such as labor, the African-American community, and the environmentalists (who would later split on the final vote in 1993). To mollify criticism from these groups, which were campaigning vigorously for him, the candidate had pledged that, if elected, NAFTA would go into effect only if accompanied by strong side agreements to protect labor rights and environmental standards. In doing so, he also suggested that the unfettered “free market” was not enough to protect workers and the environment from potential abuses or to equitably distribute the fruits of North American trade.

Bill Clinton’s strategy for converting NAFTA into a politically palatable trade policy led organized labor to hold back from overt anti-NAFTA mobilization in early 1993. Although facing some internal dissent, the decision by the AFL-CIO leadership reflected its strong ties to the Democratic Party, as well as the belief that its access to the White House might secure strong enough side agreements and other changes in the basic pact as to be opposed by Canada, Mexico, or the congressional Republicans. While labor called for a side accord “with teeth,” the Clinton administration had opted by March 1993 for the weakest of three policy options: national enforcement of national laws, exclusion of important labor rights from effective coverage, and weak oversight and enforcement mechanisms. Finalized on August 13, 1993, and released one month later, the “North American Agreement on Labor Cooperation” did little to assuage the opposition to NAFTA. The AFL-CIO judgment was emphatic: “Because our trade negotiators have produced labor and environmental standards that are just political window-dressing on a bad agreement, we will vigorously oppose NAFTA before Congress.”

The AFL-CIO president Lane Kirkland pronounced (“AFL-CIO News: AFL-CIO Finds NAFTA Terms Unacceptable,” August 13, 1993). Labor’s negative reaction was re-assuring to NAFTA’s vigorous and mobilized business supporters, who were opposed, in principle, to legitimizing any linkage between workers’ rights and trade.

Seeds of the New

Labor’s response to the changed circumstances of the United States—as they came to be symbolized by NAFTA—was necessarily multiform and heterogeneous. “Old” approaches and mind-sets were changing, but slowly and unevenly, within the mental universe of U.S. trade unionists. If anything, the U.S. labor movement was less monolithic in the early 1990s than it has been at any point since the AFL-CIO was created in 1955. Even the right and center-right forces that controlled the AFL-CIO apparatus had moved, if only grudgingly, somewhat to the left. There was also much that was “new” within the ranks of U.S. labor, although its contours were still foggy, as generational shifts and the harsh attacks of the 1980s created a groundswell of change that began to blossom in the freer ideological atmosphere of the post-Cold War era. The fight against NAFTA from 1990 to 1993 united both old and new, traditionalists and reformists, the more conservative and the more radical. The fight against NAFTA proved a period of
rich experimentation and learning as the U.S. labor movement and its allies grappled with how to confront the problem of transnational capital. It also marked the beginning of a new era of grassroots mobilization and cross-border coalition building with a transnational flavor. Direct forms of labor transnationalism, such as transnational coalition building, cross-border solidarity actions, and grassroots union linkages grew in number and frequency. Among the more exciting were cross-border tours of Mexican *maquiladoras* sponsored by unions whose companies had plants in the border zone. These forms of grassroots mobilization stimulated new reflection on the differences and similarities across the divide between NAFTA North (the United States and Canada) and NAFTA South (Mexico). These bold and exciting initiatives inspired activists as they worked to build a common terrain beyond the narrowly restrictive conceptual space of national identity and interests. Most significant, work was begun on carefully constructing transnational arguments against NAFTA, all of which went beyond U.S. protectionist paradigms and inherited nationalist reactions to the encroaching global economy.

While seeking allies across borders was symbolically important, the search for domestic alliances was an equally significant dimension of the anti-NAFTA fight. Significant segments of U.S. organized labor reached out toward other nonlabor coalitions, such as the Alliance for Responsible Trade (ART, formerly MODTLE), the Citizens’ Trade Campaign, and the Coalition for Justice in the Maquiladoras (CJM). These groups brought together religious organizations, environmental groups, consumer advocates, and policy research organizations to develop sophisticated critiques of and alternatives to NAFTA and, in the case of CJM, to perform important community work and watchdog functions directly at the U.S.-Mexican border. Organized labor’s role in these groups—with the exception of the CJM, which received official support from the AFL-CIO—was largely limited to a small number of committed individual union leaders, staff, and activists, but it represented a step forward.

The 1995 election of the “New Directions” leadership of Sweeney was one legacy of the fight against NAFTA, as was organized labor’s presence in the tens of thousands at the 1999 protests against the ministerial conference of the World Trade Organization in Seattle. The subsequent years of economic globalization have also weakened the illusions of labor leaders, still vibrant in 1993, about a golden age of capital, labor, and government cooperation. And the existence of the North American Agreement on Labor Cooperation, although deeply flawed, left an institutional space through which to denounce violations of labor rights, however fruitlessly. By injecting the issue of labor rights into a trade agreement, the NAFTA labor side accord embodies a hope for future progress in the fight for a meaningful social dimension for an increasingly integrated global economy.

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References and Further Reading


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