

Three Amigos Summit: Reaffirmation of NAFTA's Neoliberal Agenda

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This article was written for Mexican Labor News and Analysis and therefore emphasizes NAFTA's impact on Mexico.

The Three Amigos summit meeting of President Barack Obama of the United States, President Enrique Peña Nieto of Mexico, and President Stephen Harper of Canada just held in Mexico amounted to little more than a reaffirmation of the neoliberal agenda represented by the North American Free Trade Agreement (NAFTA) that took effect twenty years ago.

Or, as Andrés Manuel López Obrador, Mexico's leading leftist politician put it, the meeting only "legitimated the unjust relationship" between the three countries and the giving up of Mexico's natural resources to the corporations of the U.S. and Canada.

The political and economic elites of all three countries remain mostly happy with the agreement that did so much harm to the working people of their countries. As usual, human rights, labor rights, and environmental issues were not on the agenda, the promise to protect the monarch butterfly serving as a poor substitute for addressing global warming and climate change.

Aside from their agreement on NAFTA, there was little amity among the amigos. Harper was rebuffed in his attempt to get Obama to accept the Keystone XL pipeline that would carry synthetic crude oil from the tar sands of Canada deep into the United States. Environmental groups have been pressuring Obama to kill Keystone, though so far he remains uncommitted.

Obama hoped to use the summit and the celebration of NAFTA's twenty year anniversary as a launching pad for the Trans-Pacific Partnership or TPP that would create a super-NAFTA for twelve Pacific Rim nations. But Democratic Party leaders and members of the House oppose a "fast track" approval for TPP and the party's base is also hostile to the plan.

Peña Nieto, who has had a remarkable string of political successes, passing a series of reforms culminating in an energy reform that opens Mexico to foreign oil companies, nevertheless presides over a country facing very serious economic and social problems.

Mexico Agonistes

While the world financial powers-that-be were thrilled with Mexico's economic reforms, the country is far from healthy. Economic growth this year of 1.1 percent is the worst since 2009, far below what would be needed to provide jobs for the unemployed, the underemployed and those new, young workers coming onto the job market. A recent report also indicates that in the previous six-year term of President Felipe Calderón, the Mexican economy grew at only 1.9 percent. The lack of growth has meant that there are not enough jobs and those there are don't pay enough. Half of Mexico's population lives in poverty and about 13 percent lives in hunger and malnutrition.

NAFTA - No Need to Celebrate

Various reports in Mexico and the United States argue, correctly I think, that NAFTA not only failed to improve the lot of North America's working people, but actually worsened conditions. Public Citizen's Global Trade Watch's report "NAFTA's 20-Year Legacy and the Fate of the Trans-Pacific

Partnership” in which it argues that NAFTA devastated Mexico’s rural sector, increased poverty, led to higher food prices and hunger, contributed to falling wages, drove migration to the United States, caused Mexican small- and medium-sized businesses to fail, and contributed to the growth of economic inequality.

Similarly, a report from the Center for Economic and Policy Research titled “Did NAFTA Help Mexico: An Assessment After 20 Years” found that:

- Mexico ranks 18th out of 20 Latin American countries in growth of real GDP per person, the most basic economic measure of living standards.
- From 1960-1980, Mexican GDP per person almost doubled, growing by 98.7 percent. By comparison, in the past 20 years it has grown by just 18.6 percent.
- Mexico’s per capita GDP growth of just 18.6 percent over the past 20 years is about half of the rate of growth achieved by the rest of Latin America.
- According to Mexican national statistics, Mexico’s poverty rate of 52.3 percent in 2012 is almost identical to the poverty rate of 1994. Meanwhile, the rest of Latin America saw a drop in poverty that was more than two-and-a-half times as fast as that of Mexico.
- Real (inflation-adjusted) wages for Mexico were almost the same in 2012 as in 1994, up just 2.3 percent in 18 years, and barely above their level of 1980.
- Unemployment in Mexico is 5.0 percent today, as compared with 2.2 percent in 1994; these numbers seriously understate the true lack of jobs, but they show a significant deterioration in the labor market during the NAFTA years.

“Mexico did all the things that Washington wanted and was supposed to be the big winner from NAFTA,” said Mark Weisbrot, one of the authors of the report. “But after 20 years, it’s pretty clear that although some billionaires did remarkably well, the Mexican people lost. There should be more discussion of what went wrong, especially in light of the proposed Trans-Pacific Partnership Agreement, which is modeled on NAFTA.”

And the billionaires have done astoundingly well, in spite of Mexico’s slow growth. Financial groups in Mexico over the last decade had, according to Mexico’s National Commission of Banking and Stocks (CNBV) a rate of profit of 20.7 percent, sixteen times the rate of growth of the economy.

NAFTA and the Narcos

NAFTA arguably also contributed to the expansion of the drug trade with the United States and the accompanying violence. Jeff Faux argues that the vast expansion of trade across the border created the conditions which overwhelmed the U.S. inspectors making it possible for tons of marijuana and cocaine to cross the U.S. border. At the same time, the lack of economic growth and the high levels of unemployment drove the poor to seek their fortunes as drug runners or gunmen for the dealers.

The drug lords’ struggle to control the trade led to wars among them, between them and the government, to the corruption of government officials and police and army commanders, and finally to the rise of local armed self-defense groups (that may in actuality be controlled by rival drug dealers). While the government puts the number killed since 2006 at 47,515, others estimate somewhere between 60,000 and up to 1000,000 have been killed or disappeared.

The Three Amigos’ smiles, handshakes, and vapid discourse dealt with none of the problems of the

working people of their countries. But then no one, I think, expected them to.