

*The Crisis of North American Free Trade:
Broken Promises and Transnational Resistance*

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Introduction

In 1810, the Mexican people began a war for independence against the colonial interests of Spain. In 1910, Mexico again saw a tumultuous revolution against foreign capital and a repressive government, transforming the entire social fabric of the nation. Now, it is the year 2010 and Mexico, along with the entire North American region, is in severe political and economic crisis. Many political leaders, economists, and historians alike believe that the cycles of revolution may not be finished.

Indeed, they tend to suggest that the current crisis may be traced back to the influential year of 1994, when the nations of North America signed the North American Free Trade Agreement (NAFTA) in an effort to make the regional economy more competitive with a unified Europe and the rising powers of the Pacific Rim. This set in motion a range of political, economic, and social changes throughout Canada, the U.S., and especially Mexico. Although the turn of the millennium has seen more extensive industrial development in Mexico and Canada, as well as a growth in Gross National Product in all countries, the wealth from this development has been increasingly concentrated in the hands of the most powerful private companies and political

interests. With living conditions for the average working person in North America reaching unprecedented levels of impoverishment and with intensifying environmental and economic instability, this new North American order has been the object of much popular resistance.

As NAFTA was being drafted, and from the very day it took effect, January 1, 1994, it has encountered revolutionary opposition from the Zapatista National Liberation Army (EZLN), fair trade campaigns, union movements, and environmental organizations throughout the continent. These movements have contended that NAFTA was bound to create a range of grave social problems. U.S. movements were concerned with the exportation of jobs to Mexico and Canada, the erosion of environmental standards, and the decreasing power of government to redistribute wealth and regulate private enterprise. In Mexico and Canada, various resistance efforts also feared these problems in their own countries, but in addition, they believed their nations would be subject to greater foreign control, the privatization of state-owned industry, and skyrocketing poverty, especially in the agricultural regions.

Indeed, in the years leading up to 2010, their worst fears have come true, resulting in widespread hostility towards the ruling interests of all three nations. More and more, desperate people in all nations, especially Mexico, have resorted to various means to express this anger and crisis of confidence in the North American order. Acts of terrorism have increased, as have the number of paramilitary organizations in Canada and the U.S. Revolutionary movements in Mexico have emerged to gain popular support, the oldest and most influential being the EZLN. And increasing numbers of people are turning to alternative political parties and social movements throughout the continent to find the representation they have so badly missed from their governments. Therefore, although the most powerful private and political interests in all of North

America have benefited greatly from NAFTA, they are facing an intensifying crisis of legitimacy amongst those who have not. And indeed, it is this political crisis that could unravel the political fabric of U.S.-Mexican economic relations, and North American integration in general. This is especially true in Mexico, where the EZLN, joined by various social movements, is entering the realm of electoral politics by forming a broad-based coalition with the revived Democratic Revolutionary Party (PRD) of Cuauhtémoc Cárdenas.

Because the ruling party of the Mexican government - the Institutional Revolutionary Party (PRI) - wishes to strengthen its shaky foundations to avoid its own demise, and because U.S. interests do not want their industrial and agricultural investments taken from them by a revolutionary takeover, the U.S. and Mexican governments have sponsored a series of policy meetings regarding political reform in North America. Central to these meetings is the potential reform of NAFTA. In an effort to demonstrate their openness to public concern and good faith bargaining with those who may threaten North American free trade, the U.S. and Mexican federal sponsors have invited three representatives from social and revolutionary movements in the U.S. and Mexico. All of the invited groups have the expectation that the U.S. and Mexican governments only intend to make minor adjustments to the NAFTA framework, so as to not jeopardize offending their most powerful constituencies. Nonetheless, these groups recognize the historic opportunity to present their ideas for change in NAFTA, and given the growing power of their movements, their proposals might be realized. But for these meetings to create substantive reform, each group recognizes that they must have a common platform. Therefore, the invited groups have come together in a preliminary meeting to discuss, by themselves, their common issues and solutions to North American free trade. The groups invited to send representatives are

the Zapatistas (EZLN); Grupo X (a coalition of Mexican women's, labor, and environmental movements on the U.S./Mexico border); and the U.S. Labor Party, which is dominated by U.S. trade unionists.

Role Play

The setting for this preliminary meeting is the Tijuana Cultural Center, in the Zona del Rio area of what is now the border's largest city. Here, the three representatives have gathered to discuss their ideas for reshaping NAFTA and how they will present their platform to the government representatives in attendance at future meetings. At this meeting are Viviana, the EZLN representative from the State of Chiapas in southern Mexico; Reyna, the representative of Grupo X and a life-long border resident from Tijuana; and Jim, a former committeeman for the United Electrical Employees (UE) union and a current delegate for the Labor Party, presently living in Ohio. They begin by introducing themselves and then making statements for what types of changes they each would like to see made in NAFTA. Despite their many differences of regional culture and political ideology, they each hope they can reach a consensus regarding NAFTA's transformation.

Viviana: the EZLN's resistance to neoliberalism

I am a *campesina* from Chiapas who joined the Zapatistas to struggle against the increasing poverty of my fellow campesinas/os. But more than this, I would like to see Mexico transformed politically, so that we indigenous peoples from the South can retain our right to "land and liberty." Since the beginning of our actions with the takeover of San Cristóbal de las Casas, the capital of Chiapas, we have said that NAFTA was a return to the days of the Díaz dictatorship

in the late nineteenth century, when foreign investors and our own political elites took our land and labor. During the revolution that followed this period, it was Emiliano Zapata, the famous revolutionary, who helped to overthrow Díaz in the name of indigenous peasants. But just as Zapata's assassination itself was a betrayal of the revolution, so also has been the PRI's support of free-trade and NAFTA - an agreement that has indeed become a "death sentence" for all Mexicans.¹

It is our belief that NAFTA has been nothing but the practical outcome of the economic philosophy of neoliberalism. Neoliberalism began to grow in popularity as a philosophy in the 1970s and 1980s, and it was one that preached the ultimate benevolence of an international free market. Pioneered by the World Bank's and the IMF's policies of "structural adjustment," it attempts to transform the national economies of the "Third World" into free markets. Through advocacy of free trade between unequal trading partners, privatization of state-owned industries, and the deregulation of limits on foreign investment, neoliberalism has indeed transformed the nations of the "Third World" into impoverished replicas of the U.S. And as much as any nation, this is evident in Mexico where the living and working conditions have become extensively depressed. Indeed, both Díaz and the current legacy of NAFTA have encouraged the colonization of Mexico by foreign interests from around the globe (especially from the U.S.), and in so doing have made us dependent on the economies of the North. In short, through these economic policies of neoliberalism, the ruling factions of Mexico have tried to modernize our economy by lowering the living standards of the people.

In southern Mexico, the agricultural sector has suffered greatly from this. Neoliberal agricultural policies have terminated land redistribution for public use, sold communal or public

agricultural lands to big private investors (many from the U.S.), consolidated small farms (*minifundios*) into large-scale farms (*latifundios*), and halted domestic price supports against cheap agricultural imports such as corn, which has caused domestic agricultural profits to plummet. This has destroyed our livelihoods and caused many of our region to move north to the cities and often to the U.S., eroding our indigenous cultural traditions and our collective subsistence farming. Even the National Action Party (PAN), Mexico's conservative opposition party, believes that these policies raised the number of displaced peasants to fifteen million (almost twenty percent of the population) by the year 2000 alone.² Those who remain must live in shanty homes with no utilities and work for wages far under the official Mexican \$3.00/hour minimum wage. And as a woman, I have to say that these policies also have resulted in increasing gender inequalities, since our men leave to work for large agribusiness and our women are forced to do all of our local food production and domestic work.

It is because of this new colonialism that we have seen more class differences in our country than ever, as well as increased foreign ownership of our land and resources, not to mention a state that is powerless to do anything but repress those who want justice. Our last sixteen years of guerrilla campaigns and coalition-building against this repressive Mexican state and its foreign supporters have built on 500 years of Mayan resistance to colonial rule and we do not plan to stop until we have transformed all of Mexico into a place of equality, national autonomy, and self-determination for indigenous peoples. From the beginning, we have demanded change in three areas. First, we need the establishment of a democratic "civil society" - or popular political institutions - in which widespread education and a respect for the indigenous peoples of southern Mexico are central values. Second, we have struggled for political change, including

electoral reform to create democratic openness, an abolition of the ruling PRI's monopoly and corruption, the support of women's equality and justice, and amnesty for EZLN members. Lastly, we have fought for economic change, including land reform, higher tariffs on imports, food security, health provisions, agricultural price supports, and fair trade. But rather than assert an agenda for change at merely a governmental or economic level, we have regarded our primary purpose as the guardian of a new public space in which a diversity of ideas for change may be heard above the din of foreign investments or the military operations of a repressive state.

It is in large part due to our successes in pressing for these changes, especially in the destabilization of the PRI and its neoliberal policies, that this meeting has been scheduled. The EZLN urges us to seize this opportunity by speaking in a united, transnational voice for radical changes. **It is time for us to oppose neoliberalism once and for all by abolishing NAFTA completely.** This entails reversing all of the policies of the Mexican government in the NAFTA era, by nationalizing essential private industries (such as oil, utilities, and transportation), raising wages, suspending foreign debts, and limiting foreign ownership of industries within our territory. This will also entail the elimination of foreign ownership of Mexican businesses in all but the most marginal areas of the economy. But possibly the most important change would be for the Mexican government to re-instate the *ejidos*, or collective farms, so we can work and own the land in common. This is the only way we can achieve a more democratic and plural Mexico, in which resources are justly distributed and can provide all Mexicans with a livable wage and good land. Mexico must also give up its goals of industrial growth in a corrupt attempt to assimilate to Western economic models, which does nothing but create wasteful consumers, economic dependency on foreign capital, and environmentally unsustainable cities. Further, we should

demand that the U.S. pay reparations for the billions of dollars in labor value that its corporations and financial institutions have taken from us since NAFTA's implementation. This is the least they owe us for a century and a half of colonialism and the consequent extraction of land and capital from our nation.

Reyna: Grupo X and a North American Fair Trade Agreement

Although you both may have heard of some of my work along the border, let me tell you what I do and where my concerns lie as we consider reshaping NAFTA. I was born and raised in Tijuana, and therefore I have lived my entire life in the area of Mexico that was the target of North American integration long before NAFTA. Before NAFTA ever existed, this region was made into a "free trade zone" by the influx of export-oriented manufacturing plants - *maquiladoras* - and thus most of the people of this region, myself included, have known little else but foreign companies and government disinterest in our poor living conditions. After seeing the region become transformed by massive growth into a place of shanty towns, toxic dumping, and intensive labor exploitation, I felt I had to do something. The organization I began acts as a training and support center for women labor and community activists who need to mobilize their *colonias* (unchartered neighborhoods) in opposition to maquiladora abuses. Grupo X also acts as a shelter for women and children facing sexual abuse in their workplace or in their families. Our work has included popular education about border development projects and North American economic integration. But we also have spread information about legal rights in the workplace and at home, arranged for independent union representation, and facilitated support from U.S.-based organizations, including union-to-union exchanges.

Like Viviana, I have seen the social problems caused by neoliberalism, but from a slightly

different vantage point. For all of my life I have seen displaced peasants from the southern states of Chiapas, Oaxaca, and Guerrero journey north to find jobs in the cities, especially those on the northern border and in the U.S. But the same economic policies that Viviana describes in Chiapas affect us here, causing many migrants from the south to have continuing frustrations as they try to realize their dreams of good-paying jobs and a better life for their families. Along our 2,000 mile border with the U.S., we have seen extensive privatization of national industries and the transformation of the border into a free trade zone, where companies (90% from the U.S.) may invest in manufacturing plants (*maquiladoras*) with the government's guarantees for low wages, taxes, and deregulated workplaces. These companies have not only exported products to the U.S., but they have exported their profits and much of our resources without paying us a sustainable living wage or cleaning up their environmental pollution. With our wages never rising above \$5.00/day and with a small tax base controlled almost completely by government officials in Mexico City, how can we gain the money to start our own businesses, our own farms? Given these companies save up to \$25-50,000 per worker per year for relocating here, and that they work us to the point of physical debilitation, we think they owe us something.³ But when we attempt to unionize or protest in our communities, we are fired, blacklisted, sexually harassed, intimidated, or violently attacked by government-paid thugs. Therefore, not only is the border region a place of many problems that are exemplary of neoliberal contradictions, but this region is commanding an increasing amount of the national economy; as of the turn of the century, the number of *maquilas* burgeoned to 3,000 nationally, representing almost 40% of Mexican exports, more than 10% of the nation's workers, and over 30% of the national wages.⁴

But living on the border for all of my life not only has taught me much about the ways

cultural and economic imperialism have affected our country, but it has educated me about how transnational finance and trade have made national autonomy impossible. Therefore, although I agree with Viviana's ideas regarding nationalizing essential industries, setting minimum wages that are livable, and suspending foreign debts, I am hesitant to support the complete abolition of NAFTA or foreign investment, since we need some framework for ensuring just and fair trade.

This is why I support a completely restructured North American *Fair Trade Agreement*. As

Cuauhtémoc Cárdenas, leader of the left's Democratic Revolutionary Party (PRD), has stated, "The exploitation of cheap labor, energy and raw materials, technology dependency, and lax environmental protection, should not be the premises upon which Mexico establishes links with the U.S., Canada, and the world economy."⁵ In addition to those things on which Viviana and I are in agreement, I would suggest the following changes to NAFTA, and much of this has been based on my work with the PRD. First, it should be recognized that free trade between unequal partners will only promote greater exploitation of the less-developed nations, and a fair trade pact would include language about reciprocity. Second, subsistence agriculture should be protected from foreign competition. Third, there should be a Social Charter within NAFTA that guarantees that all workers in North America will receive the same real wages, collective bargaining rights, safe workplaces, and clean environments in which to live. Fourth, a new NAFTA could include compensations to the Mexican government for building the infrastructure and educating the workforce foreign investors use in our country. Fifth, NAFTA needs to include less protectionist language around intellectual property, so that Mexican businesses and research endeavors can freely use the safest and most efficient of U.S. technologies. And lastly, a point which is crucial to border residents is that labor be granted as much transnational mobility as corporations through

expanded guest worker programs in the U.S. and Canada, enabling workers to move more easily from low-paying jobs or poor work conditions. Together, I believe these changes will form the basis for a fair and just trading system in North American - a trading system that permits Mexican development that is less dependent on foreign capital, and a hemispheric redistribution of wealth to working people, especially women and indigenous peasants.

Jim: Neoliberalism and the U.S.

When I hear you both speak about the effects of NAFTA on Mexico and I reflect on the recent economic problems of the U.S., it is clear that neoliberalism does not stop at the U.S./Mexico border. As corporations move more freely across national borders and take advantage of the cheapest operating costs, corporate investors have greater abilities to play cities, states, and nations against one another to find the most profitable place for production - something we in the union movement have called "whipsawing." By competing for lower taxes and cheaper wages, governments are subjected to what many in U.S. unions call "corporate blackmail" or "economic extortion;" either you lower taxes and wages, or the companies go elsewhere. In all areas of the North American economy, this has caused a "race to the bottom"⁶ in which governments (federal, state, and local) have competed against one another to concede the most revenues and best living conditions for the almighty holy grail: foreign investment. And since NAFTA was implemented back in '94, this competition has drained government funds that could be spent on social services, lowering the living conditions of everyone in North America. While for Mexico, as you have said, NAFTA has made the country into one large free trade zone, reducing the government's role to regulate and redistribute wealth to almost nothing.

In the U.S., the Department of Labor certified way back in 1995, only one year after

NAFTA, that a little over 42,000 manufacturing workers in the U.S. lost their jobs due to the free trade agreement, and this increased to over 500,000 by 2000.⁷ This has been a trend that began even before NAFTA. In 1990, AT&T closed its Radford, Virginia plant sending 1,000 jobs to Matamoros for \$1.15 to \$.50/hour wages, even though the Communications Workers of America (CWA) union had already agreed to lower their wages by \$2.27/hour to save their jobs.⁸ I could tell you similar stories for the United Auto Workers (UAW) at a TRW plant in Sterling Heights, Michigan; Black Workers for Justice at the Schlage Lock Rocky Mount, North Carolina plant; and four hundred Green Giant workers (mostly Mexican-American women) in Watsonville, California who made concessions before having their jobs exported. And those working people who have been affected the most have been those in lower skill industrial and agricultural jobs, such as those concentrated in the Midwest and Southern U.S. Of course, these jobs are held by a high proportion of unionists, African-Americans, immigrants, and women, which means that those who have been marginalized in our society are pushed further to the margins. And if unemployment isn't the problem, underemployment is. In short, through a loss of corporate investment the average worker faces increased job speedups, deskilling, or poverty wages, while government scales back its support for the most disadvantaged. Because of this, we can see that neoliberal policies of privatization and "free trade" appear to have few winners throughout the entire continent, if not the globe.

But when I think about the solutions you offer here, I guess I disagree. Through my experiences creating links between U.S. unions and the independent Mexican union, the Authentic Front of Workers (Frente Auténtico del Trabajo, or FAT), I believe that the abuses of transnational corporate power in North America can only be transformed through transnational

unionism. Ultimately, I believe the solutions you have provided are impractical. The EZLN's nationalist solutions of abolishing NAFTA would do nothing but drive many companies into bankruptcy, losing countless jobs in all countries. Likewise, Reyna's socialist revision of NAFTA, although appealing in many ways, will merely make companies move to the Pacific Rim, the Caribbean, or further south in Latin America where there are cheaper wages and lower taxes. And both solutions will only incur the hostility, fears, and potential intervention of the U.S. government in Mexican affairs, possibly militarily and in greater force than what exists currently. In the world economy, when you want to gain more capital or more resources for your people, the only way you can do it is to attract investment. **This is why I am for a revised NAFTA, but one that only entails small changes:** first, it needs to allow for democratic collective bargaining so that unions can work with companies to balance the needs for profit, competitive advantage in the market, and workers' survival; second, social charters are needed to ensure a livable wage and environment; and lastly, the North American Development Bank (NADBank) should be better funded and more democratically directed, which would enhance its mission to direct financial assistance towards development projects throughout North America that could compensate communities displaced by corporate flight or lowered wages with new businesses and services. These minimal changes should provide us with basic safeguards against absolute poverty, while not risking the ever-present danger of corporate flight to cheaper areas. Now, I know you may think that this is a weak compromise, but I believe it is the only *practical* solution, and it is the only one that our governments will accept. This is not only because corporations based in the U.S. have extensive power to affect our governments' acceptance or rejection of our proposals, but because you need wider support for these proposals in the U.S. and Canada, where socialist and

revolutionary nationalist ideals like yours still invoke anti-Communist fears of big government and loss of personal freedom. My proposal is what the U.S. union movement and Labor Party accepts, and I think it should be what we accept as well. It is the best deal we can get.

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As Viviana, Reyna and Jim, you must now discuss what proposal you think is best, and what strategy you would like to use to gain acceptance for your proposals from the U.S. and Mexican government in subsequent meetings. However, all participants in this discussion agree that the only way to have any of the above proposals accepted is to have a clear consensus. Therefore, you must all agree on one of the proposals, or make some compromise between them.

¹ Subcomandante Marcos in Medea Benjamin, "Interview: Subcomandante Marcos," in *First World, Ha Ha Ha!* ed. E. Katzenberger (San Francisco: City Lights Books, 1995).

² Kim Moody and Mary McGinn, *Unions and Free Trade: Solidarity vs. Competition* (Detroit: Labor Notes, 1992), p. 32.

³ Coalition for Justice in the Maquiladoras. *The Human Face of Work: Human Rights, Democracy and Working Conditions in Mexico* (San Antonio: Coalition for Justice in the Maquiladoras, October 1993), pp. 3,7,17-8.

⁴ Carlos A. Velázquez, "The effects of opening the Mexican market and import substitution on the Maquiladoras." (web article, 1995).

⁵ Cuauhtémoc Cárdenas, "Continental Development and Trade Initiative," in *Trading Freedom: How Free Trade Affects Our Lives, Work and Environment*, J. Cavanagh, et al. eds. (San Francisco: Institute for Food and Development Policy, 1992), p. 95.

⁶ Jeremy Brecher and Tim Costello, *Global Village or Global Pillage: Economic Reconstruction From the Bottom Up* (Boston: South End Press, 1994), p. 4-5.

⁷ Kim Moody and Mary McGinn, *Unions and Free Trade: Solidarity vs. Competition* (Detroit: Labor Notes, 1992), p. 22.

⁸ Ibid., p. 7.