

THE TRUE IMPACTS OF NAFTA ON  
THE U.S. ECONOMY**HON. PETER A. DeFAZIO**

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 10, 1997*

Mr. DEFAZIO. Mr. Speaker, I recommend that all my colleagues read the article reprinted below from the Washington Times by Charles McMillion for an objective assessment of the true impacts of NAFTA on the U.S. economy.

[From the Washington Times, Sept. 1, 1997]  
U.S. SHOULD SLOW DOWN AND THINK BEFORE  
RACING AHEAD ON FAST TRACK

(By Charles W. McMillion)

There are few things more important to our local and national economy today than global investment and trade. With our terrific new technologies and more than 1 billion (one in three) of the world's workers unemployed, what policies work best in driving growth and prosperity?

Unfortunately, this is not the high-minded debate we will hear this week as Congress begins discussions on renewing "fast-track" negotiating authority for President Clinton to expand the North American Free Trade Agreement south of Mexico.

Instead, brace yourself for an awesome display of big-money arrogance and raw public relations power by the few dozen largest corporations and financial institutions that dominate discourse on these vital concerns.

Speaking for these powerful special interests—and key campaign contributors—President Clinton declared again last week: "Already, over the last four years more than 25 percent of our economic growth has come from overseas trade."

This statement may be true for the small group of private interests. But it is pure nonsense for the U.S. economy. The United States must borrow from abroad or sell assets worth \$3 billion each week to pay for our trade losses. Workers and firms throughout the country have taken cuts in pay and profits to avoid becoming a trade statistic.

Yet global trade is one of the four defining elements of our nation's gross domestic product. The others are consumer spending, private investment and government spending.

U.S. economic losses from trade, large when Mr. Clinton came into office, have grown each year, setting world records. Trade has sharply reduced the U.S. economy. It is one of the reasons that growth has been slower and the U.S. dollar far weaker in the current recovery than in any other similar period on record.

Beyond the simple arithmetic, U.S. trade losses are now compounded by the composition of trade. Unlike a generation ago, when oil and basic commodities accounted for most U.S. trade losses, today's losses are dominated by autos and high-tech electronics. Global commerce, dominated by a few transnational companies, is now largely a tool that undermines domestic producers and living standards.

While the Dow Jones industrial average has soared more than 150 percent the past five years, average salaries, health care and retirement benefits have declined.

But despite these facts, a "globaloney" PR campaign will promote the benefits of expanding NAFTA.

NAFTA, ratified four years ago, was sold by the business and political elite as a precedent-setting investment and trade pact among the sleeping giant of Mexico, with its population of 93 million, the United States

(population 260 million) and Canada (population 29 million). But the administration and big-business lobby have recently been forced to wildly spin NAFTA's effects.

Several no-longer (if ever) independent "think tanks" funded by transnationals, their foundations and the government, from Brookings to Heritage, have put out reports using remarkably similar and inappropriate assumptions to reach the conclusion that NAFTA has had a slight but positive effect on both the United States and Mexico.

Yet under NAFTA Mexico has suffered its worst depression since the 1930s, with incomes still 15 percent to 20 percent below 1993 levels.

Gone is any reference to Mexico's population, three times the size of Canada's, or to its young and well-educated labor force, which is growing by more than 1 million per year. Now Mexico is presented as an almost insignificant little place with an economy only one-twenty-eighth the size of the U.S. economy. This to pretend that Mexico can have very little effect on U.S. workers or firms.

Gone also is any mention of the post-NAFTA \$50 billion package of stabilization loans that the administration insisted two years ago was essential to head off economic collapse in Mexico. This omission is particularly odd because it was the equivalent of a \$1.4 trillion loan, had it been made to the United States.

Now the spin is that "opponents can't dispute" the claim that NAFTA greatly cushioned the impact of Mexico's economic crisis. Of course, if there were any "cushioning" effect on U.S.-Mexico trade, this massive U.S. loan—not NAFTA—would deserve the, well, credit.

And what, exactly, is the extent of this supposed cushioning on U.S. trade? On a balance-of-payments basis, the worst previous U.S. trade losses with Mexico were in 1983 and 1984, when they reached \$7.5 billion and \$6.1 billion, respectively, and were concentrated in oil and simple commodities. By contrast, U.S. trade losses soared to \$16.6 billion and \$18.4 billion in 1995 and 1996, respectively. U.S. trade losses to Mexico are concentrated now in high-wage, highly productive manufacturing industries such as autos and electronics.

By contrast, the rest of the world continues to enjoy large trade surpluses with Mexico.

Peso devaluations have been a common occurrence in Mexico for a generation. The 47 percent devaluation in 1995 was less severe than devaluations in 1982, 1983, 1986 and 1987 and barely worse than those in 1984, 1985 and 1988. It is not politically correct to ask the obvious question: Why are the effects of the post-NAFTA devaluation so much worse than those that came before?

The answer points to the failed elements of NAFTA and to the debate that is needed before repeating mistakes that are already costly to most citizens, even as they enrich a powerful few.

NAFTA has far more to do with providing new powers to investors and speculators than with tariff reduction. Tariffs now amount to no more than a few percentage points and are insignificant in the face of 10-to-1 or 20-to-1 differentials in production costs between the United States and Mexico for many industries.

These new private powers give investors, for example, the standing to sue governments directly in international tribunals over a wide range of ill-defined regulatory matters. These powers are what suddenly catapulted \$60 billion in global hot money into Mexico as NAFTA took shape, turning it briefly into the fast-buck capital of the world.

As the International Monetary Fund and others have noted, these massive capital flows leave countries highly vulnerable to worldwide events, dramatically increase investors' influence and leave governments little room to maneuver in time of crisis.

NAFTA's investors and trade provisions have clearly failed the vast majority of Americans and Mexicans. To ignore this experience and lurch ahead could be a fast track to deep trouble.

## TRIBUTE TO SAMUEL L. JACKSON

**HON. ROBERT T. MATSUI**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 10, 1997*

Mr. MATSUI. Mr. Speaker, we rise today to pay tribute to an exceptional public servant and leader in the Sacramento community, Mr. Samuel L. Jackson.

A native of Florida, Sam Jackson was born in Pensacola in 1947. Early on, Mr. Jackson set himself apart as an honor roll student committed to obtaining a worthy education. To further this goal, Mr. Jackson enlisted in the U.S. Air Force in 1966. His military service, including a 13-month tour of duty in Vietnam, allowed him to serve his country and earn money for college.

After his discharge from the Air Force in 1970, Mr. Jackson followed through on his educational goals, first at Sacramento City College, and then at California State University, Sacramento. Following his graduation with honors from CSUS, Mr. Jackson enrolled at the University of the Pacific, McGeorge School of Law in 1974. There, he served as president of the Black Law Students Association in 1976. At his graduation from McGeorge in 1977, Mr. Jackson was presented the Faculty Outstanding Student Achievement Award, becoming the first student of color to ever receive that high honor.

As a young attorney, Sam Jackson worked as a criminal prosecutor in the Sacramento County District Attorney's Office from 1977 until 1979. Then, he accepted a position with the city of Sacramento as a deputy city attorney. By 1988, Mr. Jackson had risen to the position of senior deputy city attorney in the minimum time allowed. In 1989, he became the first African-American elected president of the Sacramento County Bar Association.

Mr. Jackson also maintained his long-standing commitment to education by serving as a professor of legal studies at American River College from 1979 to 1994.

In 1994, Sam Jackson's tireless efforts on behalf of the people of Sacramento, marked by an esteemed reputation for integrity and community activism, earned him the post of city attorney by a unanimous vote of the city council. In this position, Sam Jackson has excelled as a tough litigator for the city of Sacramento. But he has never foregone the community service endeavors which are so near to his heart, especially his work with children.

As a strong advocate for the Big Brothers and Big Sisters organization, Little League baseball, Sacramento's St. Hope Academy, and the Citizenship and Law-Related Education Center, Sam Jackson has established a legacy of service on behalf of Sacramento's youth.

He has also thrived in a number of influential professional legal organizations in California. In 1995, he became the first African-