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Background

<u>*Framing Arguments</u>

<u>A2: No Past Tense</u>

Topicality Analytics

1. Just because the verb outweigh is in past tense doesn't mean the words "benefits" and "consequences" are in past tense.
2. Realize that the goal of NAFTA was to restructure entire economies— a process that will always be painful in the short term and beneficial in the long run. Thus, <u>Orme of the University of Texas</u> indicates that NAFTA cannot be evaluated solely on the basis of its impact during the early transition period, as its real benefits are only just now beginning to materialize and will continue to accrue as time goes on.

Orme, William A. Understanding NAFTA: Mexico, free trade, and the new North America. University of Texas Press, **1996**.

<https://books.google.com/books?hl=en&lr=&id=O2wOjChZGs0C&oi=fnd&pg=PR7&dq=mexico+needed+nafta&ots=XWk_bcTquW&sig=fruK6I2-_jsTS0DEFDWuiEMuB64#v=onepage&q&f=false>

In both countries, the pain will come first. Companies will not wait until the last possible moment to consolidate production lines, build market share, or abandon uncompetitive businesses. **If NAFTA were to be evaluated solely on the basis of its impact during the early transition period, much of the criticism of the agreement would be valid. But even looking to the year 2000 is a short-term perspective. NAFTA 's real benefits will only be felt by the generation of Mexicans who are just now entering the work force.**

Orme, William A. Understanding NAFTA: Mexico, free trade, and the new North America. University of Texas Press, 1996.

<https://books.google.com/books?hl=en&lr=&id=O2wOjChZGs0C&oi=fnd&pg=PR7&dq=mexico+needed+nafta&ots=XWk_bcTquW&sig=fruK6I2-_jsTS0DEFDWuiEMuB64#v=onepage&q&f=false>

For decades America has wanted Mexico to lift import barriers, stabi- lize its currency, scale back state industry, deregulate private business, and allow more extensive foreign investment. Under Salinas, Mexico has begun to do all of this unilaterally. But **there were things Mexico could not do on its own**. **It needed U.S. assistance to reduce and restructure its debt.** And it needed a bilateral trade treaty to guarantee continuing access to the American market and to assure investors that Mexico would not suddenly abandon its new reforms in the future. The real problem with NAFTA is that it doesn't offer instant gratification. **The benefits accruing to the United States will be largely a byproduct of Mexican prosperity and will not be felt fully for 20 to 30 years.**

A2: Withdrawal

Topicality Analytics

1. This isn’t the spirit of the resolution. The resolution is asking us to evaluate whether NAFTA has, “on balance”, been beneficial or not, indicating a truth-test of the resolution. Nowhere in the resolution is there any indication of a policy action, and thus, the resolution is not about withdrawal.

A2: No Side Agreements

Topicality Rhetoric

1. Patten '17 of Western Michigan University writes that the side agreements and Mexican unilateral policies engaged upon prior to NAFTA are consequences of NAFTA because they were adopted to prepare Mexico for the free trade agreement, and thus wouldn't have existed without NAFTA.

Cards:

Patten, Daniel J. PHD, Western Michigan University, "Dangerous Deals: A Case Study of NAFTA as a Criminogenic Policy." (2017). //JN
https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations

Although Mexico implemented several actions and policies in the years surrounding the NAFTA negotiations and leading up to its implementation, they must be understood as consequences of NAFTA since they were adopted to prepare the Mexican economy for the free trade agreement. For example, in face of all the government expenditure cuts, **Mexico increased its anti-drug spending ninefold** from 1987 into the 1990s (Andreas 1998a). At the end of de la Madrid's presidency, he announced drug trafficking as a threat to national security which is a rare claim in Mexican society. Salinas continued pursuing drug traffickers primarily to appease the United States and amp up the national security apparatus to mollify investor concerns. The militarization of the police force and involvement of the Mexican military grew as a solution to drug trafficking. Narco-corruption among state officials in Mexico remains an issue today, and drug trafficking and enforcement issues will be discussed more thoroughly in Chapter 7. **By the end of Salinas' term, a conservative estimate of around 86 percent of state enterprises were privatized, most during his presidency** (Moody 1995). Ironically, Oppenheimer (1998) sardonically points out **that Salinas opened the Mexican economy** to such an extreme that Mexicans were eating their own cultural foods ill-prepared by Taco Bell. **Land reforms characterized another major aspect of the Salinas restructuring** that will be covered in a later section. Due to the intensification of the privatizing efforts and other neoliberal modifications, unions that had long been controlled with corporatist methods became problematic to the Mexican state and potential U.S. investors. However, with Salinas' bold economic and political promises, the PRI rebounded in 1991 with PRI candidates winning 61 percent of the votes in the elections for federal senators and state governors. With this political victory, Salinas was able to 148 17 make law unilaterally without appeasing oppositional parties (Dillon and Preston 2004). Even President Bill Clinton (Auerswald, Duttweiler, and Garofano 2003) and the U.S. press (Dillon and Preston 2004) endorsed Salinas, thus furthering his political and economic legitimacy. With Salinas's image as an economic savior and lack of oversight, he was free to deal with the unions. **Salinas disregarded article 12323 of the constitution that protected workers' rights, particularly their right to organize and strike, by cracking down on union workers in order to subdue labor resistance to neoliberal policies**. Since Salinas and his cabinet members saw Mexico's competitive advantage and their leverage at the bargaining table as cheap labor and lax corporate regulations, **unions only stood in the way of Mexico making its case as being a strong free trade partner to the United States. In response, Salinas went after major union bosses and declared a war against unions** (Kim 1995)…. Once again, the U.S. and other foreign media hailed Salinas as a national hero and competent leader maintaining peace during a tumultuous time in Mexico (Grunwald 1991). The wave of privatization enticed foreign investments along with empowering the PRI government's control over the Mexican people. Once union and labor opposition was quashed, the Salinas government was free to privatize nearly any industry deemed necessary. Corporate constituents of the PRI government benefited greatly from these tactics, particularly billionaire Carlos Slim Herú who made a fortune. *The amendment of article 27 of the constitution was just another step in this strategy of privatization that moved land from the poor to the wealthy. Faced with pressure by the United States, IMF, and World Bank, the Mexican government followed a path of austerity commonly paired with trade liberalization by further reducing the social programs it had in place* (Stanford

1994; Barry 1995). *In the years leading up to NAFTA, President Salinas reformed agrarian society by allowing an inflow of agricultural imports, removing or reducing most agricultural subsidies, withdrawing or shrinking tariffs on most products, and guaranteed prices were no longer given for any crops other than maize and beans* in 1990 (Foley 1995). For instance, Mexico dissolved ANAGSA, a public insurance 150 17 agency that provided programs for crops to help with losses, BANRURAL – a rural development bank – declared it would only loan to profitable peasant farmers (Foley 1995), and the state ended a history of subsidizing affordable necessities for farmers such as water, electricity, fertilizer, and pesticides (Hewitt de Alcántara 1976). When the Mexican government withdrew their political and economic support for peasant organizations, U.S. companies ceased to offer financial credits to these organizations as well (Stanford 1994). In 1992, a constitutional amendment to article 27 ended 70 years of land reform and established the groundwork for privatization of ejido lands (McGuire 2015). The ejido system was established by the Mexican Constitution of 1917 after the Mexican Revolution. An ejido is a large piece of communal land available to landless farmers for cultivation. Historically, wealthy land owners would lease lands to these farmers. With the establishment of the ejido system, peasants could petition their government to expropriate the land from wealthy landowners which, if successful, would make the land publicly owned. Thus, ejidatarios, members of an ejido, would retain land rights as long as they used the land for farming, however, they did not own the land. Land redistribution under this article was a large part of Mexican history (Sanderson 1984). After the Mexican government deemed the ejido a failed system in the face of the 1982 debt crisis, advocates of neoliberalism pushed for full privatization of rural lands and abolishment of the ejido. The amendment to article 27 revoked peasants' right to petition for land reducing the fears of foreign investors (Foley 1995). Corporations, although previously banned from land tenure, were now free to purchase agricultural land, and only 33 percent of the ejido plus one member were needed to make changes in property relations. Proponents of privatization saw this move as beneficial for ejidatarios because they now owned some piece of land, and could use or 151 17 sell it for profit. Many producers experienced an increase in competition simultaneously as costs were rising…. *The United States also played an integral role in influencing land reform policy in Mexico prior to NAFTA*. Hendrix (1995) states that, according to the Wall Street Journal, the amendment to article 27 was enacted to directly allow the Mexican Department of Agriculture and Water to "enlist the Chicago Board of Trade, Merrill Lynch, Spatts, and several other brokerage houses and Mexican financial institutions as consultants to create a new agricultural commodities market" modeled after the Chicago Mercantile Exchange. A primary goal was to convert ejidos to private property, in turn creating international partnerships for foreign investment. Thus, U.S. foreign investors were directly behind, or at least heavily supported, major agrarian reforms in Mexico prior to NAFTA.

A2: Counterfactuals

Topicality Rhetoric

1. Wise '09 of the Carnegie Institute explains that studies comparing a counterfactual scenario with NAFTA and without NAFTA are flawed because they assume Mexico would have continued to pass the same policies absent a world with NAFTA. Thus, Akinbobola '18 of the Columbia Economic Review writes that it's impossible to quantify how much Mexico would've liberalized without NAFTA.

Emmanuel Akinbobola, April 30, 2018, "The Economic Impact of NAFTA on Canada and the United States," Columbia Economic Review, http://columbiaeconreview.com/2018/04/30/the-economic-impact-of-nafta-on-canada-and-the-united-states/

Noting that NAFTA "ignited an explosion in cross-border economic activity," Hills (2014) emphasizes positive gains for all members of the treaty in the areas of cross-border investment, intra-regional travel, and other forms of economic collaboration, writing that "thanks to NAFTA, North Americans not only sell more things to one another; they also make more things together." Sergie (2014) suggests that one of the most pronounced fears surrounding NAFTA—that American and Canadian jobs would evaporate as companies relocated to Mexico—has largely failed to materialize, especially in the United States where the "total trade with Mexico and Canada accounts for a small percentage of the U.S. economy." Overall, Sergie (2014) surmises that NAFTA has had mixed results for all members of this tri-lateral agreement, emphasizing that "it is difficult to determine causality between NAFTA's implementation and economic growth, and ***it is impossible to quantify the counterfactual—how trade policy might have liberalized without NAFTA."***

Timothy Wise 2009, The Carnegie Institute

https://ase.tufts.edu/gdae/Pubs/rp/CarnegieNAFTADec09.pdf

While attractive at first glance, **most of the analysis comparing Mexico's performance under NAFTA to a no-NAFTA scenario is flawed**. **Common to this view is the assumption that the no-NAFTA scenario would entail Mexico following the very same policies it has since the 1980s**, only without NAFTA. **Such an analysis misleadingly attempts to separate policies—NAFTA and other main economic policies—that should be considered simultaneously.** This study's assessment of Mexico's performance since NAFTA thus does not attempt to discern the narrow effects of the treaty from the broader impacts of the economic strategy of which they were a part. Nor do we ascribe to NAFTA alone either the credit or the blame for those impacts. To open the country's economy, the Mexican government made strategic choices in the late 1980s,4 opting to integrate more fully with the United States and closely following the tenets of the Washington Consensus with NAFTA as the key international initiative. Many factors played into this choice: a lack of interest from Europe, geopolitical alliances with U.S. strategic interests, special interests in both countries that stood to gain from integration, and an ideological commitment to the free-market model then in vogue. Mexico was indeed at an economic crossroads when NAFTA negotiations began, but the model pursued by Mexico was not the only road that could have been chosen. The fact that many countries—China, India, Brazil, and Chile—in the last two decades have had greater success following less orthodox policies than Mexico's attests to the range of development strategies that were open to Mexico. It makes little sense, then, to dismiss the poor economic results from the NAFTA period with the argument that things would have been worse without NAFTA.

A2: NEG

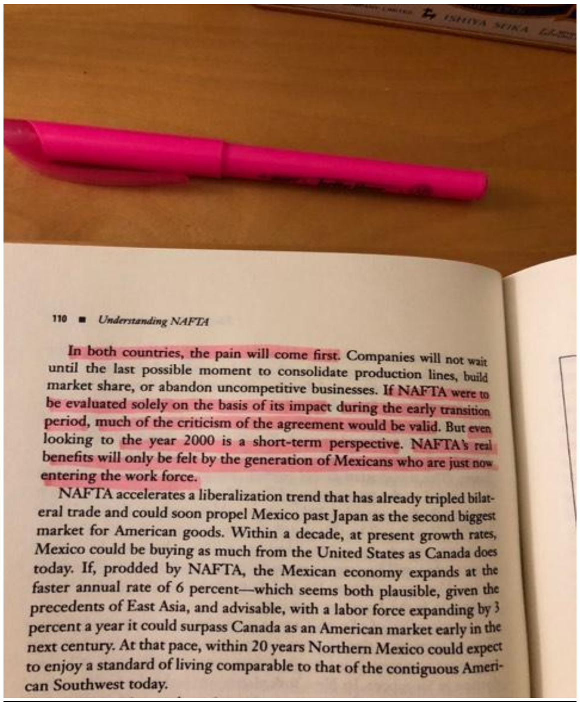
*Overviews

Weighing Overview

When you evaluate this round, time frame comes first. Orme of the University of Texas elaborates that with NAFTA's long-term guarantee of openness to American investors, the risks of building high-tech, high-wage export industries are minimized, facilitating a transition away from low-paying assembly. Indeed, Orme continues that while short-term harms will immediately manifest, the long-term benefits develop as time goes on. Economics Online writes that as economies develop, inequality decreases in the long term because of jobs that are created. Ultimately, Guillen '14 of UPenn writes that with more capital flowing into Mexico, the benefits we've already seen will be distributed to everyone, concluding that "NAFTA is on the cusp of being a great success". Even if harms exist right now, NAFTA allows for a long-term transition that solves back for all of their impacts.

Cards:

Orme, William A. Understanding NAFTA: Mexico, free trade, and the new North America. University of Texas Press, 1996. <https://books.google.com/books?hl=en&lr=&id=O2wOjChZGs0C&oi=fnd&pg=PR7&dq=mexico+needed+nafta&ots=XWk_bcTquW&sig=fruK6I2-_jsTS0DEFDWuiEMuB64#v=onepage&q&f=false>



110 ■ *Understanding NAFTA*

In both countries, the pain will come first. Companies will not wait until the last possible moment to consolidate production lines, build market share, or abandon uncompetitive businesses. If NAFTA were to be evaluated solely on the basis of its impact during the early transition period, much of the criticism of the agreement would be valid. But even looking to the year 2000 is a short-term perspective. NAFTA's real benefits will only be felt by the generation of Mexicans who are just now entering the work force.

NAFTA accelerates a liberalization trend that has already tripled bilateral trade and could soon propel Mexico past Japan as the second biggest market for American goods. Within a decade, at present growth rates, Mexico could be buying as much from the United States as Canada does today. If, prodded by NAFTA, the Mexican economy expands at the faster annual rate of 6 percent—which seems both plausible, given the precedents of East Asia, and advisable, with a labor force expanding by 3 percent a year it could surpass Canada as an American market early in the next century. At that pace, within 20 years Northern Mexico could expect to enjoy a standard of living comparable to that of the contiguous American Southwest today.

Orme, William A. Understanding NAFTA: Mexico, free trade, and the new North America. University of Texas Press, 1996. <https://books.google.com/books?hl=en&lr=&id=O2wOjChZGs0C&oi=fnd&pg=PR7&dq=mexico+needed+nafta&ots=XWk_bcTquW&sig=fruK6I2-_jsTS0DEFDWuiEMuB64#v=onepage&q&f=false>

Little orthodoxies of this sort littered the NAFTA debate. And in the hands of political barn burners like Ross Perot, they made it extremely difficult for ordinary Americans to sort through the conflicting claims and counterclaims and make up their own minds about what NAFTA might mean for America's future. **Through the efforts of NAFTA opponents,** millions of **Americans were persuaded that a prosperous Mexico would be a direct threat to their jobs** and incomes. **This is simply wrong**: **NAFTA makes Mexican manufacturing an integral part of North American industry, not a rapacious competitor.** Indeed, **NAFTA** neatly fits the accepted wisdom for coping with East Asian competition: it **calls for investing to maximize economies of scale**, **for planning for the next decade instead of the next quarter, for replacing low-wage sunset industries with high-tech sunrise industries.**

Orme, William A. Understanding NAFTA: Mexico, free trade, and the new North America. University of Texas Press, 1996. <https://books.google.com/books?hl=en&lr=&id=O2wOjChZGs0C&oi=fnd&pg=PR7&dq=mexico+needed+nafta&ots=XWk_bcTquW&sig=fruK6I2-_jsTS0DEFDWuiEMuB64#v=onepage&q&f=false>

For decades America has wanted Mexico to lift import barriers, stabi- lize its currency, scale back state industry, deregulate private business, and allow more extensive foreign investment. Under Salinas, Mexico has begun to do all of this unilaterally. But **there were things Mexico could not do on its own**. **It needed U.S. assistance to reduce and restructure its debt.** And it needed a bilateral trade treaty to guarantee continuing access to the American market and to assure investors that Mexico would not suddenly abandon its new reforms in the future. The real problem with NAFTA is that it doesn't offer instant gratification. **The benefits accruing to the United States will be largely a byproduct of Mexican prosperity and will not be felt fully for 20 to 30 years.**

https://voxeu.org/article/introducing-kuznets-waves-income-inequality

Economics Online, "Inequality", n.d., <http://www.economicsonline.co.uk/Global_economics/Inequality.html>

At low levels of development in a pre take-off phase, the majority of the population will work on the land and be relatively poor, with only a small gap between rich and poor. **As the economy takes-off, some individuals will gain considerably, relative to others**, as in the case of Russia's super rich followed by Russia's growing middle class. These groups will exploit their advantage and open up a considerable gap between themselves and the poorest groups.
Eventually, as the economy develops, more resources are exploited and **allocated to the poorest groups**. **This re-distribution is achieved through** progressive taxes and welfare payments, and **job creation**.

Guillen, Wharton, Law and Public Policy Operations Management Latin Americanorth America, 2-19-2014, "NAFTA, 20 Years Later: Do the Benefits Outweigh the Costs?," Knowledge@Wharton, http://knowledge.wharton.upenn.edu/article/nafta-20-years-later-benefits-outweigh-costs/ //DZ
Some Mexican critics worry about the income inequality between those industrial workers who have benefitted from the country's globalization and those who have been shut out of those benefits, especially the rural poor. Guillen says he "completely disagrees with those economists who say this has generated inequality. **Whenever there is this kind of growth process, especially when foreign investment comes in, you always get that inequality. Are you better as a country – or worse off? Ask the 30% of Mexicans who got well-paying jobs. Without NAFTA, they wouldn't have those jobs, because those jobs would be in China or somewhere else.**" Guillen contrasts the Mexican situation with that of the U.S., where "we are generating inequality because the lower wages are either stagnating or going down. How do they go down? When a factory worker is earning $35 an hour, gets laid off and has to go to the service sector and only makes $12 an hour." Overall, Guillen states, "**NAFTA has been great for Mexico**. The only doubts are about whether it has been good for the United States. I believe it has been, but there is more of a mixed balance between losers and winners [in the U.S.]. **For Mexico, it is a total success**. The problem in Mexico, though, is that the export industry there has not been big enough to employ everybody in a large population…. **Inequality has been produced, not because the wages of low-wage workers got lower, but because a significant number of workers are now receiving higher wages**. "**It is obviously good, but it would be even better if, instead of only 30% of Mexican workers earning those very high wages for Mexico, you could get 70% of the workers." For that to happen, Mexico will have to overcome its shortage of capital**, he adds.
Despite such imperfections, Kemmsies believes that "**NAFTA is on the cusp of being a great success**," but he also worries that "Mexico will kill the golden goose before it lays an egg" by imposing export taxes on foreign firms doing business there before those firms are fully convinced they should be in Mexico for the long haul. "Mexico has to worry about overplaying its hand" before the global automakers and other foreign investors have sunk their roots more firmly into Mexican soil." Given the fragile state of the global economy – and the uncertainties surrounding Mexico's ambitious reform efforts — many foreign companies "are still scared and risk averse. We are not [yet] past the start-up stage in Mexico."

*Macroeconomic

A2: Causes Mexican Recessions

Link Turn Rhetoric

1. Irwin '09 of Dartmouth writes that Mexico experienced a deep recession in '94 that destroyed wages and jobs that was caused by factors unrelated to NAFTA. However, he finds that NAFTA, by keeping trade flows open, kept the Mexican economy afloat.

Irwin '9 – professor of economics at Dartmouth College and the author of Against the Tide: An Intellectual History of Free Trade (Douglas A, "Free Trade under Fire," 2009, Princeton University Press)

Unfortunately, not all countries that have liberalized their trade policies have enjoyed such dramatic successes. For example, Mexico significantly reduced tariffs and other trade barriers when it joined the GATT in 1985 and signed free trade agreements with the United States and Canada (NAFTA) in 1994 and the European Union in 2000. As a result, Mexico's trade and foreign investment increased significantly. The share of trade (average of exports and imports) in GDP rose from 13 percent in 1985 to 52 percent in 2002. These reforms improved productivity in industries exposed to international competition, as described in chapter 2.¶ However, Mexico's overall macroeconomic performance has been disappointing since NAFTA. Economic growth has been lackluster.¶ Employment is only slightly higher than before the agreement took effect, and real wages are actually lower. NAFTA opponents blame open trade for Mexico's problems. These critics say that NAFTA has harmed¶ farmers and is responsible for the lack of improvement in the standard of¶ living of workers.¶ **The real source of Mexico's malaise is macroeconomic**, **In December 1994, about a year after NAFTA went into effect, and for reasons¶ not related to the trade agreement, Mexico faced a speculative attack on¶ the peso and was forced to devalue its currency. The peso crisis stemmed¶ from an inconsistency between Mexico's monetary policy and its commitment to maintain at a fixed exchange rate. The peso devaluation was a¶ severe setback that slashed real wages overnight and sent the economy¶ into a deep recession.¶ By keeping trade flows moving, NAFTA helped the Mexican¶ economy through a difficult period. The continued expansion of trade¶ promoted the country's recovery from this traumatic shock.** *Yet since the¶ initial rebound, the Mexican economy has been weak. The reason for¶ this disappointing performance is not trade related, but a persistent and¶ severe credit crunch, including a deterioration in contract enforceability¶ and an increase in nonperforming bank loans. Indeed, Mexico's credit-to-GDP ratio fell from 49 percent in 1994 to 17 percent in 2002, preventing any broad-based economic recovery*?"

*Terms of Trade

A2: US-Mexico Trade Deficit

Link Defense Rhetoric

1. Delink; Green '17 of Rice University writes that the Mexican demand for US goods decreased after the Peso Crisis as the economy got worse, and since their economy has grown at a similar rate as the US, there has been little opportunity to re-balance demand. Thus, the trade deficit has remained constant and close to zero.
2. Webber '08 on the Financial Times explains that the US pulling out of NAFTA would do little because the reduction in imports would be offset by the resulting loss in exports.
3. Lankford '17 of the Washington Post writes that the U.S. is the world's largest receiver of foreign direct investment. The trade deficit means, in part, that U.S. companies are considered to be a better investment than companies in other countries. More investment in American businesses means more jobs and higher wages for American workers.

Impact Turn Rhetoric

1. Turn; Overall, Green '17 of Rice University writes that "every study done on the topic has found that NAFTA boosted U.S. exports more than Mexico's" thus even renegotiating NAFTA to raise GDP holds little potential.
2. Turn; Lankford '17 of the Washington Post writes that as the United States purchases more goods from Mexico, Mexican workers become wealthier, which means they will be able to purchase way more goods from the United States, benefiting domestic firms.
3. Turn; Lankford continues when U.S. consumers and businesses are buying more cheap goods from Mexico than Mexico is from the U.S., it gives us greater purchasing power to buy more domestic goods and reinvest in our own economy, lifting our own standard of living substantially.

Cards:

Green, Russell A., and Tony Payan. Rice University "Was NAFTA Good for the United States?." (2017). //JN
https://scholarship.rice.edu/bitstream/handle/1911/97769/BI-pub-NAFTA-062317.pdf?sequence=1

Another **key element of a bilateral trade deficit**, however, **is demand.** During the NAFTA period, **Mexican demand for U.S. goods was decimated from the start by the peso crisis** in December 1994, while U.S. demand for Mexican goods remained strong. This can be seen in Figure 5 in the one-time large drop in the trade balance in 1995.7 The dollar has since appreciated further, going from MX$13 to a dollar in 2014 to MX$22 to a dollar in early 2017, fueling greater demand for Mexican goods in the U.S. and depressing demand for U.S. goods in Mexico. The peso has since strengthened, but it remains around MX$18.50 to a dollar. Moreover, **for various reasons, including the deepening linkages between the two economies, the Mexican economy has not grown much faster than the U.S. economy**, and consequently, **there has been no opportunity to re-equilibrate relative demand. As a result, the U.S. trade deficit with Mexico has remained fairly constant and close to zero**, dropping by only 0.2% of GDP across the next 20 years. **Studies have been able to identify virtually no impact of NAFTA on the bilateral trade deficit** (Congressional Budget Office 2016).

Jude Webber 2018, Financial Times
https://www.ft.com/content/b0f343aa-ab3a-3657-8b57-f0086cfaa006

Oxford Economics, however, ***believes that pulling out of Nafta this year would have scant impact on the US deficit. "While leaving Nafta would modestly trim the trade deficit, the reduction in imports would be largely offset by a concurrent loss in exports,"*** it said. Absent Nafta, trade would – if all other things remain equal – be governed by World Trade Organisation rules but that "would still leave the Trump administration's goal of reducing the US trade deficit out of reach," the consultancy said. "The trade gap would remain at 3.2 per cent of GDP in 2019 and 2019, compared with a modest widening to 3.3 per cent of GDP in the baweline in 2019," it added. Negotiations, which have been crawling forwards with no real progress on the really tough stuff, resume next week in Montreal. With Mexican presidential elections in July complicating the picture, Mr Trump suggested to the WSJ that he was "leaving it a little flexible … there's no rush" – opening the door to delaying any deal.

James Lankford 2017, The Washington Post
https://www.washingtonpost.com/opinions/the-us-trade-deficit-is-a-good-thing-really/2017/08/14/c3dd9e5e-7df0-11e7-83c7-5bd5460f0d7e_story.html?utm_term=.47157b581eeb

Foreign investment also tilts the trade-balance calculation. Because we have the world's largest economy and the strongest currency, more money comes into the United States than goes out. **This surplus of investment adds to our trade deficit, even though this foreign cash stimulus is a positive for our economy.**

When a Canadian company decides to invest in a U.S.-based company, it increases our trade deficit. Similarly, when the Mexican government buys U.S. Treasury bonds (as most of the world does), the likelihood of an American trade deficit increases. Investments such as these are indicative of a strong economy.

It should be an encouraging sign that we are by far the world's largest receiver of foreign direct investment. Our trade deficit means, in part, that U.S. companies are considered to be a better investment than companies in other countries. More investment in American businesses means more jobs and higher wages for American workers.

James Lankford 2017, The Washington Post

https://www.washingtonpost.com/opinions/the-us-trade-deficit-is-a-good-thing-really/2017/08/14/c3dd9e5e-7df0-11e7-83c7-5bd5460f0d7e_story.html?utm_term=.47157b581eeb

For starters, ***a powerful economy such as ours often runs a trade deficit because of the immense buying power of its people. Mexico's average net per capita income is roughly $13,000, while the average U.S. household brings in more than $41,000 each year. Americans have a far greater capacity to buy goods than do consumers in Mexico. It should come as no surprise that we do exactly that.*** If the United States and Mexico were the only countries in the world, and both countries traded openly with each other, American consumers would still benefit from Mexican imports in order to satisfy our buying power and immense market demand. Conversely, ***Mexico*** would still import goods from the United States. Its citizens, however, simply ***cannot afford to buy things at the same rate and quantity that Americans do from Mexico.*** If Mexicans suddenly became wealthier, they would likely start buying more U.S. products. That is why one of the best things that can happen to our economy is for other nations' economies to grow. When they grow, they buy more American products, and we grow even more. This trading relationship holds true for many countries with relatively high-consumption populations. ***As the United States purchases more goods from Mexico, Mexican workers become wealthier, which means they will be able to purchase more goods from the United States.*** A growing economy in Mexico also means that Mexican workers have less reason to immigrate illegally into the United States. And ***while U.S. consumers and businesses are buying more cheap goods from Mexico, it gives us greater purchasing power to buy more things and reinvest in our own economy, lifting our own standard of living.*** Simply put, free and fair trade is a win-win scenario.

Tankersley, Jim. "Trump Hates the Trade Deficit. Most Economists Don't." The New York Times. The New York Times, 5 March 2018. Web. Accessed 14 June 2018. <https://www.nytimes.com/2018/03/05/us/politics/trade-deficit-tariffs-economists-trump.html>

America's trade deficit is the gap between how much in goods and services it imports from foreign countries, and how much it exports. Mr. Trump complains about the metric frequently, saying the trade imbalance is a measure of America's weakness on trade policy.

"We lost, over the last number of years, $800 billion a year," he said in the White House on Monday, while defending his tariffs against criticism from Republican leaders in Congress. "Not a half a million dollars, not 12 cents. We lost $800 billion a year on trade." He went on to say that the country "lost $500 billion" a year to China, though it was not clear what figure he was citing, given that America's annual trade deficit with China has never climbed beyond $375 billion. Most economists do not see the trade gap as money "lost" to other countries, nor do they worry about trade deficits to a large degree. That's because trade imbalances are affected by a host of macroeconomic factors, including the relative growth rates of countries, the value of their currencies, and their saving and investment rates. For instance, America's trade deficit narrowed dramatically during the Great Recession, when national consumption faltered.

Mr. Trump has long argued that the trade deficit hinders economic growth, and that reducing it will accelerate American job creation. Even those who agree with that view say there are better ways to reduce the imbalance than through tariffs, which can backfire and further widen the trade deficit if other countries impose reciprocal tariffs. "If you look across countries, there's no evidence that high tariffs reduce your trade deficit," said Joseph E. Gagnon, a senior fellow at the Peterson Institute for International Economics, and a co-author of a 2017 book of policy recommendations on how to reduce trade imbalances.

"The trade deficit is a terrible metric for judging economic policy," said Lawrence H. Summers, a Harvard economist and former chairman of President Barack Obama's National Economic Council. Mr. Summers said tariffs would actually worsen deficits by making American companies that ship steel and aluminum overseas less competitive, and by inviting foreign retaliatory tariffs against other exports.

A2: US-Canada Trade Deficit

Link Defense Rhetoric

1. Delink; Yglesias '18 of Vox explains that we have a $12 billion dollar deficit with Canada in goods, which is more than offset by the 24 billion dollar surplus in services, meaning we have a $12 billion dollar surplus with Canada.

Yglesias, Matthew. “Caught lying about trade with Canada, Trump tweets some new lies about trade with Canada.” Vox. 15 Mar. 2018. https://www.vox.com/policy-and-politics/2018/3/15/17123880/trump-canada-trade-surplus

According to the US Trade Representative’s official statistics, **the United States runs a $12 billion trade deficit in goods with Canada**. **That is more than offset by our $24 billion trade surplus in services, leading to a $12 billion total trade surplus.** Running an overall trade deficit is not really a bad thing, and looking at particular bilateral trade balances is totally irrelevant.

A2: Renegotiations

Link Defense Rhetoric (general)

1. Delink- Esposito (11 May 2018) of Reuters writes that officials failed to close talks with a deal to modernize NAFTA.
2. Delink- Aguire of Reuters three weeks ago writes that the three nations are not close to a deal as there are many differences on issues. For instance, because of Pence's demand for a sunset period -- which ensures any deal is terminated after 5 years -- talks fell through.

Impact Turn Rhetoric (general)

1. Turn- Blanchfield '18 of CBC writes that in response to Trump's new tariffs, Canada retaliated with 16.6 billion dollars in counter measures.

Link Defense Rhetoric (auto)

1. Delink- Gripas '18 of CNBC finds that even if negotiations are successful, it is unlikely automakers uproot billions of dollars in plants and supply chains.

Carded LBL Rhetoric

Financial Post, Alexander **Panetta**, 19 May 20**18**, NAFTA sticking points: A list of impediments holding up a deal //JN

http://business.financialpost.com/pmn/commodities-business-pmn/agriculture-commodities-business-pmn/nafta-sticking-points-a-list-of-impediments-holding-up-a-deal

WASHINGTON — The NAFTA negotiations could continue for a while, with U.S. trade czar Robert Lighthizer signalling he wants significant changes in multiple areas and isn't interested in a quick, limited deal. Here are some key flashpoints involving Canada:

–Autos: This is the sticking point countries have spent the most effort trying to solve. **The U.S. wants** to stem the loss of manufacturing jobs to Mexico. Canada broadly shares that goal. However, the issue has prompted some concern, and not only from Mexico. While the U.S. has significantly softened its earlier demands, it still wants **40 percent of every car built in a high-wage jurisdiction; 75 per cent of all parts to be North American; and 70 per cent of steel to be North American. Critics of the plan say it could backfire: if auto-makers decide they don't want to deal with all this red tape, they can just ignore NAFTA and simply pay the 2.5 per cent U.S. tariff on cars. Critics say that won't create jobs — just more expensive cars, and less economic activity.**

–Pharmaceuticals: **It's the** stated **goal of U.S. trade policy to make other countries pay more for drugs**, so that foreigners **shoulder more of the burden of research and development** costs. The U.S. has a particular gripe with Canada: it's reduced Canada's ranking in an annual report card on intellectual property, partly over policy changes at Canada's Patented Medicine Prices Review Board. **The U.S. wants more transparency in how drug prices are set in Canada.** Its industry is also pushing for greater ability to appeal pricing decisions. Such objectives place it **in direct conflict with the Trudeau government, which wants to create a national pharmacare plan** and intends to argue that its policy is consistent with that of President Donald Trump, who campaigned on controlling drug prices.

–Dairy: **The U.S. has two problems with Canadian dairy policy. First, Canada limits imports and sets fixed prices under a supply-management system**, and does the same for poultry and eggs. Second, **Canadian producers who are protected from competition are at the same time selling surplus ingredients onto the world market** for cheese-making, contributing to a global glut. **The U.S. has demanded an end to these surplus sales, and also an end to supply management within 10 years.** Canada's counterpoint is that the U.S. engages in its own protections, supporting farmers during boom-bust cycles; it argues that Canada's system at least has the benefit of being stable, and not requiring periodic bailouts. If past history is any guide, a middle-ground compromise might be possible: in agreements with Europe and the TPP countries, Canada opened up its dairy market by several percentage points.

–Dispute settlement: **NAFTA is enforced by three main systems for settling disputes: Chapter 11 lets companies sue governments for unfair treatment, Chapter 19 lets industries fight punitive duties, and Chapter 20 lets countries sue countries. The U.S. wants to weaken two of the three, and entirely end Chapter 19. It's a historically emotional issue for Canada, as Chapter 19 was the original make-or-break condition for free trade with the U.S.**; it's also been used to fight softwood lumber duties. However, some observers question the relevance of Chapter 19 today, as other forums exist for fighting duties. Take the spat against Bombardier, in which duties were overturned in the U.S. court system. As for Chapter 11, Canada has less of a historical attachment, although it's extremely popular with those business allies in the U.S. fighting to preserve NAFTA. The Trump administration's trade czar dislikes all these systems — Lighthizer sees them not only as a violation of national sovereignty: he argues that Chapter 11 helps companies do the dirty deed of outsourcing jobs. He argues that if companies want to shift plants elsewhere, the U.S. government should not be in the business of protecting their legal rights in, for instance, Mexico.–De minimis: Americans are allowed to spend $800 online before they pay duties on a foreign purchase; Canadians can spend $20. It's one of the lowest rates in the world. Lighthizer says it might not be necessary to match the U.S. amount, but he says that 40-fold difference is unreasonable. Retailers argue that shifting the de minimis level would fuel a commercial real-estate crisis, and disproportionately benefit American tech companies which enjoy economies of scale.

–Intellectual property: **The U.S. complains about Canada's border controls on counterfeit goods. It says it's concerned that Canada doesn't provide customs officials with the ability to inspect, seize, and destroy pirated goods moving through Canada to the United States**. It complains that there were no known criminal prosecutions for counterfeiting in Canada in 2017, calling Canada an outlier among developed countries. **It also bemoans what it calls excessive use of education-related exceptions to copyright laws**, which it says have damaged the market for educational publishers and authors.

–Procurement: **Canada's aim is to increase companies' access to public-works contracts abroad, expanding that access from federal contracts to** state/provincial and local **ones.** Currently, subnational procurement rights are negotiated on a case-by-case basis. **The U.S. has the opposite goal: It wants to limit the access Canadian and Mexican companies** already enjoy at the federal level, restricted to whatever amount of contracts American companies win in the other countries.

–Sunset clause: One of the most controversial ideas of this negotiation. **The U.S. has pushed for a clause in the deal that would cancel NAFTA after five years**, unless every country agrees to keep it. Critics say this is a recipe for permanent uncertainty. They ask how a car company, for instance, is supposed to invest in all the assembly-line changes demanded in this deal, when the whole deal could be over in five years. They also point out that NAFTA already has a termination clause, which countries can invoke if they're unhappy. **Prime Minister Justin Trudeau ridiculed the sunset idea** in a public event in New York. He used a real-estate metaphor and made clear he was addressing President Donald Trump: What developer would build a skyscraper on a piece of land, Trudeau asked, if access to that land was only guaranteed for five years?

–Professional visas: **Canada wants to modernize the list of professions eligible for a NAFTA** work visa under Chapter 16. The current list of jobs eligible for these visas is decades old, and features almost nothing for the tech industry. Companies complain this makes it hard to send their own employees to branches across the border. **The U.S. has put up some resistance**, as any expansion of work-related migration risks being wrapped into the heated U.S. immigration debate.

NEGOTIATIONS EMPIRICALLY FAIL

David Ljunggren, Anthony Esposito Negotiators fail to reach NAFTA deal, Trump launches new attack, 11 May 2018, Reuters

https://www.reuters.com/article/us-trade-nafta/negotiators-fail-to-reach-nafta-deal-trump-launches-new-attack-idUSKBN1IC1P5

WASHINGTON (Reuters) - Senior American, Canadian and Mexican **officials on Friday ended a week of talks without a deal to modernize NAFTA**, agreeing instead to resume negotiations soon, ahead of a deadline next week issued by U.S House of Representatives Speaker Paul Ryan.The failure to secure a quick deal underscores uncertainty over the North American Free Trade Agreement, which U.S. President Donald Trump on Friday said "has been a horrible, horrible disaster for this country." Trump, who blames the 1994 pact for U.S. manufacturing job losses to lower-cost Mexico, often threatens to walk away unless the other two member countries agree to major changes. After meeting for barely half an hour on Friday, the top Mexican and Canadian politicians involved in the talks to update the agreement made it clear that big differences remained. Canadian Foreign Minister Chrystia Freeland said officials would continue working in Washington while ministers returned home for consultations. "We plan to meet again as needed, which I think will be soon. ... The negotiation will take as long as it takes to get a good deal," she told reporters after the meeting. Pressure to reach a deal increased this week after Speaker Ryan said he needed to be notified of a new NAFTA by May 17 to give the current Congress a chance of passing it. U.S. Trade Representative Robert Lighthizer has said he wants a deal in place soon to avoid potential political problems stemming from Mexico's July 1 presidential vote and U.S. midterm congressional elections in November. In a statement, Lighthizer said the United States was ready to continue working with Mexico and Canada but made no mention of a deadline. Friday's talks were the first involving all three of the top officials in the NAFTA negotiations - Freeland, Mexican Economy Minister Ildefonso Guajardo and Lighthizer - since the latest round started on Monday. Mexico has not agreed to a U.S. proposal to boost North American content for autos made in the NAFTA region, one of the main sticking points. Guajardo said his team tried hard during the week to bridge the gap. "We're not going to sacrifice the quality of an agreement because of pressure of time," he said. Financial markets are nervous about the damage a U.S. withdrawal could inflict on the highly integrated North American economy. Canada's central bank governor and other policymakers complain that uncertainty over the pact is hitting business investment. Guajardo, who wants to reach an agreement on all the principal aspects of a modernized NAFTA before sealing a new deal, says plenty of other issues were outstanding. Drafting new rules of origin governing what percentage of a car needs to be sourced from the NAFTA region to avoid tariffs has been at the center of the talks. It forms a key plank of the Trump administration's aim to boost jobs and investment in the United States. Officials and industry sources say the three sides have been gradually narrowing their differences on autos. However, several other major issues are still unresolved, including U.S. demands for a sunset clause that would allow NAFTA to expire if it is not renegotiated every five years, and elimination of settlement panels for trade disputes.

If anything, they spark counter-measures, Canada proves.

Future NAFTA talks face uphill battle as Mexico, Canada carry on after tariffs Both countries have hit back at the U.S. with their own tariffs Mike **Blanchfield** · The Canadian Press · Posted: Jun 01, 20**18**

https://www.cbc.ca/news/politics/nafta-mexico-tariffs-1.4687094

Now they put their noses to the grindstone and get back to the North American Free Trade Agreement. But it is shaping up to be a complicated, uphill slog. Mexico and Canada have renewed their commitment to the bare-knuckled NAFTA renegotiation after absorbing the blow of the Trump administration's decision to impose potentially debilitating new tariffs on steel and aluminum imports. The dragging on of the NAFTA talks was a key reason behind the U.S. move to target Canada and Mexico, but given the importance of that trade agreement to the continent's economy, neither U.S. neighbour was deterred**. Prime Minister Justin Trudeau and Mexican President Enrique Pena Nieto made their commitment in a Thursday phone call, following Trump's decision not to exempt their countries from import duties of 25 per cent on steel and 10 per cent on aluminum. Canada retaliated with $16.6 billion worth of "countermeasures"** that hit a range of products from flat-rolled steel to playing cards, while Mexico also plans tariffs on a variety of U.S. products, including flat steel. "The leaders expressed their strong concerns and deep disappointment with the imposition of U.S. tariffs on Canadian and Mexican steel and aluminum exports," Trudeau's office said in a summary of the phone call with the Mexican leader. "They also discussed the North American Free Trade negotiations and agreed to continue working toward a mutually beneficial outcome." Late Thursday, U.S. President Donald Trump sent a very sharp warning — directed at Trudeau — over the pending the NAFTA negotiation. Trump said in a statement the days of the U.S. being taken advantage of in trade deals "are over." Canada should not walk away: Beatty On NAFTA, Trump said: "Earlier today, this message was conveyed to Prime Minister Justin Trudeau of Canada: The United State (sic) will agree to a fair deal, or there will be no deal at all." A fair deal is the furthest thing from Trump's mind, something that Thursday's sweeping tariffs decision demonstrates, according to business leaders and trade analysts. Some question whether there might actually be a negotiating table to return to given the

reality of the political calendar. Mexico's presidential election is one month away and the U.S. Congressional midterms follow in the fall. Trump's latest move amounts to "blackmail" in the NAFTA renegotiation, but it doesn't kill chances of carving out a deal, says a veteran of Canada's free trade battles. Perrin Beatty, the president of the Canadian Chamber of Commerce, said Canada should not walk away from the NAFTA table. "We should not ever agree to blackmail of the nature that was proposed here," said Beatty, who was a federal cabinet minister at the time of the original Canada-U.S. free trade negotiation that was NAFTA's precursor. "We should remain at the table as long as there is a table to remain at, and look for a deal in which everyone wins." Beatty said future negotiations have been altered by Trump's "classic bully techniques" which are designed "to extort the conditions that Donald Trump wants to see in NAFTA." Eric Miller, of the Washington-based Rideau Potomac Strategy Group, said it is possible to move forward with NAFTA on a separate track from the tariff dispute. That's not unprecedented because when the original Canada-U.S. free trade talks were happening, the two countries were mired in the softwood lumber dispute. But this time it's different, he said. 'The big ball game' The key is for Canada to move forward with NAFTA while keeping the "damage done" in steel and aluminum contained in its own separate lane. After parsing the statements of Foreign Affairs Minister Chrystia Freeland and U.S. Commerce Secretary Wilbur Ross, Miller said it is clear the two countries want to do that. "If the U.S. thinks this, in some way, will soften up Canada's position or make it want to give concessions to resolve the NAFTA, they are misunderstanding the situation," he said. "Canada knows this is the big ball game and they have said from the very beginning they're not going to yield to pressure tactics."
A leading American trade lawyer says the window for serious NAFTA negotiations has simply closed for the year because it has been overtaken by the political calendar. "I believe the real challenge on NAFTA will be Mexico. I do not believe we can proceed in any significant way on NAFTA before the July 1 election," said Dan Ujczo, of the firm Dickinson Wright PLLC.
Others say there's no way NAFTA's negotiators can look each other in the eye after Thursday's developments. "It's hard to imagine how you negotiate with a knife to your throat," said Jean Simard, president of the Aluminum Association of Canada. "I would break it off. That's not good faith."

Martin Aguirre June 1 2018, Justin Trudeau says NAFTA talks failed thanks to Pence ultimatum

https://www.axios.com/trudeau-balmes-pence-for-nafta-failure-steel-aluminum-tariffs-6614d01c-242a-4834-8355-351f5b606e61.html

Canadian Primer Minister Justin Trudeau said that an ultimatum made by Vice President Mike Pence knocked down months of intense negotiations between his country, the U.S. and Mexico to revamp the NAFTA trade agreement, reports the Washington Post. The backdrop: Trudeau said he was prepared to travel to Washington this week in an effort to renegotiate the NAFTA deal, which President Trump demanded as a precursor to exempting Canada and Mexico from planned steel and aluminum tariffs. However, **after Pence stated that such a meeting would only occur if a "sunset" provision, which mandated that any NAFTA deal expire automatically in five years, was in place, the meeting fell through.** Talks between the U.S., Canada and Mexico on revamping the North American Free Trade Agreement are continuing but **it appears unlikely there's enough time for the U.S. Congress to vote on a deal before the end of the year**, analysts say. "I don't think they're going to get a text to Congress at all within the next weeks or even months," said Laura Dawson, director of the Canada Institute at the Wilson Center in Washington. On Thursday, **U.S. Trade Representative Robert Lighthizer said the three nations are "nowhere near close to a deal" and cited major differences on issues ranging from intellectual property to labor rules.** He said negotiations would continue. Friday, White House National Economic Council Director Larry Kudlow told reporters "some areas have come together and some have not." He added, "It's not dead." Dan Ikenson, director of trade policy studies at the Cato Institute, said a May 17 date earlier set by House Speaker Paul Ryan wasn't an official deadline, and that "wiggle room" exists for the current Congress to consider a deal in the lame duck session after the midterm elections. But he was skeptical. "It would be setting a precedent to get this thing done so quickly," he said. "We don't know how close we are to resolving the issues." President Donald Trump told voters he would renegotiate Nafta, saying repeatedly during the campaign and since that it's a bad deal for the U.S The current deal stays in place in the absence of a new agreement. "The Nafta renegotiation is not necessarily dead," said Carl Weinberg, chief international economist at High Frequency Economics. "However, this Congress — Speaker Paul Ryan's Republican-majority Congress — will not get to consider a new agreement. Nafta as it presently exists will remain in force for now," he wrote in a note Friday. Democrats are hoping to retake the House, Senate or both in the fall's midterm elections. Such an outcome would deprive Trump of working with a Congress dominated by his own party, but it wouldn't mean a Nafta deal he submits automatically dies, Dawson says. "I don't think it necessarily precludes that the deal would be accepted," she said.

Yuri Gripas, CNBC, 14 May 2018, NAFTA math may not add up to more US auto jobs

https://www.cnbc.com/2018/05/14/nafta-math-may-not-add-up-to-more-us-auto-jobs.html

Trump administration demands in NAFTA trade negotiations meant to push auto jobs back to the United States may not be enough to spark a shift in where automakers build cars and trucks. New math to determine what qualifies as vehicle content, what limits apply to allow tariff-free auto imports and how long companies would have to comply under a new NAFTA agreement **will likely not move the needle for Detroit automakers in particular**, industry executives and supply chain experts said. **Automakers are unlikely to uproot billions of dollars of investments in plants and supply chains**. And those that cannot comply with standards for passenger cars could simply pay tariffs of around $800 to $900 per vehicle and buy low-cost parts from Asia to offset the cost, industry experts said. "Broadly speaking **the (tariff) increase isn't big enough to make a wholesale change**," said Mark Wakefield, head of the North American automotive practice for consultancy AlixPartners. "No one is likely to shut down an active factory in Mexico and build a new one to replace that in the U.S." Tough U.S. proposals on autos are meant to bring back U.S. manufacturing jobs and central to the Trump administration's approach to renegotiating the North American Free Trade Agreement between Canada, Mexico, and the United States. General Motors, soon to be the only Detroit Three automaker building pickup trucks in Mexico, is confident it could comply with content requirements for trucks the United States proposes without shifting production, a person familiar with the company's plans said. But GM's Mexican-made trucks already have a significant share of their value, such as engines, produced in the United States at United Auto Workers union-represented factories, and GM would get another boost if it is allowed to tally engineering done in Michigan. GM is retooling a high-volume factory to build a new generation of large Chevrolet and GMC pickups in Silao, Mexico. Pickup trucks that do not have enough U.S. or North American content under NAFTA rules could be hit with a crippling 25 percent tariff. Last year GM churned out more than 400,000 large pickup trucks from Silao, more than 40 percent of its 2017 U.S. pickup truck sales. Fiat Chrysler Automobiles Chief Executive Sergio Marchionne said on Friday a revised treaty could prompt FCA to "redirect" some Mexican production but would not cause it to further dial back its presence in Mexico. In January FCA had said it would shift production of heavy-duty pickup trucks from Mexico to Michigan in 2020 to reduce the profit risks should the United States pull out of NAFTA. Senior U.S., Canadian and Mexican officials on Friday ended a week of talks without a deal to modernize NAFTA, agreeing instead to resume negotiations soon, ahead of a deadline next week. The United States wants 40 percent of the value of light-duty passenger vehicles and 45 percent of a truck's content to be built at hourly wages of $16 to qualify for tariff-free import from Mexico. Those demands are aimed at preserving relatively higher-wage U.S. and Canadian production and pressuring Mexico's low auto wages. Mexico wants 70 percent of a vehicle's content to be made within North America, less than the 75 percent U.S. negotiators propose. **Automakers that do not comply with tougher U.S. or North American content and wage rules, if adopted, could face 2.5 percent tariffs on cars or sport utility vehicles shipped to the United States from Mexico. That may be a level of pain they can live with**. Automakers producing sedans, SUVs, and crossovers in Mexico include Ford Motor, Toyota Motor, Mazda Motor, Nissan Motor, Honda Motor, and Volkswagen. The U.S. proposal would allow automakers to count salaries for engineering, research, sales, software and product development jobs, a provision favoring Detroit automakers versus foreign brands. And companies would have two, four or nine years to comply, depending on the specific condition involved. Still, some automakers are more of a question mark, especially when it comes to trucks. Toyota plans to expand production in Mexico of its Tacoma pickup trucks, part of a realignment of its North American manufacturing that includes a new $1.6 billion assembly plant in Alabama. It also makes Tacomas in San Antonio, Texas, so could in theory switch production. The automaker declined to comment. And the Trump administration proposals could complicate matters for electric vehicles and self-driving cars automakers want to build in Mexico. The U.S. proposals call for 75 percent of an electric or autonomous vehicle's value to be made within North America to avoid tariffs. Since much of those vehicle's value can come from batteries made overseas, that means automakers must make up for the content largely on the human side. At nine years, electronic vehicles are subject to the longest period until they must comply. "EVs and AVs have so much electronic content and there is no electronics industry here," said Kristin Dziczek of the Center for Automotive Research in Ann Arbor, Mich. "Nine years is not enough to build up an electronics industry to that scale."

*American Income Inequality

A2: General Inequality Increased

Link Defense Rhetoric

1. The warrant of their argument is that the cheap labor in Mexico depresses wages in America because of NAFTA. Unfortunately, this argument is non-unique because Lehmacher '16 of Fortune writes that 88% of the jobs were taken by automation or other factors at home, indicating that regardless of trade, these jobs would be lost.

Link Turn Rhetoric

1. Wages have actually increased. Lee '10 of Cambridge University writes that the hourly compensation rate rose by 26% over the 14 years after NAFTA was implemented. [Weigh why wages increasing reduces inequality]
2. Saving jobs holistically reduces income inequality; thus, McBridge '17 of the CFR writes that NAFTA lowered costs and increased productivity, allowing the auto industry to compete against Asian rivals at risk of taking American jobs, which is why Porter '16 of the New York Times concludes that NAFTA saved hundreds of thousands of jobs.

Wolfgang Lehmacher 2016, Fortune

http://fortune.com/2016/11/08/china-automation-jobs/

The U.S. has lost 5 million factory jobs since 2000. And trade has indeed claimed production jobs – in particular when China joined the World Trade Organization in 2001. Nevertheless, there was no downturn in U.S. manufacturing output. As a matter of fact, U.S. production has been growing over the last decades. From 2006 to 2013, "manufacturing grew by 17.6%, or at roughly 2.2% per year," according to a report from Ball State University. The study reports as well that trade accounted for 13% of the lost U.S. factory jobs, but ***88% of the jobs were taken by robots and other factors at home.***

If not China, what then explains these jobs losses? It's simple: ***factories don't need as many workers as they used to, because robots increasingly do the work.***

Investment in automation and software has doubled the output per U.S. manufacturing worker over the past two decades. ***Robots are replacing workers, regardless of trade at an accelerating pace.*** "The real robotics revolution is ready to begin" writes BCG and predicts that ***"the share of tasks that are performed by robots will rise from a global average of around 10% across all manufacturing industries today to around 25% by 2025."***

With increasing automation, the manufacturing industry is becoming more productive. ***From 1998 to 2012, all sectors experienced a productivity growth of 32% when adjusted for inflation – the production of computer and electronic products rose 829%***. The researchers at Ball State University calculated: If 2000-levels of productivity are applied to 2010-levels of production, the U.S. would have required 20.9 million manufacturing workers instead of the 12.1 million actually employed.

With the rise in productivity, many workers are moving up the economic ladder. However, those who fail to meet rising requirements – probably many less-educated Americans – risk to fall into the lower class. "Since the 1960s, manufacturing has always paid substantially more than the minimum wage. Even today, the manufacturing jobs that remain average $20.17 an hour. That's nearly three times the federal minimum wage.

Robots will help companies and brands move manufacturing closer to markets. Customer needs and increasing scale will decelerate the global search for cheap labor. With scale the prices of robots come down. BCT projects that ***"growth in the global installed base of advanced robotics will accelerate from around 2% to 3% annually today to around 10% annually during the next decade.***

Lee, Daniel E., and Elizabeth J. Lee. Human Rights and the Ethics of Globalization. Cambridge University Press, 2010.

A statement issued by the Office of the United States Trade Representative in March 2008 paints a very different picture. Responding to the charge that NAFTA has cost U.S. jobs, the statement observes, "U.S. employment rose from 110.8 million people in 1993 to 137.6 million in 2007, an increase of 24 percent. The average unemployment rate was 5.1 percent in the period 1994–2007, compared to 7.1 percent during the period 1980–1993." As for the allegation that NAFTA has hurt America's manufacturing base, the document states, "U.S. manufacturing output rose by 58 percent between 1993 and 2006, as compared to 42 percent between 1980 and 1993. Manufacturing exports in 2007 reached an all time high with a value of $982 billion." In response to the allegation that NAFTA has suppressed U.S. wages, the document states, "U.S. business sector real hourly compensation rose by 1.5 percent each year between 1993 and 2007, for a total of 23.6 percent over the full period. During 1979–1993, the annual rate of real hourly compensation rose by 0.7 percent each year, or 11 percent over the full 14-year period."[53]

Porter of the NY Times in 2016,

Porter, Eduardo. "NAFTA May Have Saved Many Autoworkers' Jobs." NY TImes. New York Times, 29 March 2016. Web. Accessed 5 June 2018. <https://www.nytimes.com/2016/03/30/business/economy/nafta-may-have-saved-many-autoworkers-jobs.html?_r=0>

"Nafta is also blamed for lots of things that are actually because of competition with China," he told me.

The truth is that autoworkers in Detroit were not just competing with cheap workers in Mexico. They were also competing with American workers in the union-averse South, where many car companies set up shop. They were competing with robots and more efficient Japanese and Korean automakers. Detroit responded by cutting as many costly factory jobs as it could. But value added by the car and car-parts makers in the United States is only slightly lower than it was in 1993. **The integration of production across countries with complementary labor forces — cheaper workers in Mexico to perform many basic tasks, with more highly paid and productive engineers and workers in the United States — turned out to play a central role in reviving the auto industry in North America**. In the final analysis, Nafta might have **saved hundreds of thousands of jobs**. By offering a low-wage platform, Mexican plants increased the scale of production in North America, allowing domestic and foreign automakers to amortize their large fixed costs. Carmakers and parts suppliers tend to **cluster relatively close** together. **So assembly plants in Mexico help sustain a robust auto-parts industry across**

North America. The Honda CR-V assembled in El Salto, Jalisco, for example, uses an American-made motor and transmission. Roughly 70 percent of its content is either American or Canadian, according to government statistics. This regional integration gave the United States-based auto industry a competitive edge that was critical to its survival. "There was a concern 20 years ago that an auto industry production chain would develop across Asia, including China and Taiwan and Southeast Asia," Professor Hanson said. "Maybe Nafta saved us from that." Nafta is now at a critical juncture. The Chinese manufacturing behemoth that squeezed Mexico out of so many markets over the past 15 years seems to be losing some of its power.

McBridge of the CFR writes in 2017,

McBride, James and Mohammed Aly Sergie. "NAFTA's Economic Impact." CFR. Council on Foreign Relations, 4 October 2017. Web. Accessed 5 June 2018. https://www.cfr.org/backgrounder/naftas-economic-impact

But other economists like Gary Clyde Hufbauer and Cathleen Cimino-Isaacs of the Peterson Institute for International Economics (PIIE) emphasize that increased trade produces gains for the overall U.S. economy. Some jobs are lost due to imports, but others are created, and consumers benefit significantly from the falling prices and often improved quality of goods created by import competition. A 2014 PIIE study of NAFTA's effects found that about 15,000 jobs on net are lost each year due to the pact—but that for each of those jobs lost, the economy gains roughly $450,000 in the form of higher productivity and lower consumer prices. Many economists also assert that the recent troubles of U.S. manufacturing have little to do with NAFTA, arguing that manufacturing in the United States was under stress decades before the treaty. Research by David Autor, David Dorn, and Gordon Hanson published in January 2016 found [PDF] that competition with China had a much bigger negative impact on U.S. jobs since 2001, when China joined the WTO. Hanson, an economist and trade expert at the University of California, San Diego, says that the steepest decline in manufacturing jobs, which fell from seventeen million to eleven million between 2000 and 2010, is mostly attributable to trade with China and underlying technological changes. "China is at the top of the list in terms of the employment impacts that we found since 2000, with technology second, and NAFTA far less important," he says. In fact, says Hanson, NAFTA helped the U.S. auto sector compete with China. By contributing to the development of cross-border supply chains, NAFTA lowered costs, increased productivity, and improved U.S. competitiveness. This meant shedding some jobs in the United States as positions moved to Mexico, he argues, but without the pact, even more would have otherwise been lost. "Because Mexico is so close, you can have a regional industry cluster where goods can go back and forth. The manufacturing industries in the three countries can be very integrated," he says. These sort of linkages, which have given U.S. automakers an advantage in relation to China, would be much more difficult without NAFTA's tariff reductions and protections for intellectual property. Edward Alden, a senior fellow at the Council on Foreign Relations, says anxiety over trade deals has grown because wages haven't kept pace with labor productivity while income inequality has risen. To some extent, he says, trade deals have hastened the pace of these changes in that they have "reinforced the globalization of the American economy."

A2: American Wages fell

Link Turn Rhetoric

1. [See general income inequality]
2. Turn- Slaughter '18 of Dartmouth indicates that NAFTA decreased production costs by eliminating tariffs and decreasing the price of inputs such as transportation costs. The subsequent economic expansion increased wages in **[3]** ways.
    a. *First, competitiveness.* NAFTA's trade and investment opportunities boosted the competitiveness of countless U.S. companies leading to an increase in jobs and wages for these jobs.
    b. *Second, market opportunities.* NAFTA has moved the U.S away from lower-skilled, lower-paying jobs towards higher-skilled, higher-paying jobs. This reshaping is driven by more open trade that allows the U.S. to focus more on America's comparative-advantage.
    c. *Third, increasing export jobs.* Expanding companies increases import and export jobs, which the U.S. International Trade Commission finds pay about 16 percent more than jobs in domestic industries.
        i. This is why, Lee '10 of Cambridge University finds that post-NAFTA, American real hourly compensation increased by 26%.

American Welfare Advantage Rhetoric

1. Slaughter '18 outlines **[3]** ways NAFTA helps the the average American.
    a. *First, decreasing taxes.* Eliminating tariffs on Mexican and Canadian imports has meant lower taxes, leading to savings of over $10.5 billion each year— with over two-thirds of that accruing to households with annual incomes below $70,000.
    b. *Second, lowering prices.* NAFTA expanded the range of goods and services available to U.S. consumers at low prices, allowing every American to benefit from the agreement.
    c. *Third, boosting GDP.* In 2017, NAFTA boosted US GDP 0.3 percent making U.S. output and income $60 billion higher than it would be without NAFTA.

Cards:

Slaughter, Matthew J. "How Withdrawing from NAFTA Would Damage the U.S. Economy". January **2018**. Matthew J. Slaughter is the Paul Danos Dean of the Tuck School of Business at Dartmouth, where in addition he is the Earl C. Daum 1924 Professor of Management. He is also a member of the American Academy of Arts and Sciences, a Research Associate at the National Bureau of Economic Research; a member of the academic advisory board of the International Tax Policy Forum; and an academic advisor to the McKinsey Global Institute. From 2005 to 2007, Dean Slaughter served as a Member on the Council of Economic Advisers in the Executive Office of the President. https://businessroundtable.org/sites/default/files/NAFTA_Withdrawal_Study_Matthew_Slaughter.pdf

There are many channels through which NAFTA has contributed to U.S. economic prosperity. **Expanding U.S. trade with Canada and Mexico allows U.S. companies to seize new opportunities: to export more of their existing products; to innovate and invest in new products; and to rationalize and strengthen their supply networks through, for example, new imports of intermediate inputs.** Along the way, **U.S. consumers enjoyed greater purchasing power: directly as the tariffs they were paying disappeared, and more generally through greater variety and lower prices from competition.** 6 All this new economic opportunity from **NAFTA has meant greater output and income for America overall, which** for workers **means** a combination of **more jobs and higher** average real **wages.** The remainder of this section details the nature and size of these gains

Driving NAFTA's trade and investment expansion were many **U.S. companies** seizing new opportunities: to **export more of their existing products;** to **innovate and invest in new products**; **and** to **rationalize and strengthen their supply networks through**, for example, **new imports of intermediate inputs.** The surge in NAFTA trade and investment described in the previous section was a vivid outcome of U.S. companies growing stronger thanks to these new opportunities. NAFTA presented U.S. companies with the important opportunity to establish and/or expand their cross-border production networks. **Eliminating tariffs and non-tariff barriers lowered the production costs of companies, thanks both to cheaper inputs at initial production configurations and to reconfiguring production throughout North America according to comparative advantage.** Today a substantial amount of international trade within NAFTA is of intermediate inputs moving within well-integrated supply networks. One recent study found that **U.S. value added now accounts for about 40 percent of the value of U.S. imports from Mexico and 25 percent of the value of U.S. imports from Canada. In contrast, U.S. value added accounts for only about 4 percent of the value of U.S. imports from China. NAFTA's trade and investment opportunities boosted the competitiveness of countless U.S. companies—which, in turn, created U.S. jobs and supported the wages of those jobs.** 12

The next section discusses the economy-wide magnitude of these gains. Section 2.4: *The Bottom Line Is That NAFTA Raised U.S. Output and Income There have been several studies of the bottom-line economy-wide gains from NAFTA. Many of these studies use a version of a complex global-economy model that has been built, maintained, and used by economists worldwide. Called the Global Trade Analysis Project (GTAP) framework, this model is maintained by a consortium of over two dozen U.S. and international organizations including the U.S. International Trade Commission, the World Trade Organization, and the World Bank. In all its versions, the GTAP framework models output, trade flows, jobs, and incomes for many industries and many countries. Models like the GTAP framework are among the most sophisticated methods available to estimate the impact of trade on the U.S. economy. And yet, advanced though the methodology of the GTAP framework is, it does require researchers to make at least three important methodological decisions: how to isolate NAFTA from all other dynamic economic forces, which features of NAFTA's many aspects to examine, and how to quantify the impact of those chosen features. Perhaps the most important of these research challenges has been isolating the economic effects of NAFTA's liberalizations from myriad other economic forces affecting the United States, Canada, and Mexico during the 15-plus years of full NAFTA implementation. These other forces included Mexico's macro-economic turmoil in the second half of the 1990s, which entailed a sharp devaluation of the peso and a severe recession; America's acceleration in labor productivity and related gains from the mid-1990s through the early 2000s; and the world financial crisis and great recession that hurt all three NAFTA countries staring in 2008. Over the past 25 years, NAFTA has been but one major economic force among many. All these forces contributed to the current economic environment, as well as the choices and actions of hundreds of millions of companies, workers, and consumers along the way. Considering all this rich dynamism, it is essential to understand 8* ***These caveats acknowledged, the repeated conclusion of several studies is that overall America gained from NAFTA.*** A 2016 U.S. International Trade Commission (ITC) report that summarized several studies concluded that NAFTA generated "a substantial increase in trade volumes … and a small increase in U.S. welfare." The same conclusion of overall U.S. gains was reached in a recent literature overview by the Organization for Economic Cooperation and Development.13 One very careful recent study, which focused just on NAFTA's tariff reductions on trade in goods, estimated that it boosted U.S. welfare by about 0.1 percent of gross domestic product (GDP). 14 The 2016 ITC report just mentioned estimated that all U.S. FTAs together have expanded annual U.S. GDP by over 0.2 percent of GDP, with most of this being attributable to the NAFTA. A third, more-general study that considered both tariffs and non-tariff barriers used a version of the GTAP model to estimate that NAFTA has generated an annual welfare gain of about 0.3 percent of GDP. A reasonable conclusion from these studies is that NAFTA in its entirety has elevated U.S. GDP by somewhere between 0.2 percent and 0.3 percent of GDP.15 Why has the aggregate effect of NAFTA on U.S. national output and income been small in relation to the overall U.S. economy? There are three reasons. First, total trade with Mexico and Canada was a small fraction of total U.S. output at the time NAFTA came into force: only about 4 percent of total U.S. GDP. Second, total trade with Mexico, which had much larger trade barriers to America than did Canada, was an even smaller share of total U.S. output when NAFTA began— only about 1.4 percent of U.S. GDP. Third, the United States entered NAFTA with relatively low barriers to imports and FDI from Mexico and Canada. Although these estimated economy-wide gains have been small relative to total U.S. GDP, it is essential to see how large these gains have been in absolute dollars—and how they have been ongoing. **In 2017, NAFTA boosting U.S. GDP by between 0.2 percent and 0.3 percent means U.S.**

output and income is somewhere between about $40 billion to nearly $60 billion higher than it would be without NAFTA. Take the midpoint of this range, and one arrives at an estimated increase in U.S. GDP of about $50 billion. And this ongoing boost to output and income is now enjoyed every year. This increase in national GDP from NAFTA has manifested itself in the labor market mainly by boosting the quality of U.S. jobs rather than their number. The market opportunities of NAFTA have reshaped the mix of U.S. jobs, away from lower-skilled, lower-paying jobs towards higherskilled, higher-paying jobs. This reshaping is driven by more open trade that allows U.S. companies and workers to focus more on America's comparative-advantage activities. Several studies have found that NAFTA boosted U.S. wages. Two representative studies calculated that NAFTA raised average U.S. wages by somewhere between 0.2 and 0.3 percent--a boost to workers' wages that, like the boost to national GDP, recurs every year. 16 More generally, research has repeatedly shown that U.S. jobs linked to exporting or importing pay higher wages than purely domestic jobs. For example, a recent study by the U.S. International Trade Commission found that U.S. jobs in export-intensive industries pay about 16 percent more than jobs in less export-intensive industries. 17 Thus did the increased trade of NAFTA manifest its economy-wide gains in the labor market through an economy-wide shift towards higher-paying jobs. 9 This is not to say that every single American worker, firm, and community have gained from the trade liberalization of NAFTA. Indeed, recent research has highlighted that beneath the onaverage gains in wages economy-wide, there has been substantial heterogeneity with measurable losses, at least in the short term during NAFTA implementation in certain industries and communities.18 But, on average, the labor-market gains have outweighed the labor-market losses. *Indeed, one recent study calculated that NAFTA has cost about 15,000 U.S. jobs per year—but that for each of these jobs lost, the U.S. economy realized $450,000 in gains spread across other U.S. jobs created, income gains, and lower consumer prices.*19 It is important to stress that the boost in jobs and wages in America often arises from U.S.-based multinational companies expanding (not contracting) their operations in NAFTA countries. FDI from U.S. companies into Mexico and Canada tends to complement, not substitute for, their U.S. operations. One recent study found that a 10 percent increase in employment at a Mexican affiliate of a U.S. multinational leads in its U.S. parent company to a 1.3 percent increase in employment, a 1.7 percent increase in exports, and a 4.1 percent increase in research spending.20 Where else did the boost in U.S. income appear? One source of higher U.S. income has been increased returns to U.S. inventors thanks to the expanded protections of intellectual property under NAFTA. A recent study estimated that because of NAFTA, U.S. companies are realizing nearly $1.4 billion each year in greater IP receipts from Canada and Mexico. 21 Another important source of higher U.S. income from NAFTA has been greater variety and lower prices for all U.S. consumers. Studies have shown that NAFTA expanded the range of goods and services available to U.S. consumers, thanks to new varieties coming from Canada and Mexico. In addition, eliminating U.S. tariffs on Canadian and Mexican imports has meant lower taxes. NAFTA's tariff savings to U.S. households is now calculated to be over $10.5 billion each year—with over two-thirds of that accruing to households with annual incomes below $70,000.22 The bottom line is that the new opportunities of NAFTA translated into tangible gains of expanded trade, higher national output and income, and more U.S. jobs and higher average U.S. real wages. Thanks to NAFTA, U.S. national output and income is now about $50 billion higher each year than it would be otherwise. The gains from NAFTA can be seen in particular industries, as is discussed below.

NAFTA has benefited the United States by boosting the productivity and competitiveness of U.S. companies, which in turn has boosted the output of the U.S. economy and the income of U.S. workers. Thanks to NAFTA, U.S. national output and income are now about $50 billion higher each year than it would be otherwise. Withdrawing from NAFTA would damage, not enhance, U.S. productivity and incomes. To move away from the current economic crossroads towards that brighter future, America should broaden and modernize NAFTA, not withdraw from it. Withdrawing from NAFTA would be a $50-billion-a-year mistake—at least—that in today's increasingly competitive global economy would darken, not brighten, America's future.

Lee, Daniel E., and Elizabeth J. Lee. Human Rights and the Ethics of Globalization. Cambridge University Press, 2010.

A statement issued by the Office of the United States Trade Representative in March 2008 paints a very different picture. Responding to the charge that NAFTA has cost U.S. jobs, the statement observes, "U.S. employment rose from 110.8 million people in 1993 to 137.6 million in 2007, an increase of 24 percent. The average unemployment rate was 5.1 percent in the period 1994–2007, compared to 7.1 percent during the period 1980–1993." As for the allegation that NAFTA has hurt America's manufacturing base, the document states, "U.S. manufacturing output rose by 58 percent between 1993 and 2006, as compared to 42 percent between 1980 and 1993. Manufacturing exports in 2007 reached an all time high with a value of $982 billion." In response to the allegation that NAFTA has suppressed U.S. wages, the document states, "U.S. business sector real hourly compensation rose by 1.5 percent each year between 1993 and 2007, for a total of 23.6 percent over the full period. During 1979–1993, the annual rate of real hourly compensation rose by 0.7 percent each year, or 11 percent over the full 14-year period."[53]

A2: Hurts Small Businesses

Link Turn Rhetoric

1. Keating '18 of the SBE Council finds that 75.4 percent of the firms that export to Canada and 72.7 percent of those that export to Mexico through NAFTA have fewer than 50 employees. That's why he concludes that NAFTA has been a growth engine for small business.

CARDS:

Keating, Raymond. "NAFTA: Big Benefits for U.S. Small Businesses." SBE Council. 2/28/18. http://sbecouncil.org/2018/02/28/nafta-big-benefits-for-small- businesses/

Given the role that small businesses play in trade, **NAFTA clearly has been good news for small businesses.** Again, consider that in 2015, there were 89,106 firms that were **exporters** to Canada, as well as 59,428 firms exporting to Mexico. In each case, as noted in Table 3, these **overwhelmingly are small and mid-sized businesses. For example, 75.4 percent of firms exporting to Canada and 72.7 percent of firms exporting to Mexico have fewer than 50 employees**. For good measure, the growth in the number of U.S. firms exporting to both Canada and Mexico has been dramatic. From 1992 to 2015, there was an 81.4 percent increase in the number of U.S. exporters to Canada and a dramatic 365.5 percent increase in those exporting to Mexico. **NAFTA has been a growth engine for small business.** As for imports, in 2015, there were 16,799 U.S. firms that were importers related to Canada, and 15,290 U.S. firms were importers related to Mexico. Again, the vast majority were small and mid-sized businesses, as noted in Table 4. For example, 54.8 percent of Canada importers and 67.5 percent of Mexico importers have fewer than 50 employees. ***Jackiehenley***

*Mexican Income Inequality

A2: General Mexican Inequality

Link Turn Rhetoric

1. Turn- Guillen '14 of UPenn writes that any income inequality that has occurred in Mexico isn't because of the poor getting poorer but because a significant portion of the population makes higher wages because of NAFTA. Indeed, he finds that in the coming future, more capital is needed to disperse higher wages to others, concluding that "NAFTA is on the cusp of being a great success".
2. Turn- Esquivel '11 of the Brookings Institute quantifies that while income inequality rapidly increased during the 10 years before NAFTA, it has since reduced after 1994, as Mexico now has a more educated workforce and access to countries with high skilled workers.
3. Turn- Orme of the University of Texas writes that prior to NAFTA, Mexican manufacturing firms were forced to intentionally exploit their workers with low wages to outcompete manufacturing firms in America. However, because of NAFTA, he furthers that they no longer needed to compete with America, but instead became integrated into one cooperative effort, allowing Mexico to transition to a high-wage society.
4. Turn- Kose '04 of the IMF writes that greater synchronization of Mexico's economy to the US economy has driven down macroeconomic volatility by 40%. That's important because volatility harms the economy in two ways.
    a. Kwak '18 of Rutgers writes that macroeconomic volatility prevents the government from efficiently budgeting, leading to unnecessary spending during growth and large spending cuts during downturns.
    b. Miller '14 of the University of Nevada writes that with high levels of volatility, workers accept lower earnings for a stable wage, concluding that a 1% increase in volatility leads to a 1.5% decrease in wages.

Cards:

Guillen, Wharton, Law and Public Policy Operations Management Latin Americanorth America, 2-19-2014, "NAFTA, 20 Years Later: Do the Benefits Outweigh the Costs?," Knowledge@Wharton, http://knowledge.wharton.upenn.edu/article/nafta-20-years-later-benefits-outweigh-costs/ //DZ

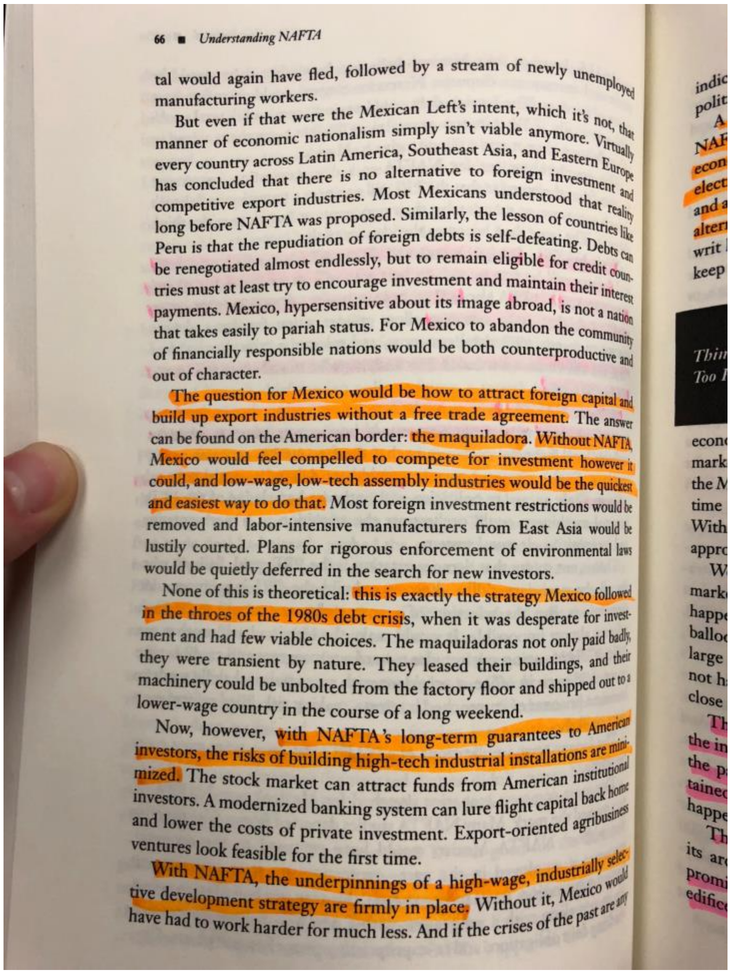
Some Mexican critics worry about the income inequality between those industrial workers who have benefitted from the country's globalization and those who have been shut out of those benefits, especially the rural poor. Guillen says he "completely disagrees with those economists who say this has generated inequality. **Whenever there is this kind of growth process, especially when foreign investment comes in, you always get that inequality. Are you better as a country – or worse off? Ask the 30% of Mexicans who got well-paying jobs. Without NAFTA, they wouldn't have those jobs, because those jobs would be in China or somewhere else**." Guillen contrasts the Mexican situation with that of the U.S., where "we are generating inequality because the lower wages are either stagnating or going down. How do they go down? When a factory worker is earning $35 an hour, gets laid off and has to go to the service sector and only makes $12 an hour." Overall, Guillen states, "**NAFTA has been great for Mexico**. The only doubts are about whether it has been good for the United States. I believe it has been, but there is more of a mixed balance between losers and winners [in the U.S.]. **For Mexico, it is a total success**. The problem in Mexico, though, is that the export industry there has not been big enough to employ everybody in a large population…. **Inequality has been produced, not because the wages of low-wage workers got lower, but because a significant number of workers are now receiving higher wages**. "**It is obviously good, but it would be even better if, instead of only 30% of Mexican workers earning those very high wages for Mexico, you could get 70% of the workers."** **For that to happen, Mexico will have to overcome its shortage of capital**, he adds. Despite such imperfections, Kemmsies believes that "**NAFTA is on the cusp of being a great success**," but he also worries that "Mexico will kill the golden goose before it lays an egg" by imposing export taxes on foreign firms doing business there before those firms are fully convinced they should be in Mexico for the long haul. "Mexico has to worry about overplaying its hand" before the global automakers and other foreign investors have sunk their roots more firmly into Mexican soil." Given the fragile state of the global economy – and the uncertainties surrounding Mexico's ambitious reform efforts — many foreign companies "are still scared and risk averse. We are not [yet] past the start-up stage in Mexico."

Esquivel, Gerardo and Guillermo Cruces. The Dynamics of Income Inequality in Mexico since NAFTA [with Comment] Source: Economía, Vol. 12, No. 1 (Fall 2011), pp. 155-188 Published by: Brookings Institution Press Stable URL: http://www.jstor.org/stable/41302974 //DZ

This paper reviews the pattern of income inequality in Mexico since 1994, when NAFTA went into effect. Using information from nationally repre- sentative household surveys, it shows that **there has been an important reduction in income inequality since 1994 and that this trend has almost reversed income inequality to the levels that were observed before the rapid increase in inequality that took place between 1984 and 1994.** As shown by a Gini decomposition analysis by income source, labor income, remittances, and public transfers (mainly through the Progresa/ Oportunidades program) have all played an important role in this equalizing process. In particular, the paper shows that labor income has become a very important equalizing force in urban areas in Mexico, while public transfers have been especially important in reducing inequality in the rural sector. Remittances, on the other hand, have been a national inequality-reducing source of income since 1994. The paper also provides some evidence suggesting that **the forces that led to a sharp increase in wage inequality across all industries in Mexico during the 1980s and early 1990s are no longer operating.** In fact, **a generalized reduction in wage inequality across industries and regions in Mexico is now observed**, suggesting the growing relevance of other elements in this trend. In general, I believe that **Mexico is now beginning to experience the inequality-reducing effects of having a more educated workforce and of trading with more skill-abundant countries.** This equalizing effect seems to have been postponed by a skill-biased technological change (either exogenous or endogenous) or by an endogenous technological upgrading that, in any case, now seems to have ended. This fact and an ambitious and widespread social program focused on poor rural households seem to be the main explanatory factors in the sharp reduction in inequality that has been observed in Mexico in recent years.

Orme, William A. Understanding NAFTA: Mexico, free trade, and the new North America. University of Texas Press, 1996.

<https://books.google.com/books?hl=en&lr=&id=O2wOjChZGs0C&oi=fnd&pg=PR7&dq=mexico+needed+nafta&ots=XWk_bcTquW&sig=fruK6I2-_jsTS0DEFDWuiEMuB64#v=onepage&q&f=false>



66 ■ *Understanding NAFTA*

tal would again have fled, followed by a stream of newly unemployed manufacturing workers.

But even if that were the Mexican Left's intent, which it's not, that manner of economic nationalism simply isn't viable anymore. Virtually every country across Latin America, Southeast Asia, and Eastern Europe has concluded that there is no alternative to foreign investment and competitive export industries. Most Mexicans understood that reality long before NAFTA was proposed. Similarly, the lesson of countries like Peru is that the repudiation of foreign debts is self-defeating. Debts can be renegotiated almost endlessly, but to remain eligible for credit countries must at least try to encourage investment and maintain their interest payments. Mexico, hypersensitive about its image abroad, is not a nation that takes easily to pariah status. For Mexico to abandon the community of financially responsible nations would be both counterproductive and out of character.

The question for Mexico would be how to attract foreign capital and build up export industries without a free trade agreement. The answer can be found on the American border: the maquiladora. Without NAFTA, Mexico would feel compelled to compete for investment however it could, and low-wage, low-tech assembly industries would be the quickest and easiest way to do that. Most foreign investment restrictions would be removed and labor-intensive manufacturers from East Asia would be lustily courted. Plans for rigorous enforcement of environmental laws would be quietly deferred in the search for new investors.

None of this is theoretical: this is exactly the strategy Mexico followed in the throes of the 1980s debt crisis, when it was desperate for investment and had few viable choices. The maquiladoras not only paid badly, they were transient by nature. They leased their buildings, and their machinery could be unbolted from the factory floor and shipped out to a lower-wage country in the course of a long weekend.

Now, however, with NAFTA's long-term guarantees to American investors, the risks of building high-tech industrial installations are minimized. The stock market can attract funds from American institutional investors. A modernized banking system can lure flight capital back home and lower the costs of private investment. Export-oriented agribusiness ventures look feasible for the first time.

With NAFTA, the underpinnings of a high-wage, industrially selective development strategy are firmly in place. Without it, Mexico would have had to work harder for much less. And if the crises of the past are any

Kose, 04/08/2004, "," No Publication, https://www.imf.org/external/pubs/ft/wp/2004/wp0459.pdf //DZ

Nonetheless, most studies suggest that **NAFTA spurred a dramatic increase in trade and financial flows.** For example, Mexico's exports to the United States and Canada tripled in dollar terms between 1993 and 2002. While the growth of trade has slowed since 2000, Mexico's trade (exports plus imports) with NAFTA partners still accounted for around 40 percent of its GDP in 2002. The agreement also appears to have significantly altered the nature of trade flows, with a substantial increase in intra-industry trade between Mexico and its NAFTA partners. Similarly, **NAFTA helped boost FDI flows to Mexico**, which rose from US$12 billion over 1991–93 to roughly US$54 billion in the 2000–02 period. Increased trade and financial linkages have affected the dynamics of economic growth in Mexico in several ways. Contributions of exports and investment to GDP growth have increased substantially following the introduction of the agreement. In particular, **the contribution of investment to GDP growth reached 3**

percentage points during the period 1996-2002 as the average growth rate of investment rose to more than 8.5 percent. Recent studies suggest that NAFTA induced a sizeable increase in total factor productivity in Mexico, helping double GDP growth from an annual average of 2 percent in 1980–93 to 4 percent in 1996–2002. NAFTA appears to have also been associated with significant changes in the Mexican business cycle. Mexico's output volatility decreased by almost 30 percent, and the volatility of investment fell by more than 40 percent, since 1996. Business cycles in Mexico and the United States have become significantly more synchronized, with marked increases in the cross-country correlations of the major macroeconomic aggregates.

Sunjoo Kwak. "Revenue Volatility: The Determinants and Consequences" Rutgers University Rucore.libraries.rutgers.edu. n.d. Web. 21 Jan. 2018. <https://rucore.libraries.rutgers.edu/rutgers-lib/35881/PDF/1/play/>

With increasing fiscal stress, long-term strategic fiscal planning and management have grown in importance for state governments over the past decades. On the revenue side, an ever-present anti-tax sentiment along with growing skepticism towards big government, as shown by recent conservative political movements, have thwarted the attempts from states to raise taxes. **To make matters worse, state revenue bases have steadily eroded** (Lav, McNichol, and Zahradnik 2005): (1) the U.S. economy's shift from goods to services have reduced sales tax revenues, because most states levy sales taxes mainly on tangible goods not on services; (2) the rapid growth of e-commerce has considerably eroded sales tax bases as states' ability to tax interstate sales has been impaired; (3) with the baby boom generation beginning to retire, income tax revenues are expected to decline significantly over the next decades as states provide income tax preferences for the elderly, and also sales tax revenues are predicted to diminish as elderly people spend less on taxable goods. **On the expenditure side, state spending needs have substantially increased due to growing health care and education costs since the 1980s (Lav, McNichol, and Zahradnik 2005)1 and the large influx of immigrants since the 1970s** (U.S. Census Bureau 1993). **Revenue volatility, defined as the extent to which revenue fluctuates over the course of the business cycle, is a serious concern particularly for state policymakers and fiscal administrators operating within the context of balanced budget requirements. It makes it hard to make accurate forecasts for future revenues and the establishment of long-term fiscal plans for the stable operation of public programs and services.** With the global economy being liberalized and more tightly interwoven, the tax environment of governments has been increasingly volatile and uncertain over the past thirty years, and as a result, **fiscal planning and management have become more challenging particularly for state governments operating under the institutional constraints of balanced budget requirements**. **Fiscal stability characterizes a government's ability to maintain adequate levels of funding for its programs and services especially during periods of recession. Stable fiscal policies are the ones that are consistent and predictable over the course of the business cycle, and —budgeting processes thrive on stability** (Caiden 1981).‖ In recent years, achieving this fiscal principle has become challenging with increasingly volatile and unpredictable economic environments. **Gaps between the peaks and troughs of businesses cycles are becoming wide, while the turnarounds and intervals becoming rapid irregular. Governments and private businesses more frequently face economic fluctuations and upheavals. The increasing volatility of fiscal environments has significant implications for state governments, because they operate under legal constraints such as balanced budget requirements (BBRs) and tax and expenditure limitations (TELs).** **Despite the normative significance and practical virtue of fiscal stability and spending-smoothing as a strategy for it, state governments have failed to put the principle into practice.**

Stephen M. Miller. "The effect of growth volatility on income inequality." University of Nevada, Las Vegas Tkuir.lib.tku.edu.tw. 2014. Web. 24 Jan. 2018. <http://tkuir.lib.tku.edu.tw:8080/dspace/bitstream/987654321/99604/2/%E5%85%A8%E6%96%87.pdf
>

Before discussing our primary PMG findings, we examine whether a long-run relationship (dynamic stability) exists among inequality, volatility, and other covariates. As Loayza and Ranciére (2006, p. 1059) note, it requires a negative coefficient on the error-correction term (i.e., $\lambda_i = -(1 - \varphi_i)$) between 0 and −2 (i.e., λ_i lies within the unit circle). We support this condition, as the error-correction coeffi- cients Øi are negative and significant at the 1-percent level, with or without the economic development variables. The long-run equilibrium relationship implies meaningful long-run estimates. The estimated long-run effect of growth volatility (adg) on income inequality (top10) equals 0.1659 and 0.1450 in regressions (1) and (2), respectively. Both are positive and significant at the 1-percent level, indicating that larger growth volatility affects the distribution of income in an adverse way and produces higher income inequality. We also consider the magnitude of these two effects. **That is, a 1-percent increase in volatility leads to a 1.52 and 1.33% increase in inequality.**15 Rather than examining the volatility-growth or the inequality growth linkages, a recent strand of literature considers a third possible **connection between the level of growth volatility and the extent of income inequality.** Current theories reveal at least three channels that can explain how growth volatility affects the distribution of income. First, Caroli and García-Peñalosa (2002) consider **an economy where random shocks affect output. Therefore, laborers' marginal products and their wages fluctuate over time. As such, risk-averse laborers willingly accept a decrease in their average earnings in exchange for a constant wage, offered by risk-neutral entrepreneurs. Thus, the more volatile the output, the greater the risk premium the laborers willingly forego, and the larger the share of income seized by the entrepreneurs. As a result, more volatile economies probably associate with worsened income distribution.** This is called the wage setting mechanism.

A2: Mexican Wages fell

Link Turn Rhetoric

1. NAFTA uniquely increased the wages of Mexicans in two ways.
   A. First, minimum wage laws. Bolle '01 of the CRS writes that NAFTA included agreements to ensure enforcement of minimum wage laws among a host of worker protections, *comparatively ensuring Mexicans get fair wages.*
   B. Second, factor productivity. Ayhan '04 of the IMF writes that NAFTA increased total factor productivity of workers by 10%. *That's important, as increasing total factor productivity increases the incentive to hire workers, thus increasing wages.*
2. Overall, Caliendo '12 of the NBER quantifies that wages rose in Mexico because of NAFTA by 1.72%, which is why Hanson from case writes that NAFTA reduced poverty in Mexico by 3%.

Bolle, Mary Jane. "NAFTA labor side agreement: Lessons for the worker rights and fast-track debate." (2001). <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1042&context=key_workplace> //RJ

The North American Free Trade Agreement (**NAFTA**), between the United States, Mexico, and Canada **was the first trade agreement** ever **linked to worker rights provisions** in a major way. **Its** companion "**side agreement**," the North American Agreement on Labor Cooperation (NAALC, which rhymes with "talc") **went into effect with NAFTA** on January 1, 1994. The NAALC agreement is "broad" in that NAFTA signatories agree to enforce their own labor laws and standards while promoting 11 worker rights principles over the long run. However, under NAALC, **sanctions as an enforcement tool are applicable to** only three of the 11 labor principles (pertaining to **minimum wages**, child labor, and occupational safety and health), and are not applicable to three basic rights: the right to organize, bargain collectively, and strike. NAALC and NAFTA were negotiated by the Administration and approved by Congress under presidential "fast-track" authority — without amendment and with limited debate. This authority which expired in 1994 was included in the Omnibus Trade and Competitiveness Act (OCTA) of 1988. It encouraged the birth of a document such as NAALC when it listed as a principal negotiating objective in trade agreements "to promote respect for worker rights." The 104th Congress considered but failed to pass renewed fast-track authority. In the 105th Congress, H.R. 2621 and S. 1269, both reported out of committee, would have renewed presidential fast-track authority but limited the potential to include worker rights provisions in trade agreements negotiated under fast-track procedures. They would have permitted only worker rights provisions aimed at preventing foreign governments from lowering or "derogating from" their existing domestic labor standards(e.g., child labor standards), in order to attract investment or inhibit international trade.

Kose, Mr M. Ayhan, Mr Christopher M. Towe, and Mr Guy Meredith. *How has NAFTA affected the Mexican economy? Review and evidence*. No. 4-59. International Monetary Fund, 2004. https://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/wp/2004/_wp0459.ashx

The Mexican economy has recently slowed down, but **Mexico's growth performance since the inception of NAFTA has been better than it was before the agreement**. In particular, **Mexican GDP growth rose from an annual average of 2 percent** in 1980–93 **to an annual average of roughly 4 percent** in 1996–2002 (Figure 11a). Compared with several other emerging market countries, the Mexican economy has performed well in the post-NAFTA period and, in particular, the period after the 1995 crisis (Table 3). Moreover, **the average growth rate of investment has been particularly impressive**, as it rose almost eightfold during the period 1996-2002 (Table 3). The factors driving the recent economic slowdown and relevant policy issues are analyzed in the next section. The effects of exports and investment on growth in Mexico have changed after NAFTA. Contributions of exports and investment to GDP growth have increased more than two-fold following the introduction of the agreement (Figure 11b). For example, while the contribution of investment (exports) was less than 0.5 (1.5) percentage points before NAFTA, it went up to 1.5 (3.0) percentage points during the period 1996–2002. Studies employing CGE models report that NAFTA has had a sizeable impact on the growth performance of the Mexican economy. For example, the results from the static CGE - 26 - models (Brown et al., 1992 and Sobarzo (1992)) suggest that NAFTA raises the steady-state level of GDP of the Mexican economy by around 2 percent.24 Kouparitsas (1997) considers a dynamic general equilibrium model that captures the impact of NAFTA on investment flows in the region. He finds that **the agreement increases Mexico's steady-state level of GDP by 3.3 percent, consumption by 2.5 percent, and investment by more than 5 percent**. Recent research shows that **NAFTA** also **contributed to total factor productivity in Mexico**. For example, Lopez-Cordova (2002) use plant-level data for the period 1993–99 and analyze the relationship between Mexico's manufacturing productivity and a variety of variables, including tariff rates in Mexico and the United States. He reports that **NAFTA raised total factor productivity by roughly 10 percent in Mexico over the sample period**, partly in response to foreign capital inflows. In a related paper, Schiff and Wang (2002) use data for 16 manufacturing industries over the period 1981–98 and establish a positive link between total factor productivity in Mexico and the increase in the volume of intermediate inputs trade after NAFTA. In particular, they estimate that NAFTA increased total factor productivity in Mexico by 5.5–7.5 percent. Other studies show that the agreement has accelerated economic convergence in North America. Easterly, Fiess, and Lederman (2002) examine data for 28 industries and find that the speed of convergence of productivity among NAFTA partners accelerated during the post-NAFTA period. They also find that institutional gaps inhibited the convergence of income levels between the two countries. Lopez-Cordova (2001) argues that the passage of NAFTA induced some institutional changes as it led to the revamping of institutions in charge of competition policy, intellectual property protection and standards. Some recent empirical studies also establish a positive association between NAFTA membership and Mexico's growth performance. Arora and Vamvakidis (2003) analyze the impact of trading partner's economic growth on domestic growth performance of a country. They use the data for 101 countries over the period 1960–99 and employ various growth regressions, and find that the growth rate and relative income of trading partners are positively associated with domestic economic growth. They conclude that **half of the increase in Mexico's growth in the latter half of the 1990s was attributable to the growth performance of its NAFTA partners**. However, they argue that since Mexico and the United States have had strong trade linkages even before the agreement, NAFTA played a small role in accounting for the growth in Mexico. CBO (2003) employs a regression model to estimate the impact of NAFTA on trade flows and concludes that the increase in Mexico's exports to the United States raised Mexico's GDP by 1.7 percent in 2001.

Aybar, Celil, Naval Postgraduate School, December 2013, http://www.dtic.mil/dtic/tr/fulltext/u2/a620822.pdf

Moreover, NAFTA has boosted wages to a higher level. **Mexico is an outstanding example, with its export firms employing 20% of workers, and they are paid 40% more than those in non-export jobs**. **The labor force in foreign direct investment firms is nearly 20% more than those working in local businesses, and these workers are paid 26% more than the local manufacturing wage.** NAFTA, which was launched to foster trade and investment among Canada, the United States and Mexico, is a trilateral agreement. So it takes the unique cultural and legal framework of each NAFTA country into consideration and enables them to maintain their sovereignty and independence.

Hanson, Gordon H. "Globalization, labor income, and poverty in Mexico." Globalization and poverty. University of Chicago Press, 2007. 417-456. <http://www.nber.org/chapters/c0107.pdf>

There is relatively little work on the impact of trade liberalization on poverty in Mexico. One notable exception is Nicita (2004), who applies data from the Mexico's National Survey of Household Income and Expenditure to techniques developed by Deaton and Muellbauer (1980) and Porto (2003) to construct an estimate of how tariff reductions have affected household welfare. This exercise involves estimating the impact of tariff changes on domestic goods' prices, the impact of changes in goods' prices on the wages of different skill groups, and income and price elasticities of demand for different goods, and then combining these estimates to form an estimate of the change in real income due to tariffs. **During the 1990s, tariff changes appeared to raise disposable income for all households**, with richer households enjoying a 6 percent increase and poorer households enjoying a 2 percent increase. **These income gains imply a 3 percent reduction in the number of households in poverty.** Income gains are larger in regions that are close to the United States, where tariff-induced price changes are larger.

Caliendo, Lorenzo, November 2012, National Bureau of Economic Research, http://www.nber.org/papers/w18508.pdf

We now quantify the trade and welfare effects of NAFTA. Table 2 presents the welfare effects from NAFTA's tariff reductions while fixing the tariff to and from the rest of the world to the year 1993. Welfare effects are calculated using (16), and changes in real wages using (15). As we can see, Mexico's welfare increases by 1.31%. The effects for Canada and the U.S. are smaller. Canada loses 0.06% while the U.S. gains 0.08%. Still, we find that real wages increase for all NAFTA members and Mexico gains the most, followed by Canada and the U.S.[47]

Table 2. Welfare effects from NAFTA's tariff reductions

	Welfare			
Country	Total	Terms of trade	Volume of Trade	Real wages
Mexico	1.31%	-0.41%	1.72%	1.72%
Canada	-0.06%	-0.11%	0.04%	0.32%
U.S.	0.08%	0.04%	0.04%	0.11%

Decomposing the welfare effects into terms of trade and volume of trade underscores the sources of these gains. The third column in Table 2 shows that the major source of gains are increases in volume of trade. The welfare gains from trade creation for Mexico, Canada and the U.S. are 1.72%, 0.04% and 0.04% respectively. We can look deeper and measure the extent to which the welfare effects are a result of trade creation with NAFTA members vis-a-vis the rest of the world. This is done by applying the bilateral volume of trade measures (18) defined before.

A2: North-South Inequality

Link Turn Rhetoric

1. Specific to each region, Borraz '07 of the Global Economy Journal writes that income inequality actually went down, regardless of North-South divides. Prefer this analysis because you can turn all of their impacts; even if the North got richer while the South didn't, people were able to afford more relative to those in their geographic proximity.

Cards:

Borraz, Fernando, and Jose Ernesto Lopez-Cordova. "Has Globalization Deepened Income Inequality in Mexico?." Global Economy Journal 7.1 (2007). <https://www.gtap.agecon.purdue.edu/resources/download/1707.pdf>

Table 4 shows whether, from 1994 to 2002, Gini coefficients were statistically different from the 1992 observation. For the country as a whole, income distribution toward the end of our period of analysis improved relative to 1992. **In 2002, seven out of nine regions in the country had seen income distribution improved over the ten-year period, while in only two regions, Central** (states of Guanajuato, Hidalgo and Querétaro) **and Southeast** (states of Campeche, Quintana Roo and Yucatán), **income inequality remained unchanged.** Income concentration among urban households appears to be lower than among rural households (Table 5). In both cases, however, income concentration improved throughout the decade when looking at the country as a whole; see Table 4. Summarizing, comparing 2002 with 1992, **income distribution improved for the country as a whole, both for urban and rural households**. **Most regions saw income inequality decline**, except for some states in the central and southern part of the country. Since, as we have seen, Northern states have stronger economic links with the world, globalization may be correlated with reductions in income concentration. This possibility is supported by Figure 3, which plots the 2000 Gini coefficients against the share of employment in exporting or foreign-owned firms at the state level. The next section looks at whether the implied negative correlation between globalization and inequality holds up under a more rigorous econometric analysis.

*Migration

A2: Mexican Brain Drain

Link Defense Rhetoric

1. Alt Cause; Alarcon '7 of UNESCO writes that the majority of high-skilled Mexicans who enter America enter on H-1B visas because of their potential for permanent residence.

Link Turn Rhetoric

1. TN Visas are beneficial for Mexico in two ways:
   a. Returning Workers
      Orrenius '06 of the South West Economy Journal writes that the majority of TN visas move back to their home countries and don't renew their visa. Docquier '11 of Harvard writes that returning workers bring home knowledge and financial capital they wouldn't have without migration, thereby increasing productivity at home.
   b. Workers going to Mexico
      Alarcon '07 of UNESCO furthers that more NAFTA workers go to Mexico than the number of workers leaving Mexico. Specifically, he finds that Mexico only sends around 1000 workers to the other NAFTA countries, while they receive 300,000 workers from the other two countries. *This link turns their argument because more workers actually enter Mexico to benefit the country than leave.*

Innovation Advantage Rhetoric

1. High-skilled immigrants bring new approaches and knowledge to research and development. Thus, Hunt '17 of McGill University quantifies that foreign-born immigrants are twice as likely to patent as native-born workers. Moreover, Freeman '17 of UChicago writes that having a high-skilled immigrants collaborate on research attracts more attention to new innovations, thus increasing the spread of innovation globally. Zell '10 of Georgetown University writes that innovation will be indispensable to helping societies address difficult global challenges, raising billions out of poverty, and achieving shared and sustained global prosperity.

Cards:

Alarcón, Rafael. "The free circulation of skilled migrants in North America." 2007, Migration without Borders, Essays on the Free Movement of People, UNESCO Publishing/Berghahn Books (2007): 243-259. <https://books.google.com/books?hl=en&lr=&id=APe9BAAAQBAJ&oi=fnd&pg=PA243&dq=tn+visas&ots=M6I11IebzF&sig=OqnXfX-QKLYEblBvEOnz7rebnS8#v=onepage&q=tn%20visas&f=false> //RJ

According to the Department of Homeland Security (2004, Table 25), 360,498 persons were admitted with H-1B visas in 2003. Of them, migrants from India obtained 75,964 (21.1 per cent of the visas), followed by migrants from the United Kingdom with 31,343 (8.7 per cent), Canada with 20,947 (5.8 per cent), Mexico with 16,290 (4.5 per cent) and France with 15,705 (4.3 per cent). **The participation of Mexico as the fourth recipient of this type of visa**, with more than France, Germany, Japan, China, Colombia and Brazil, **suggests a greater inclination on the part of Mexican skilled migrants to enter the United States labour markets temporarily by means of the H-1B visa, which** is initially granted for three years and may be renewed for a further three. It **may also open the door to permanent residence.**

Orrenius, Pia, and Daniel Streitfeld. "TN Visas: A stepping stone toward a NAFTA Labor market." Southwest Economy 6 (2006). <https://www.dallasfed.org/~/media/documents/research/swe/2006/swe0606c.pdf> //RJ

U.S. regulations require TN visas to have a "reasonable and finite end that is not permanent residence." As a result, **TN status must be renewed annually**, which can be done from the migrant's home country, at a port of entry or within the U.S. Renewals can occur repeatedly until a U.S. official determines that the "temporary" nature of the worker's intent has been exhausted. However, **less than half of TN visa holders renew**, according to the Homeland Security Department's Office of Immigration Statistics. A 2000 study showed **40.8 percent of TN visa holders** who were first authorized in 1995 **renewed at least once** in subsequent years.6 And 25.3 percent renewed for at least a fourth time in subsequent years. While the numbers indicate a significant share of TN workers are finding the visa useful and are renewing, **a majority of those on TN status are** either **moving back to their home countries** or switching to another type of U.S. visa or immigration status.

Harvard, Frederic Docquier, 2011, http://www.hks.harvard.edu/content/download/69068/1249082/version/1/file/219.pdf //RJ

Stark et al. (1997) were first to demonstrate the possibility of **a brain gain associated with** a brain drain in a context of **migration**, imperfect information **and return.** In such a context, low-ability workers invest in education for the purpose of emigrating and being pooled with high-ability workers on the foreign job market. **Once individual productivity is revealed, low-ability workers return home with the human capital they would not have acquired if it was not for the possibility of emigration, hence** the possibility of **a brain gain** with a brain drain. **Returning migrants may also have accumulated additional knowledge and financial capital while abroad, so generating additional benefits, especially with respect to technology adoption and productivity growth at home.** This idea was formalized by Domingues Dos Santos and PostelVinay (2003) in a setting where growth is exogenous at destination and endogenous at origin thanks to the knowledge embodied in migrants returning from the more advanced economy. Dustmann, Fadlon and Weiss (2011) and Mayr and Peri (2009) employ similar theoretical frameworks.

Alarcón, Rafael. "The free circulation of skilled migrants in North America." 2007, Migration without Borders, Essays on the Free Movement of People, UNESCO Publishing/Berghahn Books (2007): 243-259. <https://books.google.com/books?hl=en&lr=&id=APe9BAAAQBAJ&oi=fnd&pg=PA243&dq=tn+visas&ots=M6I11IebzF&sig=OqnXfX-QKLYEblBvEOnz7rebnS8#v=onepage&q=tn%20visas&f=false> //RJ

What comes as a surprise in the first place is that, **while Mexico receives the largest number of NAFTA workers of the three North American countries, it sends the lowest number of them.** Part of the explanation for this considerable imbalance is that, to work in the United States or Canada, one needs to speak English or French. In addition, we can take it that there are more professionally qualified persons in Canada and the United States than in Mexico. **There is also more Canadian and U.S. investment in Mexico than Mexican investment in Canada and the United States**, **so** that what the number of **workers with NAFTA visas reflects is** rather **that the economies of Canada and the United States are stronger than the Mexican economy**. The latter assumption seems to be borne out by the data provided by Mexico's National Institute of Migration back in 2003, when business visitors accounted for the bulk of those using the NAFTA visa. The Institute found that in 2003 **a total of 304,209 Canadian and U.S. citizens travelled to Mexico on NAFTA visas**, 75 per cent of whom were business visitors, 20 per cent professionals, 3.5 per cent investors and merchants, and only 1.5 per cent intracompany transferees.6 This suggests that skilled workers travel in North America more as part of corporate strategies than by their own decision.

Alarcón, Rafael. "The free circulation of skilled migrants in North America." 2007, Migration without Borders, Essays on the Free Movement of People, UNESCO Publishing/Berghahn Books (2007): 243-259. <https://books.google.com/books?hl=en&lr=&id=APe9BAAAQBAJ&oi=fnd&pg=PA243&dq=tn+visas&ots=M6I11IebzF&sig=OqnXfX-QKLYEblBvEOnz7rebnS8#v=onepage&q=tn%20visas&f=false> //RJ

Table 12.6: Number of TN Trade NAFTA visa holders admitted to Canada, Mexico and the United States by country of citizenship, 2003

Country of citizenship	Country of destination		
	Canada	Mexico	U.S.
Canada	–	21,676	58,177
Mexico	110	–	1,269
United States	5,657	282,533	–
Total	5,767	304,209	59,446

Source: Citizenship and Immigration Canada (2005), Instituto Nacional de Migración de Mexico (2004, FMTV table) and the U.S. Department of Homeland Security (2004, Table 25).

Jennifer Hunt. "Immigrant Patents boost growth. "5/23/2017, Science Magazine.
http://www.hbs.edu/faculty/Publication%20Files/Private%20strategy,%20public%20policy_Kerr17_d3107c70-cae8-4c0a-97a1-487c4709ec21.pdf

Jennifer Hunt (This is my tag). Immigrant patents boost growth. Accessed 4/3/2018. Published 5/23/2017.

There are lively debates in countries around the world as to how to stimulate economic growth and how much immigrants contribute to the economy. My research on the U.S. economy shows that **skilled immigration increases patenting, which is likely to boost per capita economic growth**. My analysis of self-reported patent activity in the National Survey of College Graduates, the only data source tying patentees to their birthplaces, shows that the **foreign-born are twice as likely to patent as the native-born**(1). Although 0.9% of college-educated natives have been awarded one or more patents in the past 5 years and 0.6% have been awarded a patent that has been licensed or commercialized, the figures for immigrants are 2.0% and 1.3%, respectively.

Among patentees, natives and immigrants have similar numbers of patents. **This immigrant patenting advantage has its origin in the educational background of immigrants, who are much more likely than natives to have studied physical sciences and engineering, fields strongly associated with patenting activity. Immigrants who first entered the United States on a student or trainee visa or on a temporary work visa are particularly likely to patent.**However, immigrants' patenting advantage might not be fully reflected in overall national patenting activity if natives are deterred by immigration from entering the relevant fields of study and occupations. Alternatively, **the immigrants' advantage could be magnified by collaborations and knowledge transfers, causing natives themselves to become more inventive.**To study this, my coauthor and I used changing geographic variation in immigration (measured in the U.S. Census) and patenting activity (measured by the U.S. Patent and Trademark Office) over several decades (2). **The results show that immigration of college-educated individuals increases patenting per capita and is likely to have increased Gross Domestic Product per capita by 1.4 to 2.4 percentage points over a decade. A comparison of these results and the implied effect of the immigrant-native patenting gap at the individual level suggests that immigrants have increased the inventiveness of natives.**The United States, and in particular its universities and employers, is successful in choosing skilled immigrants who boost economic growth per capita and should consider expanding the number of such immigrants admitted.

Richard Freeman, 5-19-2017, "Migration of ideas: China and U.S.," Science, http://science.sciencemag.org/content/356/6339/696.2

Richard Freeman (This is my tag). Migration of ideas: China and U.S. Accessed 4/3/2018. Published 5/23/2017.

Migration of ideas comes not only **from** permanent **migrants** but also from temporary migrants, such as international students, conference attendees, and visitors at foreign laboratories and centers. Given that collaborations generally arise from personal connections (1), it is hard to imagine internationally co authored research expanding absent researcher mobility. Ties between U.S. and Chinese researchers exemplify how migration advances knowledge and benefits source and destination country. **The United States is the top destination of Chinese international students and postdocs, and China is the top source of foreign students in the United States, and they contribute to U.S. scientific productivity**(2). Those who return to China tend to outperform other Chinese researchers in terms of citations in international scientific journals (3). **Homophily in citations suggests that a paper with authors from two countries is likely to spread new ideas or findings more rapidly across borders than if the paper's authors were from the same country. Having a foreign collaborator with a network of researchers in another country usually attracts overseas attention to research**. In scientific work, China and the United States are each others' biggest partners: 16% of U.S. international collaborations are with China, and 48% of China's international collaborations are with the United States (4). U.S. corporations conduct research and patent inventions in China, and Chinese firms buy U.S. start-ups and patent in the United States. About 15% of author names on papers written at U.S.-based institutions are Chinese, whose first names (e.g., Xu rather than David) identify them as born overseas (5). Connections between migrants and natives on papers, patents, and citations does not directly measure the migration of ideas, which requires latent semantic analysis of the content of the underlying documents. But **network links between collaborators from different countries establish a prima facie case for policies that treat foreign- born students and migrant researchers as valuable contributors to the United States and home-country scientific and economic progress and as possible future U.S. citizens as well.**

Stephen Zell, Georgetown University, "The Good, The Bad, and The Ugly (and The Self-Destructive) of Innovation Policy," 2010, http://www.itif.org/files/2010-good-bad-ugly.pdf.

But **innovation** drives not just the productivity, income, and employment growth fundamental to long-term prosperity; it also plays a central role in improving citizens' quality of life. Innovation has been and likely **will continue to be central in driving improvements in health care, education, transportation, and environmental protection. Innovation will be indispensible to helping societies address difficult global challenges, such as developing sustainable sources of food and energy, combating climate change, meeting the needs of growing and aging populations, raising billions out of poverty, and achieving shared and sustained global prosperity.**

A2: Illegal Immigration Impact

Agriculture Link Defense Rhetoric

1. Hufbauer ‘14 of the Peterson Institute for International Economics writes that there isn’t a statistical correlation between corn exports and illegal immigration. The warrant comes from Alvarado ‘08 who indicates that the growth of jobs in Mexico has diminished the need for Mexicans to search for work in America.

Link Turn Rhetoric

1. Gortari ‘17 of the London School of Economics writes that the reason for sudden migration from Mexico to America wasn’t because of NAFTA, but because of the Peso Crisis of 1995. If anything, he furthers that it was NAFTA that helped Mexico bounce back from the Peso Crisis and thus contain migration.

Cards:

Hufbauer, Gary Clyde, Cathleen Cimino, and Tyler Moran. "NAFTA at 20: Misleading Charges and Positive Achievements." PIIE. Peterson Institute for International Economics, May 2014. Web. Accessed 7 June 2018. <https://piie.com/sites/default/files/publications/pb/pb14-13.pdf>

Third, to maintain rural incomes, the Mexican government has consistently supported the price of white corn with subsi- dies for farmers. In recent years, the average wholesale price of white corn in major producing states ranged from $5.30 per bushel in 2000 to $9.68 per bushel in 2013. One consequence is that the area under corn cultivation in Mexico has declined only modestly in the NAFTA era, despite predictions that these areas would be wiped out. In 1994, Canada, the United States, and Mexico cultivated 1.0, 29.3, and 8.0 million hectares of corn respectively. By 2013, these gures reached 1.5 million hectares for Canada, 35.5 million for the United States, and 6.8 million for Mexico. Mexican cultivation decreased modestly, but the big expansion of US corn cultivation re ects the ethanol mandate—which in turn raised the global price of corn—not exports to Mexico.
Fourth, there is little or no connection between the pace of illegal immigration from Mexico and the level of US corn exports to Mexico. Mexicans migrate to the United States to earn a better living. But depending on the state of the US economy, it can be easier or harder for an illegal immigrant to land a job. Figure 3 shows the general correspondence between the annual US unemployment rate and the number of border apprehensions (the best proxy for the annual number of illegal immigrants). No surprise: Higher unemployment discourages illegal immigration because Mexicans are less likely to cross the border if job opportunities are scarce. Tough border control has an e ect as well. Figure 3 also shows the annual tonnage of US corn exports to Mexico (both yellow and white varieties). Visual inspection fails to reveal a positive correspondence between corn exports and apprehensions (if anything, the correspon- dence is negative). Even fancy econometrics cannot support the claim that US corn exports drive Mexican migrants across the Rio Grande. The corn-immigration story was a myth created by US critics in their stretch to create an alliance between anti-immigrant forces and anti-NAFTA forces.

Alvarado, Emmanual. "Poverty and Inequality in Mexico After NAFTA: Challenges, Setbacks and Implications." Estudios Fronterizos. SciELO, June 2008. Web. Accessed 13 June 2018. <http://www.scielo.org.mx/scielo.php?script=sci_arttext&pid=S0187-69612008000100003>

To conclude, contrary to common views often depicted in the me- dia, trade liberalization in general, and NAFTA specifically, has not been the cause of or the solution to the alleviation of poverty and in- equality in Mexico. As mentioned in the text, the emergence and pres- ence of extreme poverty is tied to the historical problem regarding the concentration of land and the subsequent distribution of small plots of land, often times unfit for profitable agriculture, to a large mass of peasants. The emergence of free trade in Mexico beginning in the 1980's and consolidating after the enactment of NAFTA in 1994 has caused detriment to selected labor-intensive industries and farmers of crops such as corn and beans. On the other hand, the expansion of invest- ment and trade induced by NAFTA has undoubtedly also provided many opportunities throughout the economy, but as Hanson (2003: 29) pointed out, "Overall, the workers in Mexico that have fared the best in the country's newly globalized economy are those with rela- tively high skill levels living in regions with relatively good access to foreign markets". Unfortunately, the opportunities which arose from opening up the Mexican economy to North America were insufficient to fully absorb the extreme poor and those hurt by the emergence of free trade. Partly, the lack of correspondence between job growth and the demand for jobs has been due to large numbers of young Mexi- cans adding to the labor force each year caused by Mexico's high fer- tility rates prior to the mid 1970's. As mentioned before, there are some encouraging trends as the growth of the labor force is projected to slow down considerably within one decade responding to lower fer- tility rates in the 1980's and 1990's. As a result, it is likely that more formal jobs will be increasingly available to a greater proportion of the labor force, thus potentially diminishing the need for Mexicans to participate in the informal economy and to migrate to the United States.

There are, however, sources of public concern in regards to dimin- ishing poverty and inequality in the midst of a globalized Mexican economy. Free trade and more open investment opportunities with NAFTA partners have tended to concentrate benefits disproportionately in the relatively richer areas of Mexico and enhance the compensation granted to the higher educated population. In conjunction to this, dur- ing the consolidation of free trade since the early 1990's government spending has shown a bias towards urban areas while social spending has not altogether been benefiting poorer income groups the most. As a result, it has been increasingly difficult for poorer and rural segments of the population to enter tertiary education. In response to this, the World Bank (2005) recommended that Mexico needs to increase social spending and improve the targeting of the social programs in order to allo- cate more resources to the poorest populations, effectively increasing their ability to participate in and receive benefits from a more global- ized economy. The most serious challenge to accomplish this rests on the excessive reliance of Mexican public expenditure on finite oil rev- enues from Mexico's public-owned oil monopoly. The diminishing oil reserves have put pressure on president Calderon's administration to increase non-oil public revenue. President Calderón's ability to negoti- ate a comprehensive tax reform which does not overwhelm Mexico's poor while readjusting social spending to become progressively inclined toward aiding lower income groups in education, health and infrastruc- ture will be at the core of Mexico's struggle against poverty and in- equality.

Carlos Gortari, 2017, LSE

http://blogs.lse.ac.uk/usappblog/2017/02/11/mexico-and-the-us-must-realise-that-nafta-is-the-solution-not-the-problem/

In allowing stereotypes about NAFTA to prosper, many sectors of our societies have contributed to the problem. As President Kennedy knew well, "The great enemy of truth is very often not the lie … but the myth – persistent, persuasive and unrealistic." Consolidation of these stereotypes was enabled by dereliction of duty amongst politicians, leaders, and the media, all of whom have failed to explain the real causes of factory closures in the US and the northward flow of Mexican migrants.

Manufacturing's share of GDP in the Rust Belt began to slip in the 1960s, but the same was true of US industry in general, including coal. The US became a net importer of fruit and vegetables in the 1970s. In the 1980s the opening up of China prompted many American industries to relocate. This was complicated by changes in the capitalist system, not least the rise of services and the accompanying technological process of "creative destruction." All of this came before NAFTA.

No one has stated loud and clear that, despite the deindustrialisation occurring in the major economies, amongst the ten US states to have gained most jobs from NAFTA are precisely those within the Rust Belt: Ohio, Michigan, and Pennsylvania.

Leaders have also failed to explain ***<u>the mass migration of Mexicans to the US, which, according to the IMF, started in 1997 after the devastating peso crisis of 1995.</u>*** Nobel Laureate in Economics Joseph Stiglitz has since confirmed that ***<u>it was only NAFTA that allowed Mexico to overcome the crisis and contain migration flows. Today these flows are negative: more Mexicans return than leave.</u>***

A2: TN Visa Exploitation

Link Turn Rhetoric

1. Arteaga '17 of Huffington Post writes that TN Visas are advantageous to the workers because the quality of life in America is significantly better, with higher salaries and better working conditions. Conversely, he finds that Mexico's social situation is littered with crime and abuse of authority.

Impact Defense Rhetoric

1. Mitigate- Tigau '17 of Rice indicates that TN visas are only 0.9% of total visas granted to Mexicans in 2015.

Cards:

Arteaga, Alejandra. "Nearly 13,000 Mexicans facing the threat of losing their jobs if the US withdraws from NAFTA." Huffington Post. Aug. 2017. https://berardiimmigrationlaw.com/app/uploads/2017/04/Huffington-Post-Mexico-2.8.2017.pdf

For 7 years, the engineer René Castañeda, originally from Veracruz, works for a company that produces power generators in the northern United States. He got there as a trainee while he studied the Masters in Mechanics and Electronics, then for his performance **he was hired as a full-time employee with a TN visa scheme**. For René, **the benefits of being a legal worker in the United States are several: quality of life is better than in Mexico and salaries and work experience make him a more competitive engineer.** "**What has kept me here most (in the United States) is the quality of life, the working conditions, the employer respects them.** If you carry out your work efficiently, you can have a relatively flexible schedule For delivery and work load are different than in Mexico," said Rene. The city that you tell me in **Mexico will always find robberies, assaults, kidnappings, corruption, abuse of authority**, that is, **the social situation** compared to both countries, I would say, it **is night and day**. It's the fact that we can get to your house at a reasonable time, knowing that your home does not need window protection, knowing there have been no incidents in the area in many years, "he said. TN visas are by themselves a quality filter. In order to apply, you must have a minimum degree in one of the 60 professions included in NAFTA, the majority of physical-mathematical sciences and engineering, and a letter of employment, issued by the company that hires you, specifying the duration Contract, salary, and other legal requirements of the US Department of Homeland Security. The visa lasts 3 years and can be renewed.

Tigau, Camelia. "US Visas for Foreign Professionals: Insights on H-1B and TN Visas." *Issue Brief* 04.25. 17 (2017). //JN
https://scholarship.rice.edu/bitstream/handle/1911/97756/BI-Brief-042517-MEX_Visas.pdf?sequence=1
A quick breakdown of visas issued to Mexicans migrating to the U.S. (Figure 3) shows that 83.5 percent went to visitors and business people (1,234,885 individuals in 2015), 6.9 percent to temporary agricultural workers (102,174 individuals in 2015), and 3.5 percent to temporary non-agricultural workers (51,301 individuals in 2015), according to the U.S. Department of State. H-1B and **TN visas represented only** 0.2 percent and **0.9 percent**, respectively, **of the total number of visas granted to Mexicans in 2015.** In terms of the flow of Mexicans to the U.S., losing those visas would cut only 1.1 percent of total legal migration from Mexico.

<u>A2: Human Trafficking</u>

Link Turn Rhetoric

1. Turn; <u>Green ‘17 of Rice</u> indicates that NAFTA reset US-Mexico relations from its lowest point in the 1980s by increasing mutual trust. That’s critical, because <u>Ortega ‘17 of the Hill</u> writes that bilateral cooperation between the US and Mexico is imperative to halting human trafficking at the border.

Green, Russell A., and Tony Payan. Rice University "Was NAFTA Good for the United States?." (2017). //JN
https://scholarship.rice.edu/bitstream/handle/1911/97769/BI-pub-NAFTA-062317.pdf?sequence=1

By 2010—somewhat tied to the existence of NAFTA—a new idea of a close-knit North American continent had emerged, with well-integrated economies and increasing political and security coordination (Pastor 2010; Petraeus and Zoellick 2017). Such a vision would be difficult to achieve anywhere, and trade cannot be the sole basis. **A deep and stable trade relationship**, however, **can lay the groundwork for an increase in mutual trust, which in turn can lead to collaboration on diplomatic, political, and security issues**. Ideally, a well-implemented trade relationship can **also lead to bilateral (or multilateral) institution building**. It is this chain of reasoning that led NAFTA's accomplishments in the U.S.- Mexico relationship to eventually be heralded as the beginning of a redefinition of North America and to be considered a good foundation for the deepening of cooperation in other matters, especially security. Despite the American public's misgivings about a close relationship with Mexico—even as Mexicans' comfort level with a broader relationship with the U.S. rose after decades of distrust—the U.S. government recognized that what happens in Mexico has an enormous impact on the United States. In the realm of security, this impact includes Central American migrants traversing Mexico on their way to the U.S. and illegal drugs being produced in, transported through, and smuggled from Mexico. Starting in the 2000s, there were clear attempts to take advantage of the trust built through NAFTA and the increased linkages between the two countries—which may have all originated in the agreement—to expand cooperation in security issues. The Security and Prosperity Partnership and the Mérida Initiative are two such examples.

Multilat/Diplo Link

Green, Russell A., and Tony Payan. Rice University "Was NAFTA Good for the United States?." (2017). //JN
https://scholarship.rice.edu/bitstream/handle/1911/97769/BI-pub-NAFTA-062317.pdf?sequence=1

Not all the impacts of a trade agreement are economic. Some are complex to measure and correlate, including the diplomatic, political, and social impacts within and between trading nations. This generally stems from credible commitments to reforms, as well as dividends built through increased interaction. The literature on the effects of free trade on conflict and cooperation is crucial here. Some authors have in fact argued that free trade does drive a nation's foreign policy in the direction of peace and broader cooperation (McDonald 2017). In this regard, **NAFTA seems to have reset the U.S.-Mexico relationship after one of its lowest points in the mid-1980s, when both countries clashed over drug trafficking and the torturing of a DEA agent in Mexico** (Smith 1985). By 1989, the two countries had begun to take a new approach in their relations, and by the mid-1990s **NAFTA appears to have solidified Mexico's commitment to become a market democracy; transformed and strengthened the institutional, legal, and civil society capacity within the country; and set in motion new forms of political and diplomatic interaction between Mexico and the United States** (Aspinwall 2009). It also seems to have made Mexico more receptive to U.S. security interests. **By 2007, Mexico and the United States had achieved unprecedented cooperation on security issues** through the Merida Initiative, and American law enforcement bureaucracies were given historic access to Mexico's public safety and security system between 2007 and 2012 (U.S. Department of State 2017). All of this appears to have been the direct result of trust built over time through a partnership partly **framed by NAFTA**.

Ortega, Israel. "Fiddling with NAFTA will damage America's relationship with Mexico." The Hill. 5/11/17. http://thehill.com/blogs/pundits-blog/international/333033- curbing-free-trade-with-mexico-will-harm-america-and-its

If Mexico were to revert to protectionism, the Mexican middle- and lower-middle class that have benefited greatly in higher wage jobs and cheaper goods as a result of free trade would surely suffer. The demand to leave for the United States in search of economic opportunity would only increase. **Beyond divisions over immigration and migrant issues, there is actually much cooperation between Mexico and the United States. This is seen in national security agreements including the Merida Initiative that enhances intelligence gathering information on both sides of the border in the fight to curtail drug and human trafficking. As our country finds itself in the midst of one of the worst opioid epidemics, Mexico is an important partner in this fight.** Beyond security issues, the most important way our countries are intertwined is economically. As the third largest trading partner, more than $1.5 billion in bilateral trade crosses are happening on any given day. And according to the Mexico Institute at the Wilson Center, a think tank, trade with Mexico is generating nearly five million jobs here in the United States. That is a large chunk of Americans that rely on a healthy and thriving U.S.-Mexico trade relationship. And with the unemployment rate steadily declining and the economy showing real signs of a sustainable recovery, why would we want to spark a trade war with one of our biggest trading partners? Picking on NAFTA (and even free trade) makes for good political fodder. Seismic changes to our market economy are having a profound effect on the way Americans are able to make a living. Blaming foreign competition for the decline in manufacturing clearly resonates with a considerable portion of the American electorate.

A2: Urbanization

Link Turn Rhetoric

1. *(growth)* Turn it. Spence '08 of the World Bank finds that there is no known country that has seen high incomes or substantial economic growth without high levels of urbanization. Indeed, Spence furthers that all high-income countries are at least 70 to 80 percent urbanized.
2. *(environment)* Turn it. Empirically, Tupy '15 of the CATO Institute finds that urbanization is actually good news for the environment. This is for two, main reasons:
    a. First, energy use. Electricity use per person is lower in cities than in suburban or rural areas, which then allows for more of the natural environment to be preserved. In contrast, a rural or suburban environment does not have this advantage because properties are so spread out.
    b. Second, carbon emission. In a rural or suburban area, people are more inclined to use their own cars for transportation, whereas in urbanized areas, public transportation is often more readily available, which means that less carbon dioxide gets released into the atmosphere.

CARDS:

Tupy, Mirian. "Urbanization Is Good For The Environment." Cato Institute. N. p., 2015. Web

https://www.cato.org/blog/urbanization-good-environment

Many of the environmental advantages are derived from living spaces being condensed. **For example, electricity use per person in cities is lower than electricity use per person in the suburbs and rural areas. Condensed living space that creates reduction in energy use also allows for more of the natural environment to be preserved. In a suburban or rural environment, private properties are spread out,** because land values are relatively low. So, **more of the natural environment is destroyed**. In cities, property values are higher and space is used more efficiently. That means that more people live in the same square mile of land than in the rural areas. **Another environmental advantage of cities compared to rural areas is a decrease in carbon emissions per person. In a rural or suburban area people normally use their own vehicles to drive to work or anywhere else. Due to congestion, the use of personal cars in the city is much less attractive. More people use public transportation instead and that means that less carbon dioxide gets released into the atmosphere.** ***jackiehenley***

Spence, Michael. Urbanization and Growth. Commission on Growth and Development. World Bank Publications. 26 Nov 2008.

https://books.google.com/books?id=AocFrcJHaogC&printsec=frontcover#v=onepage&q&f=false

Deciding whether urbanization causes growth or growth causes urbanization is very difficult, and largely beside the point. **We know of no countries that either achieved high incomes or rapid growth without substantial urbanization, often quite rapid. There is a robust relationship between urbanization and per capita income: nearly all countries become at least 50 percent urbanized before reaching middle-income status, and all high-income countries are 70-80 percent urbanized.** In all known cases of high and sustained growth, urban manufacturing and services led the process, while increases in agricultural productivity freed up the labor force that moved to the cities and manned the factories. In the high-growth cases that we examined in the Growth Commission, the average productivity of a worker in manufacturing or services is on the order of three to five times that of a worker in traditional sectors, and sometimes much more. ***jackiehenley***

*Drugs

A2: General Drugs

Link Defense Rhetoric

1. Suarez '15 of Insight Crime writes that NAFTA was not the cause of the flow of drugs, but rather the true cause had to do with harmful policies of drug prohibition that are independent of NAFTA.
2. Suarez furthers that by 1984, an entire decade before NAFTA, Mexican cartels had already consolidated 90% of the cocaine entering through the country.

Link Turn Rhetoric

1. Brown '16 of the Brookings Institute writes that without NAFTA, Mexico's social development and job opportunities would decrease, putting more pressure to work in illegal economies and participate in the drug trade.

Multilateralism Advantage Rhetoric

1. Fernandez '17 of the Political Observatory of Latin America and the Caribbean writes that because NAFTA increased trade and deepened relations between Mexico and the US, creating multilateral initiatives on border security to curb drug trafficking. This has been vastly successful. Seelke '17 a specialist in Latin American Affairs writes that Mexico seized 10.2 metric tons of cocaine in 2015, a 183% increase from 2014, and have taken control of the major ports as of 2017, which is attributable to cooperation between the countries. Problematically, Agren '17 of the Guardian writes that terminating NAFTA could adversely affect bilateral initiatives on drugs.

Spare Link: (Green '17 of Rice indicates that NAFTA reset US-Mexico relations from its lowest point in the 1980s by increasing mutual trust. He furthers that this increased security cooperation on drugs, with things such as the Merida Initiative.)

Impact Defense Rhetoric

1. Mitigate; Green '17 of Rice University statistically verifies that crime rates fluctuate with no apparent relationship to NAFTA.

Cards:

Fernández, María José Reyes Retana. "NAFTA's impact on US-Mexican border security: drug, trade and migration." (2017). //CM <https://www.sciencespo.fr/opalc/sites/sciencespo.fr.opalc/files/NAFTA.pdf>

NAFTA was unlike any other Latin American process of integration, due to the fact that it was solely based on free trade, however, it **had further political and security implications for both countries.** We can conclude by stating that **NAFTA**, indeed, **increased trade among partners and further deepened the dependence relation between Mexico and the world hegemon**. Due to this unprecedented economic integration, **business ties amongst partners were transformed and border policies harmonized**. Consequently, **there was a proliferation of collaboration initiatives regarding border security in an attempt to curb down drug trafficking and irregular migration**, while simultaneously facilitating licit crossborder flows. As a means of doing so, **state intervention and border control were enhanced**. Although programs such as Programa Frontera Sur and the Mérida Initiative are not without its critics, **they have unequivocally reinforced US-Mexican collaboration on border-security.** Thus, **as the legal channels for the free exchange of goods and services increased, so did the joint efforts of law enforcement and tightening of the border to deter illicit flows.** Due to the current bilateral tensions, the future of NAFTA and its repercussions on US-Mexico security collaboration is yet to be determined.

U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond; Clare Ribando **Seelke** [Specialist in Latin American Affairs], Kristin Finklea [Specialist in Domestic Security] June 29, 20**17** //JN https://fas.org/sgp/crs/row/R41349.pdf

According to the latest government statistics, **Mexico seized 26.5 metric tons of methamphetamine** between April 2014 and September 2015, **a 74% increase** over the same period in 2013 to 2014, **as well as 10.2 metric tons of cocaine (a 183% increase).**100 Mexican authorities seized 272 clandestine laboratories in 2014-2015, up 90% from 2013-2014. **The Mexican marines have taken over control of the country's ports as of June 2017** and are actively interdicting precursor chemicals arriving from Asia and elsewhere. In the meantime, **the State Department has pointed to some indications of success: - cooperation among law enforcement and intelligence officials** that has led to the capture and extradition of top criminal leaders, including Joaquín "El Chapo" Guzmán; - **Mexico's transition to an accusatorial justice system with oral trials** in June 2016; - **the improvements in infrastructure and policies** that helped more than 55 Mexican correctional facilities (including all federal prisons) achieve international accreditation; - Mexico's apprehension of more than 150,000 Central American migrants in FY2015 and FY2016, as well as migrants from Africa and Asia.

Agren, David. "Mexico warns that abandoning Nafta could end broader cooperation with US". The Guardian. 10 Oct. 2017. <https://www.theguardian.com/world/2017/oct/10/mexico-nafta-luis-videgaray-warning-trump>

Mexico's foreign minister has warned that **terminating Nafta could bring relations with the US to a breaking point, raising the prospect that bilateral cooperation against drug trafficking and illegal migration could be adversely affected** by Donald Trump's bellicose trade rhetoric.

The threat from the foreign minister, Luis Videgaray, came as Donald Trumponce again threatened to tear up the three-country trade treaty between the US, Canada and Mexico ahead of a fourth round of Nafta negotiations.

Mexico and the US work closely on issues such as border security, combatting drug cartels and efforts to stop migrants reaching the US border, but relations between the two neighbors have grown increasingly tense since Trump launched his election campaign on a wave of anti-Mexican sentiment.

Suarez, Manuel. "NAFTA, Free Trade and Mexico's Drug War." Insight Crime. Apr. 2015. https://www.insightcrime.org/news/analysis/nafta-free-trade-and-mexico-s-drug-war/

Without providing the slightest evidence, the habitual enemies of free trade have launched a new campaign of lies, insisting that the North American Free Trade Agreement (NAFTA) and "neoliberal" policies in general — which according to them the United States forced Mexico to adopt — are the causes of drug violence.

I read an excerpt from Carmen Boullosa and Mike Wallace's soon-to-be published book "A Narco History: How the United States and Mexico created the 'Mexican war against drugs.'" **The** book's **thesis is that NAFTA opened the US's door to drugs from Mexico, mixing them with legal trade, which is false.** The authors have little sense of the economic dimensions of NAFTA, but they repeat all the prejudices that critics of free trade have attributed to the trade agreement, and they employ all the usual insults that the dogmatic and misinformed left can muster to attack the free market economic model. The book tells the history of how various US presidents intensified their war on drugs, and how Ronald Reagan's success in shuttering cocaine route from Colombia through the Caribbean and Florida forced Colombian cartels to use routes through Mexico for their drug shipments. The excerpt describes how **Mexican cartels developed**, and how **by 1984 they controlled 90 percent of the cocaine coming to the US through their country, generating income estimated at $5 billion**. Like all figures linked to narcotics, these numbers are more guesses than statistics. It's clear the authors of such absurdities have not the slightest understanding that when faced with a public deficit of 20 percent of GDP — stemming from losses by inept and corrupt state firms — Mexico's only option was to sell, close or liquidate anything that was not providing essential services but simply draining the state's coffers. Social programs were not cut; on the contrary, they became stronger, thanks to the resources that were saved. As for paying or not paying the external debt, at that time there were two diametrically opposite cases: Peru, where President Alan Garcia, in his first term, refused to pay the IMF, and Mexico, which renegotiated its debt five times between 1983 and 1989. The results were much worse for Peru, in terms of protracted economic stagnation and inflation. Clearly, "the poet" and the "radical historian" — as their biographies characterize Boullosa and Wallace — don't handle numbers well, as none of the numbers cited are remotely true, like the supposed loss of 800,000 jobs in Mexico in the 1980s, when in reality — and despite the crisis — more than 2 million were created. When it comes to the migration of rural workers to cities and the US, the authors don't understand that 17 percent of Mexico's active work force are still involved in field work (in the US, it's less than 2 percent), producing less than 4 percent of Mexico's GDP. This guarantees miserable conditions for these workers, meaning not only was it essential for this migration to take place, but it is also essential for there to be more migration in the future. **After Mexico dismantled** — unfortunately, only partially — **its swam of subsidies and "supports" for farmers**, finally allowing them to own their land — — **instead of the dismally inefficient "ejido" system of communal farms –production in the countryside has risen substantially.** So much more is produced and exported now than in the era of statism, protectionism, and inefficiency for which the authors yearn. The book also repeats the fallacy that Mexican corn farmers were devastated by imported US grain. That is completely false as imported corn is yellow and used exclusively to feed pigs, an industry which has flourished spectacularly. **Nowadays there are more farmers producing white corn for human consumption than before the free trade agreement.** The authors also claim unions were mistreated, which is false, and that President Salinas "ordered a series of attacks on more militant entities," which is probably a reference to the arrest of Joaquin Hernandez (alias "La Quina"), the corrupt leader of the oil workers union, who indulged in all kinds of crimes and corruption, something which has been well documented. Unfortunately Mexico's labor laws were not made more flexible until last year, and even then only partially.

The true causes of drug violence in Mexico have nothing to do with economic and trade policies that significantly raised the economy's competitiveness. **The violence is a direct result of drug prohibition, and the political regimes between 2000 to 2012, which dismantled a very effective national security apparatus which kept the situation under control**. This is just a small sample of the large collection of absurdities and lies that socialists repeat like mantras in order to criticize free market economies, and which are used to gloss up Boullosa's and Wallace's text.

Felbab-Brown, Vanda. "U.S.-Mexican Relations." Brookings. Brookings Institution, 16 November 2016. Web. Accessed 15 June 2018. <https://www.brookings.edu/research/the-united-states-and-mexico-moving-beyond-the-elections-vitriol-and-strengthening-a-multifaceted-partnership/>

Yet both basic facts and overwhelming evidence from economic studies show that it is in fact in the interests of the United States and Mexico (and Canada) to continue deepening their economic cooperation and integration. Equally in the realm of national security, including against terrorism and criminality, the three North American countries must continue and enlarge their cooperation—at their borders and beyond—assisting each other in advancing rule of law, justice, and public safety.

Immigration, NAFTA, and criminality are interrelated. Not only is U.S. security enhanced by good cooperation with Mexico, but weakening U.S.-Mexico economic integration can exacerbate both criminality in Mexico and outmigration pressures to the United States. Weakening NAFTA and the economic progress it brought to Mexico would reduce job opportunities and social development in Mexico. It would thus likely result in more impoverished Mexicans seeking to enter the United States illegally to make basic ends meet or face pressures to work in illegal economies and join criminal groups.

The Trump administration will carry difficult baggage of electoral slogans and promises to the White House with respect to the U.S.-Mexican relationship. Nonetheless, the new president-elect and his team should move beyond the campaign slogans and work with Mexico in a cooperative spirit. Below are ways to advance the economic, security, and public safety issues that are of deep interest to both countries.

Green, Russell A., and Tony Payan. Rice University "Was NAFTA Good for the United States?." (2017). //JN

https://scholarship.rice.edu/bitstream/handle/1911/97769/BI-pub-NAFTA-062317.pdf?sequence=1

It is also important to point out what NAFTA has not done for Mexico. Corruption and crime have not decreased since the agreement was ratified. If anything, both have increased in recent years, fueling Americans' unease over a close relationship with Mexico. Petty corruption costs Mexico billions of dollars, and it has not diminished since NAFTA entered into force. Mexico continues to be labeled a largely corrupt nation on most international indices (Transparency International 2017). But corruption is an ingrained institution in Mexico, going back to colonial times (Oliver 2007). The weakening of the central government's authority after 2000 has not helped. It is unfair to expect a trade agreement to surmount the much stronger forces exerted by corruption. Crime has been on the rise, especially that related to drug trafficking. Ordinary crime— including rape, extortion, natural resource theft, femicide, and kidnappings—has also increased, but it is not at all clear that this is linked to NAFTA. In fact, **crime rates have fluctuated with no apparent relation to trade or NAFTA** (see Figure 20).

A2: More Drugs Across Open Border

Link Turn Rhetoric

1. Kan '17 of the War on the Rocks writes that Mexican cartels will always find means to smuggle goods across the border because of the profit incentive to do so. If anything, he furthers that the profits derived from smuggling are competitive if not more lucrative than those of drugs.
2. *If it takes less violence to get drugs across the border, that's a good thing because they have less of an incentive to engage in violent means to match demand.*

Kan, Paul. “THE BORDER WALL: MAKING MEXICAN DRUG CARTELS GREAT AGAIN.” War on the Rocks. Feb. 2017. https://warontherocks.com/2017/02/the-border-wall-making-mexican-drug-cartels-great-again/

Flowing from Rule 1, a new border is a boon for Mexican cartels because they provide incentives to generate profit. **Thwarting border protections is an industry in its own right**. **Whether it is developing tunnels under the border or providing false documentation to get through a border checkpoint, Mexican cartels will still own the market for the ways and means to move products to the United States. Paradoxically, cartel profits may increase if NAFTA is renegotiated in ways that raise costs to Mexican manufacturers.** Some cartels are deeply embedded in legitimate parts of the Mexican economy and have logistics positioned along the border to assist in the movement of legal goods smuggled through ports of entry to avoid high tariffs. Although NAFTA greatly eased the ability of drug cartels to move their products through looser customs inspections, **drastically curtailing many provisions of NAFTA provides increased opportunities for smuggling.**

*US Manufacturing Industry

A2: Jobs Left America

Link Defense Rhetoric

1. Lehmacher '16 of Fortune writes that 88% of the jobs were taken by automation or other factors at home, indicating that regardless of trade, these jobs would be lost.

Link Turn Rhetoric

1. Turn- more jobs would have been lost otherwise. Porter '16 of the New York Times indicates that NAFTA integrated complementary labor forces to make production more efficient because basic tasks were performed in Mexico while high skilled engineers worked in America, allowing operations to continue without having to shift all production to Asia. Ultimately, McBridge '17 of the CFR impacts that NAFTA lowered costs and increased productivity, allowing the auto industry to compete against Asian rivals at risk of taking American jobs, which is why Porter concludes that NAFTA saved hundreds of thousands of jobs.
2. Turn - NAFTA creates more jobs. O'Neill of Foreign Affairs in 2013 explains that NAFTA has tripled US-Mexican trade, and this cross-border production leads to an increase in jobs, because companies who increase their investment and employment abroad with their overseas operations are more likely to invest and hire domestically than companies solely based in the US.
3. Turn - Campbell '16 of the Atlantic finds that US involvement in NAFTA directly creates 4.9 million American jobs.
4. Turn - Fitzgerald '01 of the Heritage Foundation writes that total employment in the US motor vehicle industry has grown five times faster following the signing of NAFTA.
5. Turn - Isaacs '14 of the Peterson Institute writes that companies who benefited from the increased efficiency from NAFTA hired 2.5 more workers for every 1 job lost to Mexico.

Cards:

Wolfgang Lehmacher 2016, Fortune

http://fortune.com/2016/11/08/china-automation-jobs/

The U.S. has lost 5 million factory jobs since 2000. And trade has indeed claimed production jobs – in particular when China joined the World Trade Organization in 2001. Nevertheless, there was no downturn in U.S. manufacturing output. As a matter of fact, U.S. production has been growing over the last decades. From 2006 to 2013, "manufacturing grew by 17.6%, or at roughly 2.2% per year," according to a report from Ball State University. The study reports as well that trade accounted for 13% of the lost U.S. factory jobs, but ***88% of the jobs were taken by robots and other factors at home.***

If not China, what then explains these jobs losses? It's simple: ***factories don't need as many workers as they used to, because robots increasingly do the work.***

Investment in automation and software has doubled the output per U.S. manufacturing worker over the past two decades. ***Robots are replacing workers, regardless of trade at an accelerating pace.*** "The real robotics revolution is ready to begin" writes BCG and predicts that ***"the share of tasks that are performed by robots will rise from a global average of around 10% across all manufacturing industries today to around 25% by 2025."***

With increasing automation, the manufacturing industry is becoming more productive. ***From 1998 to 2012, all sectors experienced a productivity growth of 32% when adjusted for inflation – the production of computer and electronic products rose 829%***. The researchers at Ball State University calculated: If 2000-levels of productivity are applied to 2010-levels of production, the U.S. would have required 20.9 million manufacturing workers instead of the 12.1 million actually employed.

With the rise in productivity, many workers are moving up the economic ladder. However, those who fail to meet rising requirements – probably many less-educated Americans – risk to fall into the lower class. "Since the 1960s, manufacturing has always paid substantially more than the minimum wage. Even today, the manufacturing jobs that remain average $20.17 an hour. That's nearly three times the federal minimum wage.

Robots will help companies and brands move manufacturing closer to markets. Customer needs and increasing scale will decelerate the global search for cheap labor. With scale the prices of robots come down. BCT projects that ***"growth in the global installed base of advanced robotics will accelerate from around 2% to 3% annually today to around 10% annually during the next decade.***

Porter of the NY Times in 2016,

Porter, Eduardo. "NAFTA May Have Saved Many Autoworkers' Jobs." NY TImes. New York Times, 29 March 2016. Web. Accessed 5 June 2018. <https://www.nytimes.com/2016/03/30/business/economy/nafta-may-have-saved-many-autoworkers-jobs.html?_r=0>

"Nafta is also blamed for lots of things that are actually because of competition with China," he told me.

The truth is that autoworkers in Detroit were not just competing with cheap workers in Mexico. They were also competing with American workers in the union-averse South, where many car companies set up shop. They were competing with robots and more efficient Japanese and Korean automakers. Detroit responded by cutting as many costly factory jobs as it could. But value added by the car and car-parts makers in the United States is only slightly lower than it was in 1993. **The integration of production across countries with complementary labor forces — cheaper workers in Mexico to perform many basic tasks, with more highly paid and productive engineers and workers in the United States — turned out to play a central role in reviving the auto industry in North America**. In the final analysis, Nafta might have **saved hundreds of thousands of jobs**. By offering a low-wage platform, Mexican plants increased the scale of production in North America, allowing domestic and foreign automakers to amortize their large fixed costs. Carmakers and parts suppliers tend to **cluster relatively close** together. **So assembly plants in Mexico help sustain a robust auto-parts industry across North America.** The Honda CR-V assembled in El Salto, Jalisco, for example, uses an American-made motor and transmission. Roughly 70 percent of its content is either American or Canadian, according to government statistics. This regional integration gave the United States-based auto industry a competitive edge that was critical to its survival. "There was a concern 20 years ago that an auto industry production chain would develop across Asia, including China and Taiwan and Southeast Asia," Professor Hanson said. "Maybe Nafta saved us from that."

Nafta is now at a critical juncture. The Chinese manufacturing behemoth that squeezed Mexico out of so many markets over the past 15 years seems to be losing some of its power.

McBridge of the CFR writes in 2017,

McBride, James and Mohammed Aly Sergie. "NAFTA's Economic Impact." CFR. Council on Foreign Relations, 4 October 2017. Web. Accessed 5 June 2018. https://www.cfr.org/backgrounder/naftas-economic-impact

But other economists like Gary Clyde Hufbauer and Cathleen Cimino-Isaacs of the Peterson Institute for International Economics (PIIE) emphasize that increased trade produces gains for the overall U.S. economy. Some jobs are lost due to imports, but others are created, and consumers benefit significantly from the falling prices and often improved quality of goods created by import competition. A 2014 PIIE study of NAFTA's effects found that about 15,000 jobs on net are lost each year due to the pact—but that for each of those jobs lost, the economy gains roughly $450,000 in the form of higher productivity and lower consumer prices. Many economists also assert that the recent troubles of U.S. manufacturing have little to do with NAFTA, arguing that manufacturing in the United States was under stress decades before the treaty. Research by David Autor, David Dorn, and Gordon Hanson published in January 2016 found [PDF] that competition with China had a much bigger negative impact on U.S. jobs since 2001, when China joined the WTO. Hanson, an economist and trade expert at the University of California, San Diego, says that the steepest decline in manufacturing jobs, which fell from seventeen million to eleven million between 2000 and 2010, is mostly attributable to trade with China and underlying technological changes. "China is at the top of the list in terms of the employment impacts that we found since 2000, with technology second, and NAFTA far less important," he says. In fact, says Hanson, NAFTA helped the U.S. auto sector compete with China. By contributing to the development of cross-border supply chains, NAFTA lowered costs, increased productivity, and improved U.S. competitiveness. This meant shedding some jobs in the United States as positions moved to Mexico, he argues, but without the pact, even more would have otherwise been lost. "Because Mexico is so close, you can have a regional industry cluster where goods can go back and forth. The manufacturing industries in the three countries can be very integrated," he says. These sort of linkages, which have given U.S. automakers an advantage in relation to China, would be much more difficult without NAFTA's tariff reductions and protections for intellectual property. Edward Alden, a senior fellow at the Council on Foreign Relations, says anxiety over trade deals has grown because wages haven't kept pace with labor productivity while income inequality has risen. To some extent, he says, trade deals have hastened the pace of these changes in that they have "reinforced the globalization of the American economy."

O'Neill 13 – Senior Fellow for Latin America Studies, contributor to the Council on Foreign Relations and the Wilson Institute (Shannon K., "Mexico Makes It", March/April 2013; < http://www.foreignaffairs.com/articles/138818/shannon-k-oneil/mexico-makes-it>)//Beddow

Since NAFTA was passed, U.S.-Mexican trade has more than tripled. Well over $1 billion worth of goods crosses the U.S.-Mexican border every day, as do 3,000 people, 12,000 trucks, and 1,200 railcars. Mexico is second only to Canada as a destination for U.S. goods, and sales to Mexico support an estimated six million American jobs, according to a report published by the Woodrow Wilson International Center's Mexico Institute. The composition of that bilateral trade has also changed in recent decades. Approximately 40 percent of the products made in Mexico today have parts that come from the United States. Many consumer goods, including cars, televisions, and computers, cross the border more than once during their production. Admittedly, this process has sent some U.S. jobs south, but **overall, cross-border production is good for U.S. employment. There is evidence that U.S. companies with overseas operations are more likely to create domestic jobs than those based solely in the United States.** Using data collected confidentially from thousands of large U.S. manufacturing firms, the scholars Mihir Desai, C. Fritz Foley, and James Hines upended the conventional wisdom in a 2008 study, **which found that when companies ramp up their investment and employment internationally, they invest more and hire more people at home, too.** Overseas operations make companies more productive and competitive, and with improved products, lower prices, and higher sales, they are able to create new jobs everywhere. **Washington should welcome the expansion of U.S. companies in Mexico because increasing cross-border production and trade between the two countries would boost U.S. employment and growth**. Mexico is a ready, willing, and able economic partner, with which the United States has closer ties than it does with any other emerging-market country.

Campbell, Alexia. "Nearly 5 Million U.S. Jobs Depend On Trade With Mexico." The Atlantic. N. p., 2016.

https://www.theatlantic.com/business/archive/2016/12/mexico-nafta-trade/510008/

American companies, critics argue, have used NAFTA to send manufacturing jobs to Mexico—where labor is cheaper—leaving domestic workers unemployed. It's true that companies have been enticed to send jobs abroad—but often this argument misses the fact that as some American firms moved work across the border, there's also been reciprocity. Now, millions of American jobs are dependent on trade with Mexico, and Mexican corporations have created thousands of jobs in the U.S. New research from the Mexico Institute at the Wilson Center, a nonpartisan think tank based in Washington, D.C., found that **trade with Mexico creates approximately 4.9 million jobs in the United States. In other words, one out of 29 American jobs depends on preserving an economic relationship with the U.S.'s southern neighbor. Researchers came up with this 4.9 million figure by calculating three economic shifts that would likely occur if trade with Mexico ended: the number of American jobs that are involved in producing exports to Mexico, which would be lost; the number of jobs that would return to the United States to produce the previously imported goods; and the number of jobs that would disappear if the money American consumers and companies saved from buying lower-cost imports were gone.** The impact of those first two shifts will mostly offset each other—with many of the jobs lost in Mexican production returning to the U.S. or moving elsewhere—meaning that most of the 4.9 million jobs lost by gutting NAFTA are those that are tangentially related to trade with Mexico, says Christopher Wilson, deputy director of the Mexico Institute, and author of the report. The model they used— called the Global Trade Analysis Project—analyzed national data on employment, production, imports, and exports in 56 industries. It found that the vast majority of jobs that tangentially depend on trade with Mexico are in the service sector, such as retail, finance, and healthcare. For example, when an American consumer buys a washing machine made in Mexico, he or she can save about $100 since it's cheaper for American companies to manufacture appliances in Mexico than in the United States. The consumer can then spend that $100 elsewhere, maybe at a restaurant or a clothing store. That money—which is spread across the economy instead of spent on a single purchase—helps keeps people employed in other sectors, according to the report. Though it's hard for economists to know exactly where consumers spend the extra money that they save by buying cheaper goods, Wilson and researchers at Purdue University calculated the impact at an aggregate level. The fact that so many jobs would disappear if the United States stopped trading with Mexico shows how much the economies of both countries have become dependent on one another, says Wilson. "There is no longer such a thing as an American-made car, a Mexican-made car, or a Canadian-made car—the car is made across borders," he says. ***jackiehenley***

Fitzgerald, Sara. "The Effects Of NAFTA On Exports, Jobs, And The Environment: Myth Vs. Reality." The Heritage Foundation. N. p., 2001.

https://www.heritage.org/trade/report/the-effects-nafta-exports-jobs-and-the-environment-myth-vs-reality#pgfId=1152553

The Bureau of labor Statistics has reported that more people lose their jobs each year from labor strikes than from import competition. Moreover: After a five-year analysis of NAFTA, the Department of Commerce concluded: We estimate U.S. exports to Canada and Mexico support over 600,000 more jobs now than in 1993. U.S. exports to Canada support an estimated 1.7 million jobs, over 300,000 more jobs than in 1993. Exports to Mexico in 1998 supported almost a million jobs, up over 350,000 jobs from 1993. Jobs supported by exports pay 13 to 16 percent more than other U.S. jobs. **Bureau of Labor Statistics data confirms that "Total employment in the U.S. motor vehicle industry has grown five times faster following NAFTA that in the years prior to the Agreement."** U.S. unemployment has declined significantly since NAFTA was signed. For example, U.S. unemployment in 1992 stood at 7.5 percent; today, it is 4.5 percent. ***jackiehenley***

Cathleen Isaacs 2014, The Peterson Institute for International Economics

https://piie.com/blogs/realtime-economic-issues-watch/nafta-rejoinder-us-effects-are-clearly-positive-most-workers

Within industries, moreover, **increased trade has the net effect of downsizing less efficient firms and expanding more efficient firms. The resulting job displacement is painful for the affected workers, but the country as a whole gains through lower prices, higher productivity, and better paying jobs. Little net change in employment occurs in the short run, but increased US productivity does generally lead over time to employment growth and national income gains for the whole economy.**

On our reckoning, since NAFTA's enactment, fewer than 5 percent of US workers who have lost jobs from sizable layoffs (such as when large plants close down) can be attributed to rising imports from Mexico.[2] By our calculations for the roughly 200,000 out of 4 million people who lose their jobs annually under these circumstances, the job losses can be attributed to rising imports from Mexico, and almost the same number of new jobs has been created annually by rising US exports to Mexico. The net annual job losses are perhaps in the low tens of thousands, about 15,000. **For every net job lost in this definition, the gains to the US economy were about $450,000, owing to enhanced productivity of the workforce, a broader range of goods and services, and lower prices at the checkout counter for households.**[3] Beyond NAFTA, globalization payoffs derive from investment as well as trade. Research by Lindsey Oldenski and Theodore Moran [pdf] shows that when US-based multinational corporations (MNCs) invest abroad, expanding their sales or employment overseas, the average statistically significant impact is both increased employment and investment at home. As Posen notes, Oldenski and Moran (2014) find that, on average, ***for every 100 jobs US manufacturing multinational corporations created in Mexican plants, nearly 250 jobs were added in their US operations.*** The data are available on the PIIE website for those who wish to replicate this result (as are all of our data used in NAFTA at 20). By asserting that Odenski and Moran want the United States to "subsidize the export of jobs," the CEPR is distorting the argument, which simply is that ***when US multinationals make***

business decisions to invest abroad, they improve their productivity, enabling them to hire workers and make investments at home. Forcing uncompetitive practices on MNCs, whether to move more or less production abroad, would backfire for the US economy.