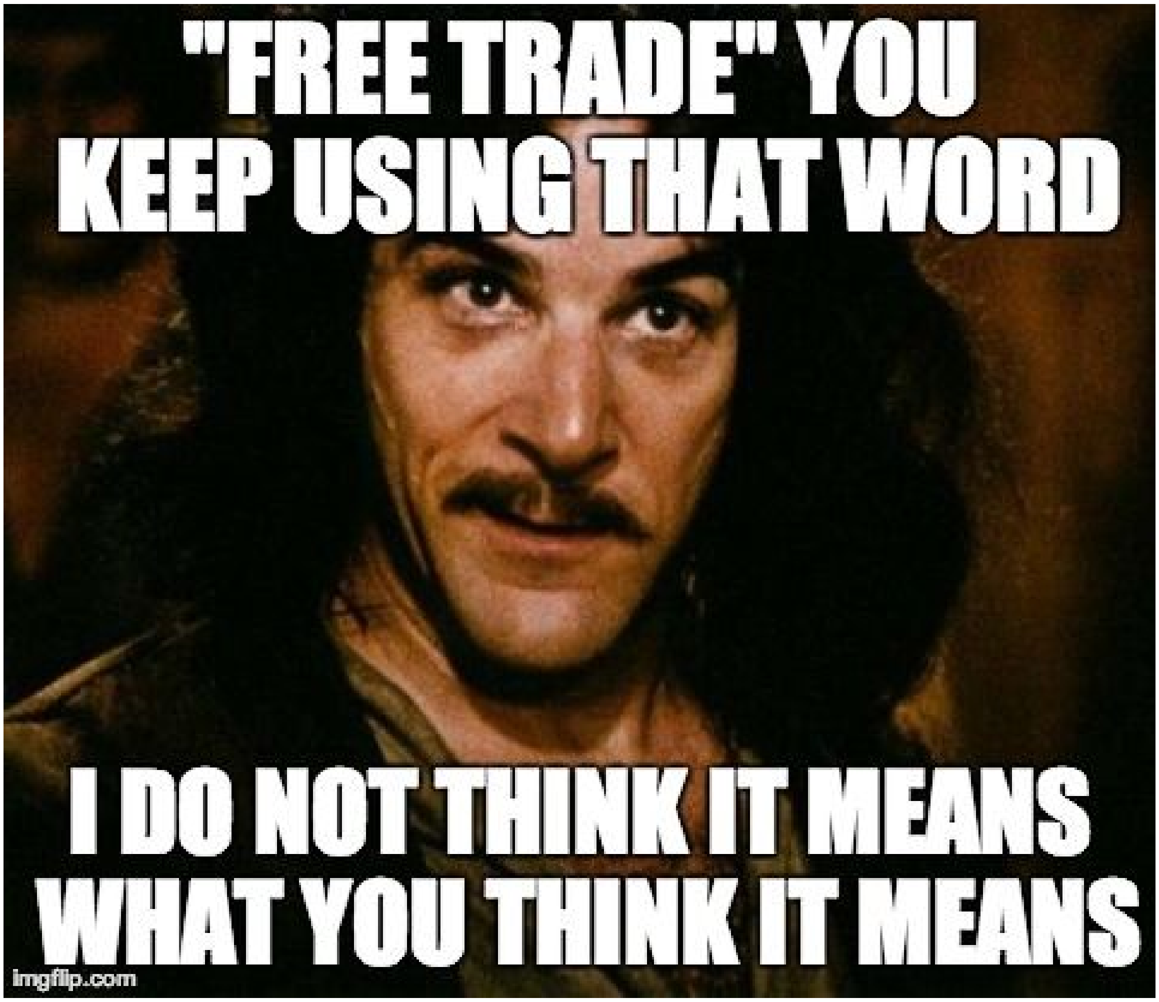
"FREE TRADE" YOU
KEEP USING THAT WORD
I DO NOT THINK IT MEANS
WHAT YOU THINK IT MEANS
imgflip.com

Mexico Args

A2: General Econ/Poverty

1. **Alternate causality – drug wars. Even though the Mexican economy did not grow as expected since NAFTA's implantation, that has nothing to do with NAFTA. In fact, the sectors most affected by NAFTA were the best performing during the period, which is why Gary Hufbauer of the Peterson Institute for International Economics explains that without NAFTA, the Mexican economy would have tanked instead of growing slowly.**

https://piie.com/sites/default/files/publications/pb/pb14-13.pdf "NAFTA at 20: Misleading Charges and Positive Achievements" May 2014 by Gary Hufbauer of the Peterson Institute for International Economics (PIIE) (2)

Mexican growth in the NAFTA era has been disappointing. In the wake of substantial economic reforms, Mexico should have delivered a performance as good as Chile's. It did not. Figure 4 compares real per capita GDP levels (adjusted for inflation), between 1993 and 2013, for four relevant countries and country groups: Mexico, Chile, the "ASEAN-4" (Indonesia, Malaysia, the Philippines, and Thailand), and the "Andean-3" (Bolivia, Ecuador, and Venezuela). Over the two-decade period, Mexican real GDP per capita expanded 31 percent, which works out to 1.3 percent annually (compounded), whereas Chile expanded 90 percent, 3.1 percent annually. The ASEAN-4 expanded 75 percent, 2.7 percent annually, while the Andean-3 expanded 24 percent, only 1.0 percent annually. **Why did Mexico perform more poorly than Chile or the ASEAN-4? Not because of NAFTA or lagging exports. Between 1993 and 2013, Mexican exports expanded 640 percent, Chilean exports expanded 730 percent, and ASEAN-4 exports expanded 420 percent.36 Instead, Mexico suffered from three handicaps that were not nearly so burdensome in Chile and the ASEAN-4. Foremost was organized mayhem stemming from drug wars** driven by the craving "made in the USA." **Drug cartels have not only killed 70,000 people just since 2006,37 spreading fear across Mexico; they have also knocked GDP growth down by around 1 percent annually. Other causes of the lagging Mexican performance include weak primary and secondary education; poor infrastructure (water, sewer, gas, electricity, roads) in major urban areas, discouraging the migration from farm to city; extensive corruption (compared to Chile); persistent monopolization of key sectors (telecoms, television, petroleum, electricity, cement); and sundry tax and regulatory obstacles that stifle small business firms. In fact, a McKinsey Global Institute report (2014) finds that sectors of the Mexican economy oriented towards NAFTA—primarily large firms employing 500 persons or more—enjoyed productivity growth of 5.8 percent annually between 1999 and 2009. The Mexican productivity problem is concentrated in traditional small firms—employing 10 or fewer persons—which have little connection to NAFTA.** These firms account for 42 percent of the Mexican labor force, but their productivity actually declined between 1999 and 2009, dragging down the overall growth of the Mexican economy. **As mediocre as Mexican GDP performance was for two decades, it could have been worse.** Look no further than the Andean-3 to see the adverse impact—in per capita income levels as well as growth—of populism, macroeconomic follies, and deep state intervention. **Conceivably, if the US Congress had rejected NAFTA and refused to throw Mexico a financial lifeline following the peso crisis of 1994, Mexican political and economic policies might have taken a sharp left turn. Instead of growing real per capita GDP at 1.3 percent annually, the Mexican economy might have followed the trajectory of the Andean-3, possibly shrinking per capita GDP**, and the Mexican political system might be rejecting new reforms rather than tackling the problems of the state-owned petroleum company Pemex and entrenched private monopolies.

2. **Ann Harrison of the NBER explains that NAFTA helped the poor, sheltering them from the blow of the 1995 Mexican financial crisis. Mexican states that were less affected by NAFTA and had less NAFTA-involved sectors experienced 7 percent more poverty during the crisis than states with more involvement with NAFTA.**

https://core.ac.uk/download/pdf/6785079.pdf "GLOBALIZATION AND POVERTY" June 2006 by Ann Harrison of the NBER

While poverty was falling dramatically in India during this period, **between 1990 and 2000 poverty in Mexico increased. In the states with low exposure to globalization, poverty increased from 32 to 40 percent; in the states with high exposure, poverty increased only slightly, from 21 to 22 percent. If we take the difference in the increase in poverty within each region over the 1990s, we find that poverty increased by 8 percent in low exposure states and by only 1 percent in high exposure states. The "difference-in-difference" estimator is the differential in these two changes—ie 8 – 1 equals 7 percentage points—and is the basis for Hanson's conclusions that the incidence of wage poverty in low exposure states increased relative to poverty in high-exposure states by approximately 7 percent.** How can we reconcile the findings on Mexico and India? As pointed out by Hanson, **the peso crisis in Mexico in 1995 is one major reason for the aggregate increase in poverty**, in contrast to India which experienced no major adverse macroeconomic shock during this period. In addition, Hanson defines high globalization states to include those with a high proportion of maquiladoras—production activities designated for exports—and foreign direct investment. Topalova also finds, consistent with Hanson's chapter, that poverty fell more in regions that exported more or received more foreign direct investment. **Consequently, both studies suggest that export activity and foreign direct investment are correlated with beneficial outcomes for the poor.**

A2: Weisbrot

1. **Weisbrot's analysis are erroneous and unreliable. Daniel Raisbeck writes: Not only did Weisbrot claim that the Maduro regime would never face a balance-of-payment crisis, but he also discarded the possibility of hyperinflation in Venezuela and ruled out the collapse of the country's currency as well as the possibility of massive food shortages. All of those things were incorrect; the government can't pay off its debt; hyperinflation is so bad that currency can't "fits in wallets;" and there massive shortages of food and medicine.**

Raisbeck 17 Daniel Raisbeck, 4-3-2017, "Our Apologies to the World's Worst Economist," PanAm Post, https://panampost.com/daniel-raisbeck/2017/04/03/our-apologies-to-the-worlds-worst-economist/?cn-reloaded=1 //DF

Beyond the issue of whence Weisbrot procures his daily bread, which is not in the least in the PanAm Post's interests, the fact is that Unsworth's intention in writing about "America's worst economist" was to emphasize the disastrous nature of Weisbrot's "'predictions' about the wondrous future of Venezuelan Communism." Not only did Weisbrot claim that the Maduro regime would never face a balance-of-payment crisis, but he also discarded the possibility of hyperinflation in Venezuela and ruled out the collapse of the country's currency as well as the possibility of massive food shortages. Today, however, the Venezuelan regime faces serious difficulties paying its foreign debt while its citizens endure hyperinflation, a currency so devalued "it no longer fits in wallets", and massive shortages of food and medicine. In other words, if economists could be sued for malpractice, as Unsworth writes, "there is surely no economist in America more deserving of such treatment than Mark Weisbrot." By removing Unsworth's article from the PanAm Post's website, we apologize to Weisbrot if any reader was led to believe that his disastrously mistaken economic predictions were due to venality and not to his mere professional incompetence. We now request his apology to the people of Venezuela for facilitating the Chavista obliteration of their country, petty as his role as a useful idiot may have been. We won't hold our breath in expectation, however; saying "sorry" for the damage they cause is hardly the 21st Century Socialists' bread and butter. By removing Unsworth's article from the PanAm Post's website, we apologize to Weisbrot if any reader was led to believe that his disastrously mistaken economic predictions were due to venality and not to his mere professional incompetence. We now request his apology to the people of Venezuela for facilitating the Chavista obliteration of their country, petty as his role as a useful idiot may have been. We won't hold our breath in expectation, however; saying "sorry" for the damage they cause is hardly the 21st Century Socialists' bread and butter.

2. **In fact, Tim Worstall writes in Forbes magazine: when Mark Weisbrot starts to praise the economic policy of a country, then that's a real good time to sell everything and run screaming for the hills**

Worstall 17 Tim Worstall [Fellow, Adam Smith Institute in London], 2-16-2017, "Sell Ecuador," Forbes, https://www.forbes.com/sites/timworstall/2017/02/16/sell-ecuador-mark-weisbrot-is-telling-us-how-good-economic-policy-is-there/#6fec2a727342 //DF

A useful little aide memoire is that **when Mark Weisbrot starts to praise the economic policy of a country, then that's a real good time to sell everything and run screaming for the hills**. Toward that stock of shotgun shells and canned beans you've got for when it all really does start to all kick off. This useful little indicator is now flashing red for Ecuador as Weisbrot has a new report out telling us all how wonderfully the place is doing. There's an article in The Nation to announce that report: The details are also worth looking at because Ecuador's experience shows that much of the rhetoric about how "globalization" restricts the choices of governments to those that please international investors is also exaggerated. It turns out that even a relatively small, middle-income developing country can adopt workable alternative policy options—if people can elect a government that is independent and responsible enough to use them. Inequality's fallen, welfare spending is up, there's been modest growth in GDP per capita and so on. Hurrah, eh? And all by sticking it to The Man and following proper left-wing policies instead of that dread Washington consensus. The full report is here. And you've got to read a little between the lines to understand what has really been happening. Ecuador lives mainly from oil exports. And we've just been through the greatest ramp in oil prices in the history of our civilisation. And oil exporter should have been getting richer in such a time period. And that really is pretty much the explanation for what has happened. Except, of course, for the last little bit of it, the past year and two, when oil prices have collapsed. At which point the Ecuadorean government is running gargantuan budget deficits to keep the show on the road. Something that will only last for so long before the wheels come off, especially for a government that doesn't issue nor borrow in its own currency--Ecuador uses the U.S. dollar.

A2: Income Inequality

A2: Wealthy-Poor

1. **While NAFTA has brought economic benefits to Mexico, Angeles Villarreal of the CRS explains that it has been unable to solve income inequality because Mexico's governmental institutions need to be reformed for that, which is how other Latin American countries achieved decreases in inequality.**

https://fas.org/sgp/crs/row/R42965.pdf "The North American Free Trade Agreement (NAFTA)" May 24th 2017 by Angeles Villarreal of the CRS

A World Bank study states that NAFTA brought economic and social benefits to the Mexican economy, but that it is not enough to help narrow the disparities in economic conditions between Mexico and the United States. 73 It contends that Mexico needs to invest more in education, innovation, and infrastructure, and in the quality of national institutions. The study also states that income convergence between a Latin American country and the United States is limited by the wide differences in the quality of domestic institutions, in the innovation dynamics of domestic firms, and in the skills of the labor force. While NAFTA had a positive effect on wages and employment in some Mexican states, the wage differential within the country increased as a result of trade liberalization. 74 **Another study also notes that the ability of Mexico to improve economic conditions depends on its capacity to improve its national institutions, adding that Mexican institutions did not improve significantly more than those of other Latin American countries since NAFTA went into effect.** 75

2. **Mauro Guillen of the University of Pennsylvania explains that if NAFTA has created inequality, it is only because it has improved the wages of skilled workers more than other workers. The type of inequality they're talking about it not the bad kind where people are pushed into poverty; NAFTA simply made the wages of skilled workers rise faster than those of unskilled workers, but everyone still benefited.**

http://knowledge.wharton.upenn.edu/article/nafta-20-years-later-benefits-outweigh-costs/ "NAFTA, 20 Years Later: Do the Benefits Outweigh the Costs?" February 19th 2014 by the University of Pennsylvania – citing Mauro Guillen of the University of Pennsylvania

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.**

http://www.oit.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_114029.pdf "The FDI – employment link in a globalizing world: The case of Argentina, Brazil and Mexico" 2005 by Christoph Ernst of the Employment Analysis Unit

Table 7 reveals a general trend towards an increase in the share of wages (i.e. wages of a specific industry divided by total manufacturing wages), during the 1990s in industries that benefited most from FDI. A major contributory factor was the productivity rise in those industries as a result of a greater use of modern machinery, but labour shedding also played an important role.34 Other studies confirm the finding. **In Mexico, it has been found that foreign firms pay 21.5 per cent higher wages for skilled workers and 3.3 per cent higher for unskilled workers than domestic firms** (Willem te Velde, 2003). To a lesser extent, a similar trend has been observed in Argentina and Brazil. FDI is therefore not associated with reduced inequality; rather, it may increase wage inequality (Feenstra and Hanson, 1997).

3. **Paul Imison of the Atlantic explains that NAFTA led to the development of a middle class as jobs transitioned from labor intensive jobs to more skilled jobs. Thus, inequality decreased because the previous system with super rich and super poor people changed to a system where many of those poor people became middle class. My opponents will tell you this is bad because the unskilled workers lost jobs in this transition, however, this is the equivalent of America's transition away from sweatshops to less labor-intensive, more skilled work, which is obviously a good thing.**

https://www.theatlantic.com/international/archive/2017/09/nafta-mexico-trump-trade/540906/ "How NAFTA Explains the Two Mexicos" September 23rd 2017 by Paul Imison of the Atlantic

These changes have fundamentally transformed Mexico. Exports have grown by more than 500 percent since 1993 thanks to growth in manufacturing. Mexican universities are increasingly producing high-skilled workers while firms in the aerospace, tech, and the financial industry, are innovating at a rapid clip. **The country's middle class grew by 11 percent between 2000 and 2010.** Meanwhile, NAFTA's integrated legal framework, which strengthened property rights and dispute mechanisms, has enhanced the rule of law in a private sector long hamstrung by political interference. "**This has been one of the most understated achievements of NAFTA**," Valeria Moy, an economist at the Autonomous Technological Institute of Mexico, told me. "The market has helped usher in changes that the Mexican government couldn't."

A2: North-South

1. **Probably concedes our case for the north of Mexico.**
2. **David Floyd of Investopedia explains that the reason the North benefited much more than the South is not because NAFTA is bad, but rather because the Mexican government failed to complete infrastructure projects in the South, which made it impossible for NAFTA to be effective there. This is not a consequence of NAFTA, but rather of the Mexican government's failures.**

https://www.investopedia.com/articles/economics/08/north-american-free-trade-agreement.asp "NAFTA's Winners And Losers" January 30th 2018 by David Floyd of Investopedia

Instead the number of Mexican immigrants more than doubled – again – from 1990 to 2000, when it approached 9.2 million. According to Pew, the flow has reversed, at least temporarily: 140,000 more Mexicans left the U.S. than entered it from 2009 to 2014, likely due to the effects of the financial crisis. One reason NAFTA did not cause the expected reduction in immigration was the peso crisis of 1994-1995, which sent the Mexican economy into recession. Another is that reducing Mexican corn tariffs did not prompt Mexican corn farmers to plant other, more lucrative crops; it prompted them to give up farming. A third is that **the Mexican government did not follow through with promised infrastructure investments, which largely confined the pact's effects on manufacturing to the north of the country.**

3. **If the North is better off than the South, it is only because NAFTA helped the northern states, which were integrated more with the US and NAFTA, recover from the 1995 peso crisis. Ann Harrison of the NBER explains that NAFTA sheltered these states them from the blow of the crisis, and those regions experienced 7% less poverty. This inequality isn't because NAFTA has harmed the Southern states, it has just decreased poverty in the northern states more.**

https://core.ac.uk/download/pdf/6785079.pdf "GLOBALIZATION AND POVERTY" June 2006 by Ann Harrison of the NBER

While poverty was falling dramatically in India during this period, **between 1990 and 2000 poverty in Mexico increased. In the states with low exposure to globalization, poverty increased from 32 to 40 percent; in the states with high exposure, poverty increased only slightly, from 21 to 22 percent. If we take the difference in the increase in poverty within each region over the 1990s, we find that poverty increased by 8 percent in low exposure states and by only 1 percent in high exposure states. The "difference-in-difference" estimator is the differential in these two changes—ie 8 – 1 equals 7 percentage points—and is the basis for Hanson's conclusions that the incidence of wage poverty in low exposure states increased relative to poverty in high-exposure states by approximately 7 percent.** How can we reconcile the findings on Mexico and India? As pointed out by Hanson, **the peso crisis in Mexico in 1995 is one major reason for the aggregate increase in poverty**, in contrast to India which experienced no major adverse macroeconomic shock during this period. In addition, Hanson defines high globalization states to include those with a high proportion of maquiladoras—production activities designated for exports—and foreign direct investment. Topalova also finds, consistent with Hanson's chapter, that poverty fell more in regions that exported more or received more foreign direct investment. **Consequently, both studies suggest that export activity and foreign direct investment are correlated with beneficial outcomes for the poor.**

A2: Neoliberalism Bad

1. **Some Mexican states in the south like Chiapas tried non-neoliberal policies and failed – they spent billions of dollars they borrows from the federal government and had one of the largest state budgets in Mexico, and still poverty increased, infant mortality is rampant, the state has the worst literacy rate in the country.**

https://www.theatlantic.com/international/archive/2017/09/nafta-mexico-trump-trade/540906/ "How NAFTA Explains the Two Mexicos" September 23rd 2017 by Paul Imison of the Atlantic

The argument on the left has long been that neoliberalism—or, the absence of the state and supremacy of the market—is to blame. In 2016, however, Chiapas boasted the fifth-largest budget of Mexico's 32 states. Since the Zapatista uprising, it has received billions of additional dollars in the form of federal aid. Yet extreme poverty has only increased in that time while the state ranks fourth nationally in infant mortality and first in illiteracy.

A2: Shocks

1. **Ann Harrison of the NBER explains that during the 1995 Mexican financial crisis. Mexican states that were less affected by NAFTA and had less NAFTA-involved sectors experienced 7 percent more poverty than states with more involvement with NAFTA. This means their argument is false, because by their logic, the sectors and states most linked to the US would have suffered more. However, NAFTA sheltered these regions from the financial crisis and prevented the dramatic rise in poverty seen elsewhere in the country.**

https://core.ac.uk/download/pdf/6785079.pdf "GLOBALIZATION AND POVERTY" June 2006 by Ann Harrison of the NBER

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2. **Angeles Villarreal of the CRS explains that this linkage to the US economy decreased shocks in the Mexican economy because it connected it to the relatively stable economic powerhouse of the United States.**

https://fas.org/sgp/crs/row/R42965.pdf "The North American Free Trade Agreement (NAFTA)" May 24th 2017 by Angeles Villarreal of the CRS

A World Bank study assessing some of the economic impacts from NAFTA on Mexico concluded that NAFTA helped Mexico get closer to the levels of development in the United States and Canada. The study states that NAFTA helped Mexican manufacturers adapt to U.S. technological innovations more quickly; likely had positive impacts on the number and quality of jobs; **reduced macroeconomic volatility, or wide variations in the GDP growth rate, in Mexico; increased the levels of synchronicity in business cycles in Mexico, the United States, and Canada; and reinforced the high sensitivity of Mexican economic sectors to economic developments in the United States.**

A2: Remittances Bad

1. **NAFTA has nothing to do with remittances. The US doesn't even have a tax on remittances for anybody, except Oklahoma.**

http://blogs.worldbank.org/peoplemove/allaboutfinance/why-taxing-remittances-bad-idea "Why taxing remittances is a bad idea" March 24th 2017 by Dilip Ratha of the World Bank

Recently, a number of rich countries that host a large number of migrants are **considering taxation of outward remittances**, in part to raise revenue, and in part to discourage undocumented migrants. **The list of countries where such taxes are being considered includes** Bahrain, Kuwait, Oman, Saudi Arabia, **the United States**, and the United Arab Emirates. (**In the United States, Oklahoma taxes remittances at the rate of $5 for the first $500 and 1% thereafter. Two other states, Georgia and Iowa, are considering taxes that may have a wider scope by taxing not just remittances but also other transfers.** See Mohr (2016)).

2. **Luis Rubio of the Wilson Center explains that remittances allow poor families to achieve social mobility – it in effect promotes equality and meritocracy by allowing families to rise out of poverty.**

https://www.wilsoncenter.org/sites/default/files/Mexico%20A%20Middle%20Class%20Society.pdf "MEXICO: A MIDDLE CLASS SOCIETY" January 2012 by Luis Rubio of the Wilson Center

For some in this group, remittances have become not just a source of economic improvement, but of social mobility. Households receiving wages earned by a family member outside of Mexico tend to save more and to improve their spending and investment levels. In some way, the very fact of knowing there is a possibility of emigrating, of leaving behind their social and geographical ties, turns them into aspiring or real members of the middle class. Amartya Sen argues in Development as Freedom5 that development occurs when one has the freedom to choose—even within certain boundaries—which path to follow.

A2: Farmers Displaced

1. **Gary Hufbauer of the Peterson Institute for International Economics explains that American corn does not even compete with Mexican corn, as the type of corn the US produces is for animals, and Mexico mostly produces corn that goes into food.**

https://piie.com/sites/default/files/publications/pb/pb14-13.pdf "NAFTA at 20: Misleading Charges and Positive Achievements" May 2014 by Gary Hufbauer of the Peterson Institute for International Economics (PIIE) (2)

But **the cause-and-effect story that labels US corn exports as the cause of illegal Mexican immigrants does not stand up. First, US corn exported to Mexico (the yellow variety) is predominantly consumed by animals, whereas most corn grown in Mexico (the white variety) is largely consumed by people (tortillas and the like). Huge US exports of yellow corn have enabled Mexicans to sharply increase the share of chicken and beef in their daily diet. It has not replaced white corn.** Second, as in other emerging countries, the Mexican population is moving from the countryside to cities. Rural life in most of Mexico is harsh, and incomes are barely 50 percent of the urban average according to 2012 statistics from Mexico's National Institute of Statistics and Geography.31 However, in the NAFTA era, the rate of rural-to-urban migration has actually decelerated. In the 20 years between 1970 and 1990, the rural share of the Mexican population dropped 15 percentage points, from 42 percent to 27 percent. In the 20 years between 1990 and 2010 (the NAFTA era), the decline was only 5 percentage points, from 27 percent to 22 percent. Third, to maintain rural incomes, the Mexican government has consistently supported the price of white corn with subsidies 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 2013.32

2. **Hufbauer finds that during NAFTA, rural to urban migration decreased, whereas if farmers were actually displaced it should have increased. This shows NAFTA improved the lives of farmers. This makes sense, because before NAFTA, the Mexican government had price controls on food, effectively capping the amount of money farmers could make. However, NAFTA required this law be repealed, allowing Mexican agriculture to prosper.**

https://piie.com/sites/default/files/publications/pb/pb14-13.pdf "NAFTA at 20: Misleading Charges and Positive Achievements" May 2014 by Gary Hufbauer of the Peterson Institute for International Economics (PIIE) (2)

But **the cause-and-effect story that labels US corn exports as the cause of illegal Mexican immigrants does not stand up.** First, US corn exported to Mexico (the yellow variety) is predominantly consumed by animals, whereas most corn grown in Mexico (the white variety) is largely consumed by people (tortillas and the like). Huge US exports of yellow corn have enabled Mexicans to sharply increase the share of chicken and beef in their daily diet. It has not replaced white corn. **Second,** as in other emerging countries, **the Mexican population is moving from the countryside to cities. Rural life in most of Mexico is harsh, and incomes are barely 50 percent of the urban average according to 2012 statistics from Mexico's National Institute of Statistics and Geography.31 However, in the NAFTA era, the rate of rural-to-urban migration has actually decelerated. In the 20 years between 1970 and 1990, the rural share of the Mexican population dropped 15 percentage points, from 42 percent to 27 percent. In the 20 years between 1990 and 2010 (the NAFTA era), the decline was only 5 percentage points, from 27 percent to 22 percent.** Third, to maintain rural incomes, the Mexican government has consistently supported the price of white corn with subsidies 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 2013.32

http://www.coha.org/nafta-and-drug-trafficking-perpetuating-violence-and-the-illicit-supply-chain/ "NAFTA and Drug Trafficking: Perpetuating Violence and the Illicit Supply Chain" March 20th 2015 by the Council on Hemispheric Affairs

One of the most notable components of NAFTA targeted the communal land sharing system, ejido, established under Article 27 of the 1917 Mexican Constitution. **During the NAFTA negotiations in 1991** under President Carlos Salinas de Gortari, the Constitutional right to ejidos was eliminated. Despite ejidos continuing to be recognized, **the state** removed subsidies to farmers, and **eliminated government price regulation** for the poor. **Consequently, prices of basic foodstuffs increased dramatically.** Mexico, previously self-sufficient in food security, must now import cheap foreign products, primarily from the United States, where farmers benefit from state subsidies.

3. **Hufbauer furthers that the Mexican government subsidizes corn, which allows Mexican farmers to compete with American farmers.**

https://piie.com/sites/default/files/publications/pb/pb14-13.pdf "NAFTA at 20: Misleading Charges and Positive Achievements" May 2014 by Gary Hufbauer of the Peterson Institute for International Economics (PIIE) (2)

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4. **Jonathan Fox of the University of California, Santa Cruz explains that corn production in Mexico increased after NAFTA – if my opponents are correct and Mexican farmers couldn't compete with American corn and were displaced, we should have seen production decrease.**

https://www.wilsoncenter.org/sites/default/files/Subsidizing_Inequality_Ch_1_Fox_and_Haight.pdf "Mexican agricultural policy: Multiple goals and conflicting interests" 2009 by Jonathan Fox of the University of California, Santa Cruz

Yet contrary to universal expectations, Mexican corn production increased during the post-NAFTA years (Graph 6).39 At the same time, Mexico's grain imports have also increased substantially (see Wise, this volume). While agricultural imports displaced some domestic crops, in the case of corn, both imports and production have increased over the past 15 years. Overall consumption increased sharply. Remarkably, by the end of the NAFTA transition period, Mexico was largely self-sufficient in white corn for tortillas, while increased yellow corn imports went primarily to livestock producers (see Wise, this volume). 40 While Mexico's corn production increased since the late 1980s, the area planted with corn did not change dramatically. The rise in domestic production was driven primarily by sustained increases in corn productivity (Graph 7). Average national corn yields more than doubled between 1990 and 2007, reaching 2.8 metric tons/hectare (Robles Berlanga, this volume). The increase in yield is explained partly by the substantial increase in irrigated production (Graphs 7, 8).41 Dramatic regional differences in productivity persist, a legacy of uneven distribution of quality land and access to water, but the majority of Mexican corn continues to be produced on rainfed land (Graph 8). Among non-irrigated farmers, however, productivity continues to vary widely, depending on their access to credit, technology and reliable rainfall.

5. **Angeles Villarreal of the CRS explains that the displacement that did occur during the NAFTA period is a result of Mexican agricultural reforms which privatized the industry and made it more competitive, not NAFTA.**

https://fas.org/sgp/crs/row/R42965.pdf "The North American Free Trade Agreement (NAFTA)" May 24th 2017 by Angeles Villarreal of the CRS

One of the more controversial aspects of NAFTA is related to the agricultural sector in Mexico and the perception that NAFTA has caused a higher amount of Mexican worker displacement in this sector than in other economic sectors. Many critics of NAFTA say that the agreement led to a large number of job losses in Mexican agriculture, especially in the corn sector. One study estimates these losses to have been over 1 million lost jobs in corn production between 1991 and 2000.67 **However, while some of the changes in the agricultural sector are a direct result of NAFTA as Mexico began to import more lower-priced products from the United States, many of the changes can be attributed to Mexico's unilateral agricultural reform measures in the 1980s and early 1990s. Most domestic reform measures consisted of privatization efforts and resulted in increased competition. Measures included eliminating state enterprises related to agriculture and removing staple price supports and subsidies.68 These reforms coincided with NAFTA negotiations and continued beyond the implementation of NAFTA in 1994.** The unilateral reforms in the agricultural sector make it difficult to separate those effects from the effects of NAFTA.

6. **(probably don't read with 3) Jonathan Fox of the University of California, Santa Cruz explains that Mexican agricultural policy is sharply biased against small farmers, and actively helped big corporations out-compete them through subsidies and other policies. If NAFTA didn't put them out of business, the Mexican government would have.**

https://www.wilsoncenter.org/sites/default/files/Subsidizing_Inequality_Ch_1_Fox_and_Haight.pdf "Mexican agricultural policy: Multiple goals and conflicting interests" 2009 by Jonathan Fox of the University of California, Santa Cruz

The Mexican government's farm policy is sharply biased against low-income producers. Senior agricultural policymakers are very explicit about giving large growers priority. They relegate peasant farmers to social welfare programs, rather than considering them to be appropriate targets for economic development. Indeed, Mexico's Agriculture Secretary recommended to congress that his ministry should cut funding for its only program that ostensibly targets investment support to low-income producers because other producers suggest "that we separate those who are economically viable from those who should be addressed with more of a social welfare approach." 2

https://www.wilsoncenter.org/sites/default/files/Subsidizing_Inequality_Ch_1_Fox_and_Haight.pdf "Mexican agricultural policy: Multiple goals and conflicting interests" 2009 by Jonathan Fox of the University of California, Santa Cruz

The displacement of Mexico's peasant farmers is far from new. Public spending in agriculture has long favored medium and large producers, and the policy reforms of the 1990s appear to have accentuated this underlying trend. Mexico's most sustained period of pro-peasant rural economic policy was during the Cárdenas presidency of the 1930s, when the agrarian reform redistributed a substantial share of commercial farmlands and invested in the productive capacity of the new social sector. After the balance of power within the ruling party shifted, however, agrarian reform was put on the back burner. **<u>Beginning in the 1940s, government agricultural spending was concentrated in large investments in irrigation infrastructure as well as subsidized credit and inputs, which primarily benefited commercial farms in northern Mexico</u>** (Barkin and Suárez 1982). **<u>Public investment in agricultural research and technology was also biased against smallholders – as in the well-known case of Mexico's Green Revolution, which prioritized irrigated wheat over rainfed corn</u>** (Hewitt de Alcántara 1976). **<u>Meanwhile, Mexico's rainfed agriculture is widely seen to have subsidized Mexico's rapid mid-century urbanization and industrialization through unfavorable terms of trade. During what was once called the "Mexican Miracle," the decades-long growth of the industrial labor force did indeed encourage workers to migrate to the cities, but this process was reinforced by a push factor as well – the exclusion of rainfed smallholders from the benefits of public investment.</u>**

https://www.wilsoncenter.org/sites/default/files/Subsidizing_Inequality_Ch_1_Fox_and_Haight.pdf "Mexican agricultural policy: Multiple goals and conflicting interests" 2009 by Jonathan Fox of the University of California, Santa Cruz

Mexico's primary anti-poverty strategy is clearly progressive in terms of who benefits, especially when compared to most other social programs – Oportunidades payments are channeled primarily to the poorest. **<u>Yet Oportunidades' impact on inequality is undermined by farm subsidy policy, which both accentuates inequality through its bias towards larger growers and excludes most of the poorest smallholder grain producers</u>**, as Scott's chapter shows.8 **<u>Indeed, a recent World Bank public expenditure review found "agricultural spending is so regressive that it cancels out about half the redistributive impact of rural development spending"</u>** (2009b: x).

https://www.wilsoncenter.org/sites/default/files/Subsidizing_Inequality_Ch_1_Fox_and_Haight.pdf "Mexican agricultural policy: Multiple goals and conflicting interests" 2009 by Jonathan Fox of the University of California, Santa Cruz

Though Mexico's agricultural spending has had its ebbs and flows over the years (see Graph 1, below), **<u>the government has spent vast sums on subsidy payments to farmers -- including at least US$20 billion in direct payments to farmers since 1994, as noted above. But where did they go? The World Bank's recent review of Mexican agricultural spending concludes that more than half goes to the richest 10% of producers</u>** (2009b: x, 62, see also Scott, this volume). **<u>Indeed, the World Bank even found that farm subsidies have been tilted upwards so sharply that they actually make rural inequality worse</u>** (2009b: 62).

A2: Food Prices Increased

1. **(probably contradicts case) In developing countries the majority of poor people rely on agriculture or related industries to make a living, which is why the World Bank finds that higher food prices are good because they reduce poverty. By deregulating Mexico's agricultural industry, NAFTA makes it easier for farmers to escape poverty.**

https://openknowledge.worldbank.org/bitstream/handle/10986/25701/WPS7898.pdf?sequence=1&isAllowed=y "Food Prices and Poverty" November 2016 by Derek D. Headey of the World Bank

Do higher food prices help or hinder poverty reduction? Despite much debate, existing research has almost solely relied on simulation models to address this question. In this paper World Bank poverty estimates are used to systematically test the relationship between changes in poverty and exogenous changes in real domestic food prices. **<u>The paper uncovers indicative evidence that increases in food prices are associated with reductions in poverty, not increases. A likely empirical explanation is the relatively strong agricultural supply and wage responses to food price increases, and the fact that the majority of the world's poor still heavily rely on agriculture or agriculture-related activities to earn a living.</u>**

2. **The government still has a form of price controls, and made a pact with agricultural businesses to keep the price of food such as tortillas at a certain level.**

https://www.wilsoncenter.org/sites/default/files/Subsidizing_Inequality_Ch_1_Fox_and_Haight.pdf "Mexican agricultural policy: Multiple goals and conflicting interests" 2009 by Jonathan Fox of the University of California, Santa Cruz

<u>Government policy appears to be a key factor accounting for why tortilla prices have not uniformly followed international prices. After a rapid spike in tortilla prices in late 2006 and early 2007, the Calderón administration quickly intervened, establishing a voluntary "price pact." Participating large-scale retailers and processors agreed to cap tortilla prices at 8.5 pesos/kilo and corn flour prices at 5 pesos/kilo and the pact has been renewed at least twice. Indeed, the head of the Unión Nacional de Industriales de la Masa y la Tortilla claimed that the government spent MX$4 billion in subsidies to corn processors, in a little-known program designed to keep retail prices down during 2007 and 2008 (González 2009). In spite of an official ideology of deregulation, state intervention continues to play a significant role in Mexican corn markets.</u>

3. **The price of food fell dramatically because tariffs were removed. For example, the price of corn fell by 66%.**

https://www.citizen.org/sites/default/files/nafta_factsheet_agriculture_may.pdf "NAFTA's Legacy: Empty Promises for U.S. Farmers" by the Global Trade Watch (2)

As NAFTA imports grew, the U.S. agricultural trade balance with Canada and Mexico flipped from a $2.6 billion surplus in the year before NAFTA to a $7.8 billion deficit in 2017. Many people are surprised to learn the United States has a NAFTA agricultural trade deficit, given broad press coverage of increased U.S. corn exports to Mexico displacing millions of Mexican farmers. But even as the United States now exports 33 times more corn to Mexico than pre-NAFTA, growing food imports from NAFTA countries outweighed that increase. But neither Mexican farmers nor consumers won from this shift. Prior to NAFTA, Mexico only imported corn if domestic supplies were insufficient. **<u>As U.S. corn exports to Mexico soared, the price Mexican farmers were paid for corn plummeted 66 percent in just NAFTA's first three years.</u>** More than 2 million farmers and agricultural workers lost their livelihoods. Yet contrary to free trade theory, at the same time, the price of tortillas –

Mexico's staple food – shot up 279 percent in the pact's first ten years. NAFTA's service sector and investment rules facilitated consolidation of grain trading, milling, baking and retail so that in short order the relatively few remaining large firms dominating these activities were able to raise consumer prices and reap enormous profits as corn costs simultaneously declined. Many Mexicans displaced from the rural sector faced no option but migration. In NAFTA's first seven years alone, the number of people emigrating from Mexico to the United States per year more than doubled.

4. **Have to spend less on other things like clothing because tariffs were removed, which balance out any food price effects.**

A2: Maquiladora Programs (Exploitation)

1. **Eugene Mullaly of the LA Times explains that because of bad economic conditions, Mexicans will always be willing to work under exploitative conditions. Without NAFTA, it would just be another exploitative employer. The best way to solve this is to vote pro and decrease Mexican poverty so they have other options other than exploitation.**

http://articles.latimes.com/1993-11-07/opinion/op-54229_1_cheap-labor "U.S. Unions Are Wrong on NAFTA : If the pact is defeated, business will continue to exploit cheap labor, and workers on both sides of the border will suffer." November 7th 1993 by Eugene Mullaly of the LA Times

With its weak economy, an unlimited pool of cheap labor has always been found readily available in Mexico. The workers are highly industrious, willing to work and live under the most deplorable conditions and possess a unique advantage unavailable with U.S.-born employees. When they are no longer needed, they can be sent home. Twice in the 20th Century, when faced with surplus labor after allowing massive immigration into California, the border has been sealed and Mexican nationals have been deported. In the 1930s, the deportation program was called Repatriation. In the early 1950s, it was Operation Wetback.

2. **The claim that Mexican workers in American companies are exploited compared to where they would otherwise work is ridiculous – Gordon Hanson of the NBER finds that foreign companies pay up to 21.5% more than Mexican manufacturing plants, because the technology in the American plants allows workers to be more productive and earn more.**

https://core.ac.uk/download/pdf/6584449.pdf "WHAT HAS HAPPENED TO WAGES IN MEXICO SINCE NAFTA? IMPLICATIONS FOR HEMISPHERIC FREE TRADE" 2003 by Gordon Hanson of the NBER

Beyond the specific activity of outsourcing, FDI in general is likely to affect the level and structure of wages in Mexico. Aitken, Harrison, and Lipsey (1996) find that, **controlling for plant, industry, and region characteristics, manufacturing plants that are foreign owned pay their skilled workers 21.5% more and their unskilled workers 3.3% more than plants that are domestically owned.** Similar results hold for Venezuela. **These results are consistent with several interpretations. Workers may be more productive in multinational firms, multinationals may attract more able workers, or multinationals may earn rents and share these rents with their workers.**

A2: FDI Bad

General

1. **Christoph Ernst of the Employment Analysis Unit explains that FDI is a very small part of the Mexican economy, and it makes up a lower share of GDP than in other Latin American countries. Moreover, FDI grew more in the rest of the region than in Mexico during the NAFTA period, which means NAFTA obviously wasn't a big factor in FDI.**

https://www.investopedia.com/articles/economics/08/north-american-free-trade-agreement.asp "NAFTA's Winners And Losers" January 30th 2018 by David Floyd of Investopedia

Mexico's experience with NAFTA was not all bad, however. The country became a car manufacturing hub, with General Motors Co. (GM), Fiat Chrysler Automobiles N.V. (FCAU), Nissan Motor Co., Volkswagen AG, Ford Motor Co. (F), Honda Motor Co. (HMC), Toyota Motor Co. (TM) and dozens of others operating in the country – not to mention hundreds of parts manufacturers. **These and other industries owe their growth in part to the more than four-fold real increase in U.S. foreign direct investment (FDI) in Mexico since 1993. On the other hand, FDI in Mexico from all sources (the U.S. is usually the largest contributor) lags behind other Latin American economies as a share of GDP**, according to Castañeda.

http://www.oit.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_114029.pdf "The FDI – employment link in a globalizing world: The case of Argentina, Brazil and Mexico" 2005 by Christoph Ernst of the Employment Analysis Unit

Especially in the later part of the 1990s, FDI boomed in Argentina, Brazil and Mexico, by far the highest recipients of FDI in the region, while the level of FDI and its importance for total investment and GDP was rather low in the 1970s and 1980s (see Annex, Table 1). FDI inflows were significantly higher between 1990 and 2003 than in the 1980s according to recent UNCTAD data: It was four times higher in Mexico, which began trade and financial liberalization earlier, six times higher in Brazil and over 10 times higher in Argentina, which had the most comprehensive privatization programme during the 1990s. Among developing countries, only China received more investment. An increasing, part of FDI inflows came from OECD countries, which traditionally dominated these flows.

2. **Elisabeth Malkin of the New York Times explains that while there may have been an increase in FDI, there was a decrease in domestic investment. Local companies could not compete with the multinationals that foreign investors would put money into, and they could not compete with the increased imports which forced them to go out of business. For this reason, A Tufts study found that Mexico has investment rates that hover around 19% of GDP, while China's is more than double at 40%, a similar economy.**

Elisabeth Malkin, 12-10-2009, "Did Nafta Actually Help Mexico?," New York Times, https://economix.blogs.nytimes.com/2009/12/10/did-nafta-actually-help-mexico/ (NK)

The authors blame several problems that contributed to the low growth. While those problems are not exclusively Nafta's fault, the authors argue that they are part of a broader **Nafta-based economic strategy that shunned the public sector's role in promoting growth. For example, despite the increase in foreign direct investment, domestic investment decreased.** There are several reasons for this. **Local companies went out of business because they could not compete with imports. Foreign companies that invested in Mexico did not source from Mexico, and Nafta's conditions prevented Mexico**

from requiring local purchases. At the same time, public investment fell because Mexico adopted strict fiscal policies to achieve macroeconomic stability. The study estimates that Mexico's overall investment rate has hovered around 19 percent of gross domestic product, compared to China's rate of about 40 percent over the last two decades. American jobs did move south, particularly into the export sector. The growth in services — new supermarkets, banks, tourism — also created jobs. But overall, Mexico was unable to create enough jobs to make up for all the jobs lost because of competition from imports, particularly purchases of subsidized grains from the United States.

3. **Economists at the University of Pennsylvania write that with or without NAFTA, Mexico is an incredibly inviting place to invest in, and that is for a few reasons. 1) it sits right in the middle of the east west corridor from the US to Asia, which means it is primed to intercept much of the trade that has built up its economy, purely because of geography. 2) It has an abundance of natural resources which means that it presents a wide variety of investment opportunities. Any country that is rich in natural resources will attract significant FDI. 3) it has really cheap labor, which means that people will want to put factories there purely because they will be more profitable than those at home. Labor is cheap with or without NAFTA.**

UPENN, Sep 06, 2016 North America, , "NAFTA's Impact on the U.S. Economy: What Are the Facts?," Knowledge@Wharton, http://knowledge.wharton.upenn.edu/article/naftas-impact-u-s-economy-facts/ (NK)

"A lot of instant experts on NAFTA don't really understand trade and what drives trade," said Kemmsies. "And so they get confused between NAFTA and the globalization of the world's economy. The fact is, **with or without NAFTA, we would have done a lot more trade with Mexico anyway.** I'm not sure that NAFTA has even fostered any growth of trade between the U.S. and Mexico. Look at Mexico and forget about everything else for a second: **What is the single-biggest trade-flow corridor in the world? It's East-West — Asia to Europe to North America. Mexico happens to sit right smack in the middle of the East-West trade flow…. Here is Mexico, with 120 million people, and all of these abilities to draw raw materials…. You have a cheap labor force, a global geographic advantage, a rising middle class. It's a good place to make stuff."** For a long time, because of a lack of investment, Mexico's infrastructure was well below par, including its ports, which were made to process raw materials, rather than handle industrial goods.

A2: Automation

1. **Mitigation. The Mexico Daily News reports in 2017 that U.S investment has fallen by 17%, because investors are dissuaded by Trump's NAFTA comments.**

Mexico Daily News, 2017, https://mexiconewsdaily.com/news/foreign-investment-dropped-19-last-year/

Foreign direct investment (FDI) in Mexico fell by 19% in 2016, according to the United Nations World Investment Report 2017, which was released yesterday. US $27 billion was invested in the country in 2016, down $6 billion on 2015 numbers. It resulted in a drop from 13th to 16th place in country rankings for FDI inflows. The report mainly attributes the reduction to a decline in investment in the services sector and to a lesser extent manufacturing. "Therefore, we must assume a pause in FDI flows to manufacturing in 2017. Indeed, in the first 11 months of this year, we have seen that such flows were 11 per cent lower than in the same period in 2015, probably because companies postponed plans because of uncertainty," Citi said. But it noted that higher FDI in extractive industries would probably be gradual, whereas the pause in FDI in manufacturing would be immediate. **Citi's analysis is based on four scenarios for the North American Free Trade Agreement under Donald Trump's presidency – no change to the status quo; an improved Nafta; a "rebalanced" Nafta; and exit from Nafta. Citi defined a "rebalanced" Nafta – the scenario to which it gave the highest probability, at 50 per cent** – as one in which the US requires stricter national content rules and tax changes to counteract what Citi said was the "erroneous premise" that Mexican Value Added Tax acted as a backdoor subsidy.

2. **TURN. O'Neil of the CFR finds in 2013 that every one million dollars of U.S investment in Mexican manufacturing creates 4 jobs, and the OFG furthers that U.S multinational corporations have created 120 thousand jobs in Mexico, and that U.S owned factories employ 1.2 million Mexicans.**

Shanon O'Neil, Council on Foreign Relations, 2013, https://www.cfr.org/blog/foreign-direct-investment-and-jobs-latin-america

But in measuring the effects of FDI on the host economy, the receiving sector or industry can be as important as the sheer dollar amount. **A big difference can be seen in job creation. Investments in construction, commerce, and certain types of manufacturing in Latin America create the most jobs, on average some seven for every US$1 million invested. Investment in engineering intensive manufacturing (such as the automobile industry) and the food industry creates a lesser but still respectable four jobs for every US$1 million invested.** The employment benefits of mining and petroleum FDI, however, are much lower, creating just one job for every US$2 million invested on average.

https://insights.offshoregroup.com/foreign-direct-investment-in-mexico-drives-middle-class-growth

While some argue that rich Americans and Mexicans are taking advantage of the cheap Mexican labor pool, there is corresponding lower cost of living in Mexico. In those Mexican states where incomes are a fraction of those in the U.S., the cost of living is also significantly less. New foreign owned factories in Mexico means more work for Mexicans otherwise unemployed or predisposed to emigrate north in search of work. More employment means less crime. Emigration of Mexicans to the U.S. is due to a deficiency of work in Mexico, unemployment is more to blame than the low wages—in fact, low wages encourage more industries to manage in Mexico. It is important to note, however, that the U.S. economic crisis is causing many to return to Mexico. **In Mexican states where income is a fraction of the U.S., and the cost of living is also significantly less. New foreign-owned factories in Mexico means more work for Mexicans otherwise unemployed or predisposed to emigrate north in search of work. U.S. multinational corporations have created**

121,000 jobs in Mexico 1999-2008 and there are currently 2,800 maquiladora plants employing over 1,191,250 people in Mexico

4. **TURN. Christopher Ernst of the Employment Analysis Unit finds that 60% of U.S investment in Mexico is greenfield investment, which is investment that creates new manufacturing sites, which guarantees new job creation.**

http://www.oit.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_114029.pdf "The FDI – employment link in a globalizing world: The case of Argentina, Brazil and Mexico" 2005 by Christoph Ernst of the Employment Analysis Unit

Greenfield investment concerns investment that goes mainly into new production facilities and installations, which may imply significant job creation. M&As, on the other hand, involve two or more already existing firms being regrouped into one firm, which is not prone to creating new employment. Indeed, M&As often involve rationalization measures leading to job losses. These forms are rarely perfect substitutes, but in developing countries with a more advanced industrial sector, the acquisition of a local firm can represent, to a certain extent, a realistic alternative to greenfield investment (Agosin and Mayer, 2000). Table 3 shows that foreign participation in M&As increased at a higher rate in these three countries than in other developing countries. M&As were frequent in Argentina (82.3 per cent of total FDI in 1997-2002), and also in Brazil (58.5 per cent). In both countries, M&As have been the main source of FDI growth (Chudnovsky and López, 2002; Ferraz et al., 2004). **Mexico with 42.6 per cent, had a significantly lower level of M&As in total FDI than the other two countries.**16 Nevertheless, even in Mexico the percentage was higher than that of India and remarkably higher than China, which attracted a much higher share of greenfield investments than M&As.

3. **Wired magazine reports that estimates of job loss due to automation are greatly exaggerated, and in a study of 17 countries found no net loss in jobs.**

James Surowieki, Wired, https://www.wired.com/2017/08/robots-will-not-take-your-job/

But that impact is far more nuanced and limited than the doomsday forecasts suggest. A rigorous study of the impact of robots in manufacturing, agriculture, and utilities across 17 countries, for instance, found that robots did reduce the hours of lower-skilled workers—but they didn't decrease the total hours worked by humans, and they actually boosted wages. In other words, automation may affect the kind of work humans do, but at the moment, it's hard to see that it's leading to a world without work. McAfee, in fact, says of his earlier public statements, "If I had to do it over again, I would put more emphasis on the way technology leads to structural changes in the economy, and less on jobs, jobs, jobs. The central phenomenon is not net job loss. It's the shift in the kinds of jobs that are available

4. **Wired magazine finds that U.S investment into automation technology has been steadily declining since 2002, with investment from last year being one sixth of the amount Americans spent on their pets.**

James Surowieki, Wired, https://www.wired.com/2017/08/robots-will-not-take-your-job/

Corporate America, for its part, certainly doesn't seem to believe in the jobless future. If the rewards of automation were as immense as predicted, companies would be pouring money into new technology. But they're not. Investments in software and IT grew more slowly over the past decade than the previous one. And capital investment, according to Mishel and Bivens, has grown more slowly since 2002 than in any other postwar period. That's exactly the opposite of what you'd expect in a rapidly automating world. As for gadgets like Pepper, total

spending on all robotics in the US was just $11.3 billion last year. That's about a sixth of what Americans spend every year on their pets.

5. **David Sproul of Deloitte finds that while automation replaced 800,000 workers, it created 3.5 million more jobs.**

David Sproul, Deloitte, https://venturebeat.com/2017/09/07/automation-replaced-800000-workers-then-created-3-5-million-new-jobs/

Here's an example. A Deloitte study of automation in the U.K. found that 800,000 low-skilled jobs were eliminated as the result of AI and other automation technologies. But get this: 3.5 million new jobs were created as well, and those jobs paid on average nearly $13,000 more per year than the ones that were lost. Positive, worker-friendly outcomes like this illustrate a more complete range of possibilities for automation. Technology is changing the way we work — that's not in dispute. These changes can improve people's lives and lead to a more creative, intellectually engaged workforce. AI often means that employees can spend more time on complex tasks for which they are uniquely suited, like interacting with customers or brainstorming innovative new campaigns.

5. **Entrepreneur magazine explains that automation only enhances worker's productivity, it isn't advanced enough to totally replace them.**

https://www.entrepreneur.com/article/302830

But there's a problem with this thinking, in that Americans tend to view the elimination of jobs as a negative. One reason for those eliminated jobs -- automation -- even feels like the end of the world as we know it. Picture sci-fi movies and scenes of robots wiping out the human race**. In reality, though, the evolution of machines will actually lead to a more prosperous society**. While Amazon has started to use thousands of robots to help deal with menial tasks in its warehouses across the country, Quartz reported that the company is still hiring tens of thousands of new workers every quarter. So**, highly educated workers will have jobs developing these machines, and less skilled workers will be able to use those machines to boost their productivity. We'll get more output per labor unit, forever liberating people from humdrum drudgery**. Sounds good to me.

A2: Mexican Environment

Generic

1. **NAFTA is not to blame for environmental degradation. Kevin Gallagher at Boston University writes in 2004: Costly degradation is occurring because the proper mechanisms were not put in place to help Mexico manage its economic growth in an environmentally sustainable manner. In the lead-up to NAFTA, Mexico actually doubled spending on environmental protection, but reduced that spending after attention shifted to the economy during the 1995 peso crisis.**

Gallagher 04 Kevin P. Gallagher [Boston University], 9-17-2004, " Free Trade and the Environment: Mexico, NAFTA, and Beyond," Free Trade and the Environment: Mexico, NAFTA, and Beyond, http://www.ase.tufts.edu/gdae/Pubs/rp/NAFTAEnviroKGAmerProgSep04.pdf //DF

If the Mexican environment is worsening, but not because it is a pollution haven, what is driving environmental degradation? Costly degradation is occurring because the proper mechanisms were not put in place to help Mexico manage its economic growth in an environmentally sustainable manner. In the lead-up to NAFTA, Mexico doubled spending on environmental protection and started a much-needed industrial environmental inspection program. However, shortly after NAFTA was signed and fiscal and financial woes set in, attention to the environment nose-dived. According to INEGI, since 1994 real spending on environmental protection declined by the equivalent of $200 million, or 45%. Even at their highest levels, allocations for environmental protection were low in comparison to Mexico's counterparts in the OECD; as a percentage of GDP, they were only one-fifth that of other OECD nations. Tellingly, the number of industrial environmental inspections has also decreased by 45% over the same period. The environmental "side" institutions created by NAFTA set some important precedents, but were not equipped to address these problems. At most, Mexico receives only one-third of the $9 million annual budget of the North American Commission for Environmental Cooperation (NACEC). NACEC has been effective in carrying out its limited mandate, enabling citizen groups to monitor environmental progress and convening cross-national information sharing and research efforts in North America. But its $3 million budget is dwarfed by Mexico's budget shortfalls and buried by the $36 billion price tag of environmental degradation.

2. **NAFTA actually increased environmental cooperation. Gallagher explains: NAFTA fostered an unprecedented level of tri-national environmental diplomacy and cooperation. This increased awareness of costal pollution and genetic contamination of corn in Mexico, and allowed small businesses to monitor and comply with environmental law**

Gallagher 09 Kevin P. Gallagher [Professor of Global Development Policy; Director, Global Development Policy Center, Boston University], 11-2009, " The Future of North American Trade Policy: Lessons From NAFTA,," Pardee Center Task Force Report, Boston University, http://www.ase.tufts.edu/gdae/Pubs/rp/PardeeNAFTACh6GallagherEnvtNov09.pdf //DF

On the one hand, **the side agreement and the institutions surrounding it fostered an unprecedented level of tri-national environmental diplomacy and cooperation among parties to the agreement.** NAFTA's environmental side agreement, "The North American Agreement on Environmental Cooperation," created a North American Commission for Environmental Cooperation (CEC) that is in part overseen by a transparent and representative public advisory committee. One concrete achievement stemming from these efforts has been the establishment of a "Pollutant Release and Transfer Registry" law in Mexico that is broader in scope than similar laws in the U.S. and Canada.1 The CEC also boasts a "citizen submission" process whereby third parties can file claims identifying where they see violations of environmental laws in the three countries. **This process has given rise to interesting fact-finding missions that have publicized coastal**

pollution and the genetic contamination of corn in Mexico. CEC has also hosted (but no longer does) **an innovative funding mechanism for communities and small businesses to help them monitor and comply with environmental law**. Finally, another collateral NAFTA institution of importance for the environment was the creation of the North American Development Bank (NADBANK) and the Border Environmental Cooperation Commission. These institutions fund and monitor water and sanitation projects in the U.S.-Mexico Border region. In terms of environmental quality, NAFTA did not result in Mexico becoming a "pollution haven" for dirty U.S. firms seeking weaker environmental regulations, as many environmentalists feared. Indeed, in some cases foreign investment triggered through NAFTA brought clean technologies.

A2: Air Pollution

1. **Free trade spurs growth, which reduces pollution. Nicole Hassoun of Carnegie Mellon University explains in 2009: When countries are wealthier, they become able to maintain their current levels of regulation even in the face of competitive pressure. Regulatory standards start to rise if countries can afford stricter regulatory standards as free trade increases incomes.**

Hassoun 09 Nicole Hassoun [Philosophy Department, Carnegie Mellon University], 2009, "Free Trade and the Environment," Journal of Environmental Ethics, http://harvey.binghamton.edu/~nhassoun/Papers/Paper_free%20trade%20and%20the%20environment%20final.pdf //DF

One potential objection to the "Race to the Bottom Argument" starts from the observation that **free trade may induce economic growth. This growth may allow countries to avoid downward pressure on environmental standards. When countries are wealthier, they might be able to maintain their current levels of regulation even in the face of competitive pressure.** It is even possible that free trade will increase demand for environmental regulation as it increases economic growth.19 **Regulatory standards may start to rise if countries can afford stricter regulatory standards as free trade increases their incomes.** Countries may even reduce pollution and the severity of environmental problems more quickly with free trade. This is known as the environmental Kuznets curve (EKC) hypothesis.20 The "Race to the Bottom Argument" might be correct in asserting that free trade has increased and will continue to increase competitive pressure on industries. But if labor costs swamp the costs of complying with environmental regulations, industries may not respond to incentives to locate in countries with fewer environmental regulations. To survive in a freely trading economy, industries may, instead, have to move to the countries with the lowest labor costs, even if those countries have high environmental standards. What is actually happening and what will happen in the future as a result of free trade is not clear a priori. It is possible that the "Race to the Bottom Argument" is right. But it is also possible that the argument has never been correct. Furthermore, there are many other potential problems with the "Race to the Bottom Argument." Companies may prefer not to increase pollution, for instance, even in countries with lax regulatory standards. It may be better for companies to invest in environmentally sound technology at the outset than to face the possibility of having to adapt to rising standards in the future. Alternately, other trade-related incentives may counterbalance the impact of a race if one is happening. Trade might, for instance, yield new technologies that reduce environmental damage. (Although, of course, trade might also yield technologies that increase environmental damage.) The important point is just that the "Race to the Bottom Argument" is not decisive on its own.

2. **This happened in Mexico after NAFTA. According to the Harvard Chan School of Public Health: Mexican economic growth has actually improved air quality, allowing them to enact programs that restricted driving, increased vehicle inspections, and reduced sulfur content. These programs have dramatically reduced air pollution, such as sulfur dioxide, which has fallen by 66% in the last decade**

Harvard 14 Mexico City-Harvard Alliance for Air Quality and Public Health, 2014, "Air Quality Surveillance," Harvard T.H. Chan School of Public Health https://www.hsph.harvard.edu/cdmx/about-us/air-quality-surveillance/ //DF

In 1992, the World Health Organization characterized Mexico City as the most polluted city in the world (World Health Organization 1992). This was a wake-up call to the population, the academic community, and public officials. Since then, Mexico City has made tremendous progress in understanding the sources and unique characteristics leading to these high air pollution levels, identifying and implementing control strategies, monitoring compliance, and measuring the improvements in air quality. This progress is especially noteworthy because **Mexico City experienced rapid urban and industrial progress and population growth over the same period, and demonstrated that economic growth is possible without compromising air quality**. Some of the actions that led to this marked improvement include **instituting a driving restriction program, strengthening the vehicle inspection and maintenance program, reducing the sulfur content in diesel fuel, and substituting natural gas for fuel oil in industry and power plants** (Parrish, Singh et al. 2011). Although the air quality has improved significantly over the last decade, persistent high levels of O3 and particulates are observed in the Mexico City Metropolitan Area (MCMA), and the national standards are often violated throughout the year The Mexico City Metropolitan Area (MCMA) is located in an elevated basin surrounded by mountain ridges on three sides (east, south, and west) with a broad opening to the north and a narrow gap to the south-southwest. Two major volcanoes are located in the southeast. The mountains and frequent thermal inversions trap pollutants within the basin. In addition, the high altitude makes combustion sources less efficient. The tropical latitude (19°25' N) and high altitude (2240m above sea level) makes sunlight more intense than in lower elevation, higher latitude cities. Together, these effects are more conducive for high rates of photochemical smog formation. During the wet summer months (June to September), clouds inhibit photochemistry such that high O3 episodes are less frequent and rainfall removes many trace gases and PM (Molina and Molina 2004). Time trends As part of the long term strategy to monitor and control air pollution concentrations in the MCMA, an extensive network of monitoring stations has been established and maintained in the Valley. Mean concentrations of air pollution averaged across these monitors provides important insights into the temporal trends and progress toward meeting ambient air quality standards. During the 1990's, there was a dramatic decrease in all monitored air pollutants in the MCMA (Figure 1 and 2) (Molina and Molina 2004, Molina and Molina 2004). The most dramatic improvement in MCMA air quality resulted from the removal of lead from gasoline. SO2 concentrations decreased after the reduction of sulfur content in diesel and heavy oil, and the closing of a large oil refinery. CO concentrations decreased because of catalytic converters required on new automobiles. In addition, programs such as "No driving day" (Hoy No Circula) have been used as incentives to modernize the vehicle fleet and to help insure the proper maintenance of vehicles. Nevertheless, concentrations of ozone and PM remained persistently above the air quality guidelines (Molina and Molina 2002). Between 2000 and 2011, average concentrations of these pollutants in MCMA have continued to decrease. **The mean concentration of SO2 [sulfur dioxide] in MCMA (Figure 3) decreased by about 66% from 2000 to 2011**. The reduction of SO2 concentration in MCMA from 2001 to 2002 can be attributed to implementation of the PROAIRE Program to Improve Air Quality in MCMA 2002–2010, which provided guidelines and action plans for reducing emissions from combustion of fossil fuels in industry and power generation.

3. AND, don't buy that pollution went up – that was only from 85'-99'

Wise 03 Timothy A. Wise [researcher at the Global Development and Environment Institute of Tufts University], 6-2003, "NAFTA's Untold Stories: Mexico's Grassroots Responses to North American Integration," Americas Program Policy Report, http://www.ase.tufts.edu/gdae/Pubs/rp/NAFTAsUntoldStoriesJune03TW.pdf //DF

NAFTA's proponents have argued that economic integration will eventually lead to improving environmental standards and performance in Mexico. The evidence thus far suggests it will not. According to the Mexican government, between 1985 and 1999, rural soil erosion grew by 89%, municipal solid waste by 108%, and air pollution by 97%. Meanwhile government spending on the environment fell 45%, and environmental inspections fell by a similar percentage. By government accounts, the economic costs of environmental degradation have far outstripped the economic benefits of tradeled growth.

A2: Tourism

1. **Luz-Aida Melendez at the University of Vermont studied NAFTA's impact on tourism, and found that variance in tourist flows were more in response to other factors, like the September 11 attacks making foreign travel seem scarier, or natural disasters**

Melendez 10 Luz-Aída Martínez Meléndez [Gund Institute for Ecological Economics, Rubenstein School of Environment and Natural Resources, University of Vermont], 2-11-2010, "NAFTA, tourism, and environment in Mexico," SpringerLink, https://link.springer.com/article/10.1007/s10784-010-9116-8 //DF

There is evidence of NAFTA Chapter 11 being applied, as US investors in Mexico call for dispute resolution in tourism projects. A review of statistical data from Mexican sources on the amount of foreign direct investment in Mexican in general does not allow for a comparison between pre- and post-NAFTA periods, although such data do show that the proportion of US investment has a greater impact than Canadian investment. US information sources indicate that US foreign direct investment in Mexico was on the rise for years before NAFTA entered into force, continuing the same trend thereafter. Canada information sources show that FDI increased after NAFTA but not outstanding investments were reported in tourism sector. <u>We do not find that NAFTA significantly promotes the Mexican tourism sector. We found variables other than NAFTA that did have an impact on Mexican tourism.</u> There have been incentives for foreign direct investment in Mexico since the 1980s. NAFTA offered greater certainty and support to investors but did not directly trigger the opening of trade in investment matters. <u>Tourism as a service has been promoted in Mexico for decades before NAFTA was signed, as part of a national development strategy. Mexico has been a favorite US and Canadian tourist destination since before NAFTA. The flow of US and Canadian tourists into Mexico is more sensitive to variables</u> such as macroeconomic factors in Mexico (e.g., the 1995 peso devaluation), international safety concerns following the 2001 attacks, and weather factors such as hurricanes on Mexican beaches, in more degree than NAFTA per se.

A2: 10% of GDP

1. This has been the case for Mexico since 1985

Zepeda 09 Eduardo Zepeda [senior associate in the Trade, Equity, and Development Program at the Carnegie Endowment], 12-2009, " Rethinking Trade Policy for Development: Lessons From Mexico Under NAFTA," Carnegie Endowment for International Peace, https://carnegieendowment.org/files/nafta_trade_development.pdf //DF

The Mexican government estimates the costs of environmental degradation periodically in the national income accounts. Since 1985, the environmental costs, which include natural resource degradation and urban and industrial pollution across sectors, have averaged about 10 percent of GDP per year.55 Clearly, the Mexican government has not done enough to address these significant environmental impacts. NAFTA's side agreement on the environment established an institutional framework for dealing with these issues—the North American Commission for Environmental Cooperation—as well as institutions to deal with border environmental issues. However, they have been underfunded and have been relegated to the role of interesting pilot projects rather than comprehensive, trinational ways to address environmental issues. The threat of global climate change just makes more urgent a trinational, comprehensive approach.

A2: Obesity

<u>General</u>

1. **Alt causal – Food Logistics reports that the rise in fast food is caused by growing American cultural influence and increases in disposable income, which is why we are seeing this rise in Africa, the Middle East, and Asia. This has nothing to do with NAFTA. At worst, NAFTA gave the US more cultural influence over Mexico, but as they are neighboring countries, this was inevitable. Worst case scenario is that NAFTA sped up the process**

https://www.foodlogistics.com/warehousing/news/12091421/global-fast-food-market-to-grow-through-2019-as-developing-markets-urbanize "Global Fast Food Market To Grow Through 2019 As Developing Markets Urbanize" July 10th 2015 by Food Logistics

Fast food is in huge demand in these regions and the driving factors responsible for this demand are the hectic lifestyle of individuals and their dependency on the convenience of restaurant food. <u>**There is a growing demand for fast food in the emerging countries in Asia Pacific, the Middle East, Africa, and Latin America, because of higher disposable income, favorable demographics and increasing adoption of the Western way of life in eating patterns.**</u>

2. **New England Journal of Medicine explains that obesity is increasing across the globe over the same period as NAFTA, doubling in the past few decades in 73 countries. This means the prevalence of obesity in Mexico has nothing to do with NAFTA but rather the worldwide trend toward fast food and obesity.**

https://jamanetwork.com/journals/jama/article-abstract/2648644 "Global Obesity Epidemic Worsening" August 15th 2017 by Friedrich of Global Health – citing the New England Journal of Medicine

<u>**The prevalence of obesity has doubled in 73 countries around the world and steadily increased in others since 1980, and health problems resulting from being overweight or obese now affect more than 2 billion people, according to a study by an international group of researchers published in the New England Journal of Medicine. The investigators analyzed data from 195 countries to model trends in overweight and obesity between 1980 and 2015**</u> and quantified the burden of disease related to high body mass index (BMI) according to age, sex, and cause among adults and children.

3. **Luis Rubio of the Wilson Center explains that even if some people are obese, these products have also decreased malnutrition. The average Mexican used to be malnourished; now they are not. My opponents' argument is ridiculous – they are saying more Mexicans being able to eat properly is bad because some people eat too much. If anything, the fact that obesity is a problem now shows NAFTA has raised incomes and allowed Mexicans to afford more food.**

https://www.wilsoncenter.org/sites/default/files/Mexico%20A%20Middle%20Class%20Society.pdf "MEXICO: A MIDDLE CLASS SOCIETY" January 2012 by Luis Rubio of the Wilson Center

At the same time, these new necessities imply new problems and therefore, a new wave of public policies to resolve more complex issues such as health, economic stability, credit coverage, etc. Perhaps more than any other type of indicator, the growth of the middle class can be observed in the behavior of the population: to the extent that salaries increase and prices decrease (thanks to controlled inflation levels and greater competition due to imports), the consumption of goods and services that were previously unobtainable rises. **Protein consumption, for example, has been rising, showing Mexicans increasingly have sufficient income to allow additional pleasures.** Meat consumption per capita rose by 82%, from 34 kilograms per person in 1990 to 62 in 2005. **Not long ago, it would have been unthinkable for the majority of Mexicans to eat meat regularly, and it was common to worry about the available supply and variety of dairy products. In the 1980s, the government painted on buildings the saying, "si la leche es poca, al niño le toca" (roughly translated as "when milk is low, to the little child it goes"). The intention was to educate the population and thus prevent infant malnutrition. In today's Mexico, this message would seem strange and anachronistic.**

https://www.wilsoncenter.org/sites/default/files/Mexico%20A%20Middle%20Class%20Society.pdf "MEXICO: A MIDDLE CLASS SOCIETY" January 2012 by Luis Rubio of the Wilson Center

Unfortunately, these changes in consumption patterns are not without a downside. **In these same years, the country has gone from being a society with malnutrition in the average population to one in which obesity has become a serious public health concern.** Interestingly, the federal government now seeks to prohibit the consumption of junk food in schools, indicating that students destine financial resources to this type of expenditure and that obesity is a top health concern.13

4. **Poverty solves – eating bad stuff because can't afford better stuff.**

A2: Bilat better

1. **Angeles Villarreal of the CRS explains that the bilateral agreement between the US and Canada had the same investor protections NAFTA had, which means bilateral agreements would result in the same kind of investment as NAFTA, which would lead to the exact same effects my opponents talk about.**

https://fas.org/sgp/crs/row/R42965.pdf "The North American Free Trade Agreement (NAFTA)" May 24th 2017 by Angeles Villarreal of the CRS

The United States and Canada signed a bilateral free trade agreement (CFTA) on October 3, 1987. The FTA was the first economically significant bilateral FTA signed by the United States.3 Implementing legislation4 was approved by both houses of Congress under "fast-track authority"—now known as trade promotion authority (TPA)—and signed by President Ronald Reagan on September 28, 1988. While the FTA generated significant policy debate in the United States, it was a watershed moment for Canada. Controversy surrounding the proposed FTA led to the so-called "free trade election" in 1988, in which sitting Progressive Conservative Prime Minister Brian Mulroney, who negotiated the agreement, defeated Liberal party leader John Turner, who vowed to reject it if elected. After the election, **the FTA was passed by Parliament in December 1988, and it came into effect between the two nations on January 1, 1989. At the time, it probably was the most comprehensive bilateral FTA negotiated worldwide and contained several groundbreaking provisions. The agreement 🎬 Eliminated all tariffs by 1998. Many were eliminated immediately, and the remaining tariffs were phased out in 5-10 years. 🎬 Continued the 1965 U.S.-Canada Auto Pact, but tightened its rules of origin.** Some Canadian auto sector practices not covered by the Auto Pact were ended by 1998. 🎬 **Provided national treatment for covered services providers and liberalized financial services trade. Facilitated cross-border travel for business professionals. 🎬 Committed to provide prospective national treatment for investment originating in the other countries**, although established derogations from national treatment, such as for national security or prudential reasons, were allowed to continue. 🎬 Banned imposition of performance requirements, such as local content, import substitution, or local sourcing requirements. 🎬 Expanded the size of federal government procurement markets available for competitive bidding from suppliers of the other country. It did not include subfederal government procurement. 🎬 **Provided for a binding binational panel to resolve disputes arising from the agreement** (a Canadian insistence). 🎬 Prohibited most import and export restrictions on energy products, including minimum export prices. This was carried forth in NAFTA only with regard to Canada-U.S. energy trade. Many of these provisions were incorporated into, or expanded in, NAFTA. However, the FTA did not include, or specifically exempted, some issues that would appear in NAFTA for the first time. These include 🎬 Intellectual property rights (IPR). The FTA did not contain language on intellectual property rights. NAFTA was the first FTA to include meaningful disciplines on IPR. 🎬 Cultural exemption. It exempted the broadcasting, film, and publishing sectors. This exemption continues in NAFTA, due to Canadian concerns. 🎬 Transportation services and investment in the Canadian energy sector were excluded from the FTA. These exclusions were limited in NAFTA. 🎬 Trade remedies. Neither the FTA nor NAFTA ended the use of trade remedy actions (anti-dumping, countervailing duty, or safeguards) against the other. This was a key Canadian goal of the FTA. NAFTA did create a separate dispute settlement mechanism to review national decisions on trade remedy decisions, but this mechanism has not been replicated in other FTAs. 🎬 Softwood lumber. The FTA grandfathered in the then-present 1986 Memorandum of Understanding (MOU) governing softwood lumber trade. However, it did not permanently settle the softwood lumber issue. Since then, the MOU has been replaced by other agreements, and, at times, by resort to trade remedy actions. 🎬 **Agricultural supply management. Canada was able to exempt its agriculture supply management system, although it committed to allow a small increase in imports of dairy, poultry, and eggs, which carried over into the NAFTA.**

Other Args

A2: US Manufacturing Jobs

General

1. **James McBride of the Council on Foreign Relations explains that Mexico and NAFTA are basically inconsequential when it comes to the loss of manufacturing jobs. We lose more than 5 times more to China and automation than we do to Mexico. If anything, moving part of the manufacturing sector to Mexico saved American jobs, because without the move, American manufacturing would never be able to compete with China and the whole sector would collapse.**

https://www.cfr.org/backgrounder/naftas-economic-impact "NAFTA's Economic Impact" October 4th 2017 by James McBride of the Council on Foreign Relations

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.**

http://knowledge.wharton.upenn.edu/article/nafta-20-years-later-benefits-outweigh-costs/ "NAFTA, 20 Years Later: Do the Benefits Outweigh the Costs?" February 19th 2014 by the University of Pennsylvania

He acknowledges that Mexico has a surplus with the U.S. in trade – "and NAFTA accelerated that. But the U.S. runs a trade deficit with 90% of the countries in the world. So Mexico is not unique. In fact, the U.S. also runs a deficit with Canada, and that's mostly because of oil and gas." If NAFTA had not been signed, Guillen adds, "**the jobs would probably have gone to China or somewhere else; most jobs have relocated to China. The U.S. had a trade deficit with Mexico of $54 billion [in 2013], but with China, it was [a deficit of] $318 billion, so the [U.S.] deficit is five times bigger with China than with Mexico. In other words, you would calculate, maybe for every job we have lost in the U.S. to Mexico, five [jobs] were lost to China."**

2. **A2: Trade deficit: A University of Pennsylvania report explains that we have trade defecits with 90% of the countries in the world. Mexico is hardly an important factor.**

http://knowledge.wharton.upenn.edu/article/nafta-20-years-later-benefits-outweigh-costs/ "NAFTA, 20 Years Later: Do the Benefits Outweigh the Costs?" February 19th 2014 by the University of Pennsylvania

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3. **The reason they tell you companies moved to Mexico after NAFTA was because low tariffs meant making goods in Mexico and bringing them to the US was cheaper. However, Nobel prize winning economist Paul Krugman explains that tariffs were already so low before NAFTA that it would not have been a major factor in anybody's decision – when compared to labor costs it was effectively a rounding error.**

https://www.jstor.org/stable/pdf/20045808.pdf?refreqid=excelsior%3Aa37cad1cf3b1ee0d1c90beed5467f1ca "The Uncomfortable Truth about NAFTA: It's Foreign Policy, Stupid" 1993 by Nobel prize winning economist Paul Krugman

The reason the estimates are uniformly small is that anyone who looks at the numbers immediately realizes that U.S. trade barriers against Mexico are already quite low – a four percent tariff on manufactures, higher tariffs on some agricultural products, and a scattering of quantitative restrictions. If Mexico's low wages were the kind of overwhelming attraction to U.S. industry that would generate Ross Perot's "giant sucking sound," those firms would have moved already.

4. **Krugman furthers that even if tariffs were super high, it would only delay the inevitable. The fact is that hiring people in America simply costs a lot more than hiring people to do the same thing abroad.**

https://www.jstor.org/stable/pdf/20045808.pdf?refreqid=excelsior%3Aa37cad1cf3b1ee0d1c90beed5467f1ca "The Uncomfortable Truth about NAFTA: It's Foreign Policy, Stupid" 1993 by Nobel prize winning economist Paul Krugman

International trade in general, and trade with Mexico in particular, have very little to do with those forces; clinging to the four percent average tariff the United States currently levies on imports of manufactures from Mexico might save a few low-wage industrial jobs for a little while, but it would do almost nothing to stop or even slow the long-run trends that are the real concern of nafta s opponents.

5. **A good example of this is the garment industry. Since NAFTA was signed, we've lost 85% of jobs in the industry, but almost none of them have gone to Mexico. In fact, the vast majority are going to countries we still have tariffs on, which proves that tariffs are not important in this regard.**

https://www.investopedia.com/articles/economics/08/north-american-free-trade-agreement.asp "NAFTA's Winners And Losers" January 30th 2018 by David Floyd of Investopedia

Garment manufacturing is another industry that was particularly hard-hit by offshoring. Total employment in the sector has declined by nearly 85% since NAFTA was signed, but according to the Commerce Department, Mexico was only the sixth largest source of textile imports from January to November 2016 ($4.1 billion), behind China ($35.9 b), Vietnam ($10.5 b), India ($6.7 b), Bangladesh ($5.1 b) and Indonesia ($4.6 b). Not only are none of these other countries members of NAFTA – none has a free trade agreement with the U.S.

6. **Nobel prize winning economist Paul Krugman explains that even if the worst estimates are true, the US still only lost about half a percent of the workforce, which is nothing. He explains that changes in interest rates cause larger shifts in jobs, which means any losses were inconsequential once other economic policy is factored in.**
7. **Even if we lost jobs, we still gain more than we lose. James McBride of the Council on Foreign Relations finds that NAFTA gives the US 200,000 every year and those jobs pay 15-20% more than the jobs that were lost.**

https://www.cfr.org/backgrounder/naftas-economic-impact "NAFTA's Economic Impact" October 4th 2017 by James McBride of the Council on Foreign Relations

How has NAFTA affected the U.S. economy? In the years since NAFTA, U.S. trade with its North American neighbors has more than tripled, growing more rapidly than U.S. trade with the rest of the world. Canada and Mexico are the two largest destinations for U.S. exports, accounting for more than a third of the total. Most estimates conclude that the deal had a modest but positive impact on U.S. GDP of less than 0.5 percent, or a total addition of up to $80 billion dollars to the U.S. economy upon full implementation, or several billion dollars of added growth per year. Such upsides of trade often escape notice, because while the costs are highly concentrated in specific industries like auto manufacturing, the benefits of a deal like NAFTA are distributed widely across society. Supporters of NAFTA estimate that some **fourteen million jobs rely on trade with Canada and Mexico, while the nearly two hundred thousand export-related jobs created annually by the pact pay 15 to 20 percent more on average than the jobs that were lost.**

A2: Wage Specific Stuff

1. **Gary Hufbauer of the Peterson Institute for International Economics explains that the reason wages for low skilled workers haven't been growing as much as projected is not because of NAFTA but because of low productivity growth and the lingering impacts of financial crisis. The proof is that in the 10 years after NAFTA, low-skilled wage growth was really good.**

https://piie.com/blogs/realtime-economic-issues-watch/nafta-rejoinder-us-effects-are-clearly-positive-most-workers "NAFTA Rejoinder: The US Effects Are Clearly Positive for Most Workers (Part II)" July 30th 2014 by Gary Hufbauer of the Peterson Institute for International Economics (PIIE)

The past decade has not been prosperous for **low-skilled workers**, as Posen acknowledges and we also regret. **Median nominal wages (excluding fringe benefits) between 2004 and 2014 increased by only about 1.5 percent annually. But the principal causes of subpar performance for average American workers are low productivity growth, rising technological intensity of work, and the financial crisis, not expanding trade. Wage growth was better during 1994–2004, the period immediately following NAFTA.**

2. **James McBride of the Council on Foreign Relations finds that the jobs NAFTA created pay 15-20% more than the jobs that were lost.**

https://www.cfr.org/backgrounder/naftas-economic-impact "NAFTA's Economic Impact" October 4th 2017 by James McBride of the Council on Foreign Relations

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<u>A2: Auto-industry</u>

1. **Thomas Klier of the Federal Reserve Bank of Chicago explains that the US literally has more auto workers than Mexico. If NAFTA was so instrumental in moving our manufacturing to Mexico, we would see a larger Mexican auto sector and a smaller American auto sector.**

https://www.chicagofed.org/publications/economic-perspectives/2017/6 "Mexico's Growing Role in the Auto Industry Under NAFTA: Who Makes What and What Goes Where" 2017 by Thomas Klier of the Federal Reserve Bank of Chicago

More specifically, **<u>Mexico had 61,100 workers in vehicle assembly and 674,372 in parts production in 2016</u>**; these data are from INEGI (Instituto Nacional de Estadística y Geografía, or, in English, National Institute of Statistics and Geography), available online (accessed June 20, 2017). **<u>By comparison, employment in the U.S. motor vehicle industry totaled 760,800 in 2016 (180,900 in vehicle assembly and 579,900 in parts production)</u>**; these data are from the U.S. Bureau of Labor Statistics from Haver Analytics.

A2: US-Mexican Relations Bad

<u>General</u>

1. **Trump is destroying this relationship anyway by calling Mexicans "bad hombres" and trying to make them pay for the wall, not to mention the trade war he recently started.**
2. **David Shirk of the Council on Foreign Relations explains that Mexico is one of our lowest priorities in the region, and receives barely any aid despite their large population. If NAFTA really improved our relationship, we would probably be helping them out more.**

https://cfrd8-files.cfr.org/sites/default/files/pdf/2011/03/Mexico_CSR60.pdf "The Drug War in Mexico" March 2011 by David Shirk of the Council on Foreign Relations

In contrast, current U.S. priorities in Mexico remain focused on the hard and tactical measures more relevant to rooting out Colombia's insurgents than to addressing the social, economic, and institutional factors that undermine public security in Mexico. The first three years of the Mérida Initiative consisted primarily of funds for military assistance, narcotics control, and law enforcement, and more than half of all funding was directed to aircraft, transportation units, and equipment. Meanwhile, even as the current binational strategy emphasizes judicial sector reform and building strong communities, **<u>only a trivial portion of U.S. aid to Mexico is slated for institutional strengthening and development assistance. As a result, Mexico ranks among the lowest U.S. priorities in Latin America, even though Mexico's forty million poor people outnumber the individual populations of all but two other countries in the region (Argentina and Brazil).</u>** As a necessary complement to hard law enforcement measures, the United States should begin directing its money and efforts to the kind of social, economic, and institutional development assistance that can help fund crime prevention programs, educational assistance, workforce development in struggling communities, and greater professionalism and effectiveness in the judicial sector.

3. **Non-Unique. Jason Marczak of the National Review finds in 2017 that U.S/Mexico relations are "without question at their lowest point in decades", with anti-Trump sentiment spreading across Mexico.**

Jason Marczak, The National Review, 2017,
https://www.nationalreview.com/2017/02/us-mexican-relations-important/

<u>U.S.–Mexico relations are, without question, at their lowest point in decades. Now, just weeks after a cancelled state visit by President Enrique Peña Nieto, U.S. Secretary of State Rex Tillerson and Secretary of Homeland Security John Kelly will arrive in Mexico with a mission to calm the waters. It's a tall order. Anti-U.S., or rather anti-Trump, sentiment has swept Mexico, from the #AdiosStarbucks campaign to citizen protests, where more than 20,000 marched in Mexico City last week and another 10,000 in Guadalajara.</u> Still, Tillerson and his Mexican counterpart, Luis Videgaray, are committed to finding common ground. For his part, Kelly brings to the table a deep relationship with Mexican officials forged while head of U.S. Southern Command.

4. **TURN. Nina Lakhami of the Guardian explains that U.S/ Mexico cooperation has been key in the battle against Mexican drug cartels. With the help of American intelligence, the Mexican government has seized 100,000 tons of cocaine and killed or captured 101 out of 122 most wanted criminals.**

Nina Lakhami, The Guardian,
https://www.theguardian.com/news/2016/dec/08/mexico-war-on-drugs-cost-achievements-us-billions

Improved collaboration between US and Mexican intelligence and security services has resulted in numerous high-profile arrests and drug busts. Officials say 25 of the 37 drug traffickers on Calderón's most wanted list have been jailed, extradited to the US or killed, although not all of these actions have been independently corroborated. **More than 110,000 tonnes of cocaine was decommissioned and almost 180,000 hectares (444,790 acres) of marijuana and poppies destroyed during Calderón's term. Since Calderón's successor, Enrique Peña Nieto, took power in December 2012, 101 of his administration's 122 most wanted capos are dead or in custod**y; again, not all the reported deaths and detentions have been independently corroborated.

5. **WOLA finds that the United States is helping establish a prosecutors general office outside the central government of Mexico, in order to help fight corruption.**

Washington Office on Latin America, 2017, https://www.wola.org/2017/03/u-s-senators-reaffirm-importance-u-s-mexico-bilateral-relations/

The Senate resolution includes key references about the need to continue strengthening the rule of law and human rights in Mexico, mentioning the case of the 43 students forcibly disappeared in Guerrero in 2014 and the United States' interest in continuing to cooperate on these issues. Furthermore, the resolution recognizes the importance of establishing a prosecutor general's office in Mexico that is independent from the executive branch in order to combat corruption. An independent prosecutor general is also essential in order to combat impunity for human rights violations."

6. **Joshua Partlow of the Washington Post explains that cooperation is key to stopping illegal migration from Central America.**

Joshua Partlow, 2017, Washington Post, https://www.washingtonpost.com/world/the_americas/us-mexican-security-cooperation-is-at-a-historic-high-will-that-change-under-trump/2017/03/17/dee0e92f-8ae5-4b26-a5e0-fa32e7cf71ce_story.html?utm_term=.054e1f89894a

In recent years, Mexican authorities have given U.S. authorities access to suspicious travelers from Syria, Iraq, Somalia, Libya and elsewhere. Mexico also has detained and sent home hundreds of thousands of Central American migrants. If that cooperation were not in place, "it would have a dramatic impact on the flow of migrants to the southwest border" of the United States, said Alan Bersin, who served as a top Department of Homeland Security official in the Obama administration. "Were the United States to continue along the lines of the president's grossly insulting tone and substance," Bersin said, referring to Trump, "or if there were an attempt to redraw fundamentally the economic framework that has grown trade from $80 billion annually to nearly $700 billion, there's no reason the United States should expect Mexico to continue the cooperation we've received on security."

A2: US Air Pollution

1. **NAFTA has greatly reduced emissions from US factories. Jevan Cherniwchan of the University of Alberta finds in a 2017 study: for the average plant, NAFTA reduced particulate matter emissions by 1.69% every year and reduced sulfur dioxide emissions by 3.06% every year.**

Cherniwchan 17 Jevan Cherniwchan [Department of Marketing, Business Economics & Law, Alberta School of Business, University of Alberta], 3-2017, "Trade liberalization and the environment: Evidence from NAFTA and U.S.," Journal of International Economics, https://www.sciencedirect.com/science/article/pii/S0022199617300077 //DF

While the coefficient estimates presented in Table 3 suggest that changes in the cost of importing intermediate inputs have a larger effect on pollution emissions for a given change in tariff preferences, the numbers reported in Table 4 suggest that, in practice, increased access to the Mexican market following NAFTA had a larger effect on emissions. This is perhaps unsurprising given the nature of the agreement; as Fig. 1 shows, the U.S. set tariffs at a much lower level than Mexico prior to NAFTA. As such, the biggest policy change came from Mexico opening up its market to U.S. producers. Together, the estimates reported in Table 4 imply that NAFTA played an important role in the clean-up of U.S. manufacturing that has occurred since the late 1980s. Recent research by Levinson (2009) indicates that between 1987 and 2001, pollution from U.S. manufacturing fell by 25% despite a 24% increase in output. In related work, Levinson (2015) shows that aggregate emissions of PM10 and SO2 fell by 3.55% and 3.61% annually between 1990 and 2008, with nearly all of these decreases driven by within-industry changes in pollution emissions. My estimates imply that the effects of NAFTA account for nearly two-thirds of these reductions on average; for the average plant, NAFTA reduced PM10 [particulate matter] emissions by 1.69% per year and reduced SO2 emissions by 3.06% per year. The estimates reported in Tables 3 and 4 also provide new evidence on the micro-foundations underlying the aggregate relationship between international trade and environmental quality. These micro-foundations are the subject of several recent studies, but data limitations have prevented the direct study of trade's effects on pollution from individual producers. Instead, researchers have typically inferred the effects of trade from changes in fuel use (e.g. Martin (2012), Forslid et al. (2014), Barrows and Ollivier (2014)) or ambient pollution concentrations (e.g. Gutierrez and Teshima (2011)). In addition, while trade can affect the activity of plants through multiple channels, previous studies typically focus on a single margin of adjustment. Indeed, the few studies that utilize emissions data have examined the relationship between export status and pollution emissions (e.g. Holladay (2016), and Cui et al. (2016)). In contrast, the estimates presented above provide evidence of how changes in foreign market access, import competition and access to imported intermediate inputs affect the pollution emitted by individual manufacturing plants.

2. **This is because, as he explains: increased foreign market access can increase firm productivity by creating incentives for firms to engage in innovation or adopt new technologies, both practices that are effective in reducing emissions**

Cherniwchan 17 Jevan Cherniwchan [Department of Marketing, Business Economics & Law, Alberta School of Business, University of Alberta], 3-2017, "Trade liberalization and the environment: Evidence from NAFTA and U.S.," Journal of International Economics, https://www.sciencedirect.com/science/article/pii/S0022199617300077 //DF

Third, I ask whether the reductions in emission intensity that I observe in response to increased foreign market access are consistent with trade-induced changes in process innovation or technological upgrading. At present, the relationship between foreign market access and plant emission intensity is poorly understood, but there are two reasons to focus on this channel. First, a number of studies have indicated that **increased foreign market access can increase firm productivity by creating incentives for firms to engage in** process **innovation or adopt new technologies** (e.g. Costantini and Melitz (2008), Atkeson and Burstein (2010), Bustos (2011)); the existing empirical evidence suggests that **productivity and emission intensity are negatively related, meaning that such innovation or adoption could reduce plant emission intensity**. Second, a burgeoning literature has adapted the theoretical framework developed in

Bustos (2011) to suggest that <u>increased foreign market access can lower emission intensity directly by creating incentives for firms to alter their pollution abatement technologies</u> (e.g. Cui et al. (2012), Forslid et al. (2014)). Testing this channel is challenging as I do not observe the technology choices or productivity of plants in my data.12 As such, I exploit a theoretical prediction from the Bustos (2011) model of trade and technological upgrading as it has been used to formalize the effects of trade on both forms of technology adoption. Her framework suggests that increased foreign market access will only affect the subset of plants that are induced to adopt new technology; the effects of trade will vary across plants based on their initial productivity. To test this prediction, I follow Bustos by proxying for initial productivity using initial plant size, and then estimating whether the effects of increased foreign market access on plant emission intensity vary across quartiles of the initial plant size distribution. I find that the observed reductions in emission intensity due to increased Mexican market access are heterogeneous and concentrated in the upper quartiles of the initial plant size distribution, which is consistent with previous evidence on technological upgrading following trade liberalization**<u>. These estimates provide suggestive evidence that emission intensity is falling due to trade-induced technological change following NAFTA.</u>**
Altogether, my findings contribute to a large literature examining the effects of international trade on the environment by providing robust evidence of the micro-foundations underlying the aggregate relationship between international trade and environmental quality. These micro-foundations are the topic of a burgeoning literature, but given the dearth of data linking plant pollution emissions to other plant characteristics, most studies have typically inferred the effects of trade from changes in fuel use (e.g. Martin (2012), Forslid et al. (2014), Barrows and Ollivier (2014)) or ambient pollution concentrations (e.g. Gutierrez and Teshima (2011)). Furthermore, while trade can affect the activity of plants by decreasing the cost of exporting, increasing competition from imports or decreasing the cost of obtaining intermediate inputs, studies typically focus on a single channel. Indeed, the few studies that utilize emissions data have focused on the relationship between export status and pollution emissions (e.g. Holladay (2016), and Cui et al. (2016)). In contrast, this paper provides evidence of the relationship between trade liberalization and the pollution emitted by individual manufacturing plants through three distinct channels, and examines several possible mechanisms for the observed changes in pollution emissions.

A2: Canada Args

1. **Canada is basically irrelevant to the resolution because the US and Canada signed CUSFTA 7 years before NAFTA which does exactly the same things, just without Mexico. However, even with NAFTA, Canada barely trades with Mexico, so NAFTA had basically no effect on Canada.**

https://fas.org/sgp/crs/row/R42965.pdf "The North American Free Trade Agreement (NAFTA)" May 24th 2017 by Angeles Villarreal of the CRS

The United States and Canada signed a bilateral free trade agreement (CFTA) on October 3, 1987. The FTA was the first economically significant bilateral FTA signed by the United States.3 Implementing legislation4 was approved by both houses of Congress under "fast-track authority"—now known as trade promotion authority (TPA)—and signed by President Ronald Reagan on September 28, 1988. While the FTA generated significant policy debate in the United States, it was a watershed moment for Canada. Controversy surrounding the proposed FTA led to the so-called "free trade election" in 1988, in which sitting Progressive Conservative Prime Minister Brian Mulroney, who negotiated the agreement, defeated Liberal party leader John Turner, who vowed to reject it if elected. After the election, **the FTA was passed by Parliament in December 1988, and it came into effect between the two nations on January 1, 1989. At the time, it probably was the most comprehensive bilateral FTA negotiated worldwide and contained several groundbreaking provisions. The agreement Eliminated all tariffs by 1998. Many were eliminated immediately, and the remaining tariffs were phased out in 5-10 years. Continued the 1965 U.S.-Canada Auto Pact, but tightened its rules of origin.** Some Canadian auto sector practices not covered by the Auto Pact were ended by 1998. **Provided national treatment for covered services providers and liberalized financial services trade. Facilitated cross-border travel for business professionals. Committed to provide prospective national treatment for investment originating in the other countries**, although established derogations from national treatment, such as for national security or prudential reasons, were allowed to continue. Banned imposition of performance requirements, such as local content, import substitution, or local sourcing requirements. Expanded the size of federal government procurement markets available for competitive bidding from suppliers of the other country. It did not include subfederal government procurement. **Provided for a binding binational panel to resolve disputes arising from the agreement** (a Canadian insistence). **Prohibited most import and export restrictions on energy products, including minimum export prices.** This was carried forth in NAFTA only with regard to Canada-U.S. energy trade. Many of these provisions were incorporated into, or expanded in, NAFTA. However, the FTA did not include, or specifically exempted, some issues that would appear in NAFTA for the first time. These include **Intellectual property rights (IPR). The FTA did not contain language on intellectual property rights. NAFTA was the first FTA to include meaningful disciplines on IPR.** Cultural exemption. It exempted the broadcasting, film, and publishing sectors. This exemption continues in NAFTA, due to Canadian concerns. **Transportation services and investment in the Canadian energy sector were excluded from the FTA. These exclusions were limited in NAFTA.** Trade remedies. Neither the FTA nor NAFTA ended the use of trade remedy actions (anti-dumping, countervailing duty, or safeguards) against the other. This was a key Canadian goal of the FTA. NAFTA did create a separate dispute settlement mechanism to review national decisions on trade remedy decisions, but this mechanism has not been replicated in other FTAs. Softwood lumber. The FTA grandfathered in the then-present 1986 Memorandum of Understanding (MOU) governing softwood lumber trade. However, it did not permanently settle the softwood lumber issue. Since then, the MOU has been replaced by other agreements, and, at times, by resort to trade remedy actions. **Agricultural supply management. Canada was able to exempt its agriculture supply management system, although it committed to allow a small increase in imports of dairy, poultry, and eggs, which carried over into the NAFTA.**

https://www.investopedia.com/articles/economics/08/north-american-free-trade-agreement.asp "NAFTA's Winners And Losers" January 30th 2018 by David Floyd of Investopedia

NAFTA's immediate aim was to increase cross-border commerce in North America, and in that respect it undoubtedly succeeded. By lowering or eliminating tariffs and reducing some nontariff barriers, such as Mexican local-content requirements, **NAFTA spurred a surge in trade and investment. Most of the increase came from U.S.-Mexico trade, which totaled $481.5 billion in 2015, and U.S.-Canada trade, which totaled $518.2 billion. Trade between Mexico and Canada, though by far the fastest-growing channel between 1993 and 2015, totaled just $34.3 billion.** That combined $1.0 trillion in trilateral trade has increased by 258.5% since 1993 in nominal terms. The real – that is, inflation-adjusted – increase was 125.2%.

2. **Stewart of the Conference board of Canada Reports that NAFTA impacts .5% of Canada's GDP - NAFTA has a really minimal impact on Canada. Pref whatever Mexico weighing we read bc x/y/z**
3. **Blenmen of Sun Life Financial provides 5 distinct ways NAFTA has helped Canada. 1) it has provided Canada with a wider selection of good to purchase, making them less dependent on the value of one good. 2) It has led to a larger volume of trade, exports and imports increasing by around 150% to just the US between 1993 and 2016. 3) It has increased FDI into Canada by 243%, facilitating the creation of new, more efficient businesses. 4) It lets professionals move easier across the border, giving Canada access to a greater number of skilled workers in each industry 5) it has created new jobs**
4. **The Canadian government reports that 1.9 million Canadians rely on jobs from exports to the US, of which NAFTA has created many.**

Government of Canada, 2-16-2018, "North American free trade agreement (NAFTA)," http://www.international.gc.ca/trade-commerce/consultations/nafta-alena/toolkit-outils.aspx?lang=eng (NK)

NAFTA came into effect on January 1, 1994. NAFTA has 22 chapters, divided in eight parts, and 10 annexes (including chapter-specific annexes). There are also two side agreements: The North American Agreement on Labour Cooperation (NAALC) The North American Agreement on Environmental Cooperation (NAAEC) Canada – United States 400,000 people and over $2.4 billion worth of goods and services cross the Canada–U.S. border daily . **1.9 million Canadian jobs are related to Canada exports to the U.S. Canada is the largest merchandise export market for the U.S. and one of the three largest country merchandise export markets for 48 U.S. states .** Almost 9 million jobs in the U.S. depend on trade and investment with Canada. In 2016, the U.S. exported nearly US$266 billion of merchandise to Canada.

Joy Blenman, 9-15-2017, "NAFTA: What it is and how it benefits Canada ,"Sun Life Financial, https://www.sunlife.ca/ca/Learn+and+Plan/Money/Financial+planning+tips/NAFTA+What+it+is+how+it+benefits+Canada+part+1?vgnLocale=e n_CA (NK)

The U.S. is Canada's largest trading partner, by far. In fact, in 2016, Canada-U.S. trade was worth a whopping $752 billion. Canada-U.S. trade is a major component of Canada's economy, so improving cross-border trade has benefited Canada immensely, says Chhad Aul, Vice-President of Portfolio Management at Sun Life Global Investments. "**Since NAFTA has removed some of the barriers to trade, the overall volume of trade we are doing with the U.S. and Mexico has greatly improved and in turn improved our economy**," says Aul. "Beyond that, entire industries have been integrated across borders." **Here are 5 key ways Canadians have benefited from NAFTA: A wider selection of goods Increased trade volume Increased foreign direct investment**

(Canada’s foreign direct investment from the States increased by 243% between 1993 and 2013). Freer movement of professionals and investors across the border The development of new jobs What are trade surpluses and deficits? A trade surplus happens when a nation sells or exports more goods (such as cars and oil) and services (such as tourism and software) to another nation than it buys or imports from that nation; a trade deficit happens when a nation sells or exports less. It’s important to note whether politicians are talking about goods or services (or both), as it’s possible to run a surplus in one at the same time as a deficit in the other. And while some point to a trade deficit as a bad thing, that isn’t necessarily true. A trade deficit could be the result of an economy that is importing more goods and services to fuel growth, for example. NAFTA has greatly increased U.S.-Canada trade overall. **In 2016, according to the Office of the U.S. Trade Representative, U.S. exports to Canada had increased by 165% since 1993, and imports from Canada were up 150%.** The balance of trade between the U.S. and Canada has swung back and forth in the years since the agreement took effect. In 2015, Canada ran a combined goods and services trade deficit with the U.S. of about US$11.9 billion, rising to US$12.5 billion in 2016. Despite these numbers, some NAFTA critics in the U.S. say the agreement unfairly favours Canada as well as Mexico, because the U.S. has trade deficits with both countries. Another criticism is that the agreement has led to a loss of jobs in the U.S. and Canada due to lower Mexican labour costs.

Matthew Stewart, 3-9-2018, "The Impact of a NAFTA Dissolution on Canada’s Economy," No Publication, http://www.conferenceboard.ca/e-library/abstract.aspx?did=9479&AspxAutoDetectCookieSupport=1 (NK)

If NAFTA is terminated, we assume that Canada will return to most favoured nation (MFN) tariffs under World Trade Organization agreements. MFN tariffs would average 2.0 per cent on Canadian exports and 2.1 per cent on U.S. imports. For some goods, such as trucks, tariffs would be significantly higher. Tariffs would make Canadian exports less competitive and increase the price of imported goods. In the year following the resumption of MFN tariffs, **Canada’s GDP would fall by 0.5 per cent** and the economy would lose about 85,000 jobs. Canada’s reduced ability to attract investment based on secured access to the U.S. market could result in an even worse long-term economic impact .

A2: Drug Smuggling

1. **Ryan Grim of the Huffington Post explains that all NAFTA did, if anything, was shift some smuggling through Florida to the border – the same amount of drugs are coming through which means the same amount of Americans are dying and the same amount of money is flowing back to the cartels.**

https://www.huffingtonpost.com/ryan-grim/nafta-and-the-drug-cartel_b_223705.html "NAFTA And The Drug Cartels: "A Deal Made In Narco Heaven" — Exclusive Excerpt and Live Chat at 3pm EST" August 1st 2009 by Ryan Grim of the Huffington Post

In the early nineties, a White House report notes, more than 250 tons of coke were smuggled into the United States through Florida in a year, while only about 100 tons flowed across the southwestern border. By the end of the decade, just under 200 tons each came across both boundaries. In subsequent years, the amount coming through the Caribbean steadily fell, and by 2004, the Interagency Assessment of Cocaine Movement determined that the route accounted for less than 10 percent of all coke smuggling into the United States. **Spreading the market out didn't have a noticeable effect on supply north of the border.**

2. **If there really was a flood of drugs after NAFTA, we would've seen the price drop because of the basic laws of supply and demand. Instead, cocaine prices in America have stayed basically constant for decades.**

http://www.businessinsider.com/how-much-does-cocaine-cost-in-the-us-2016-10 "**Cocaine prices in the US have barely moved in decades** — here's how cartels distort the market" October 13th 2016 by Christopher Woody of Business Insider

Efforts to staunch the flow of cocaine in recent years have focused on the source — ripping coca plants out of the ground or dousing them with herbicide. And attacking cocaine production at the source has yielded some success at the beginning of that supply chain. In 2014, Colombia, Bolivia, and Peru — the drug's three biggest producers— destroyed some 300,000 acres of the crop, up from 15,000 in 1994.

3. **The best way to reduce the influence of cartels in Mexico and thus the amount of drugs coming across the border is to increase job growth and decrease poverty so poor Mexicans aren't dependent on the cartels. Christy Thornton of the Nation reports that much of the influence of cartels comes from providing services like medical care and jobs to the poor.**

https://www.thenation.com/article/how-mexican-drug-trade-thrives-free-trade/ "How the Mexican Drug Trade Thrives on Free Trade" July 15th 2014 by Christy Thornton of the Nation

In some places where the state has been eviscerated, the cartels have emerged as a kind of parastate, delivering much-needed services and the promise of economic opportunity. Some expressed shock and disbelief when hundreds of people took to the streets in Sinaloa after the arrest of Chapo Guzmán in February. But it makes sense: El Chapo had infused millions of dollars into the economy of a poverty-stricken state and created jobs—in security, transport and manufacturing of drugs—that otherwise would have been nonexistent. Indeed, in 2008, the drug trade was Mexico's fifth-largest employer. It's likely the marchers were thinking about what El Chapo's capture will mean for them and their ability to put food on the table, rather than its impact on the drug war.

4. **The UN reports that drug smuggling routes comprise a network larger than that of Amazon, UPS, and FedEx combined, and it's constantly shifting as some routes are blocked and others are used. Without NAFTA, the cartels would just find another way to smuggle drugs to the US.**

https://news.vice.com/article/drug-trafficking-meth-cocaine-heroin-global-drug-smuggling "The Golden Age of Drug Trafficking: How Meth, Cocaine, and Heroin Move Around the World" April 25th 2016 by Keegan Hamilton of Vice – citing the UN

In other words, globalization has led to an explosion of drug trafficking. More than 420 million shipping containers traverse the seas every year, transporting 90 percent of the world's cargo. Most carry legitimate goods, but authorities cannot inspect them all, and some are used to smuggle drugs — or just as importantly, the chemicals used to make meth and cheaply process coca leaves and opium poppies into cocaine and heroin. Airplanes, submarines, speedboats, trucks, tunnels — **taken as a whole, the systems used to move illegal drugs around the world comprise a logistics network likely bigger than Amazon, FedEx, and UPS combined. Precisely how all of that illicit cargo moves around the globe is constantly shifting. New routes evolve as authorities crack down, laws evolve, wars erupt, and the climate changes.** During UNGASS, VICE News spoke with UNODC officials from Mexico and Southeast Asia, as well as with independent experts on organized crime in Latin America, to learn about the latest trends determining how drugs are smuggled around the globe.

A2: US deaths

1. **The CDC explains that in the same period they're talking about, sales of painkillers using the substances they're talking about skyrocketed, which would have contributed to the number of incidents they talk about. It's unlikely NAFTA had a large effect here.**

https://www.cdc.gov/drugoverdose/data/prescribing.html "Prescribing Data" August 30th 2017 by the CDC

Sales of prescription opioids in the U.S. nearly quadrupled from 1999 to 2014,1 but there has not been an overall change in the amount of pain Americans report.2,3 During this time period, prescription opioid overdose deaths increased similarly.

<u>A2: Fuels Mexican drug war</u>

1. **The drug epidemic is global – the UN finds that 1 out of 20 people between the ages of 15 and 64, which means if Mexican cartels don't sell to the US, they will simply sell elsewhere, receiving the same income to finance their war.**

https://news.vice.com/article/drug-trafficking-meth-cocaine-heroin-global-drug-smuggling "The Golden Age of Drug Trafficking: How Meth, Cocaine, and Heroin Move Around the World" April 25th 2016 by Keegan Hamilton of Vice – citing the UN

<u>The UNODC conservatively estimated that in 2013, the most recent year for which data is available, 246 million people worldwide, or 1 out of 20 individuals between the ages of 15 and 64, used an illicit drug</u>, an increase of 3 million people over the previous year. More alarmingly, 27 million people were characterized as "problem drug users." Only one out of every six of these problem users had access to any sort of addiction treatment.