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A2: AFF

Overviews

Mexico First Weighing Overview

On face, you will always prefer impacts to the Mexican economy to the American economy.

First, Hiltzik ‘17 of LA Times quantifies that the effect of NAFTA on Mexico’s economy is 16 times larger than America, meaning any discussion of economic indicators is deeply more consequential for Mexico.

Second, the need for viable employment opportunities in Mexico is more pronounced. In Mexico, over half of the population is in poverty, more than half of the working either unemployed or with an unstable job paying below minimum wage, according to Wharton Business School. In America, the incidence of poverty is a mere 14%, and the wages of those living below the poverty line are still able to buy food. Impacts related to jobs are a matter of life or death for Mexican workers as opposed to a matter of economic standing for those in America.

Third, the OECD finds that social spending is too low to provide an adequate net in Mexico. Without things like unemployment benefits, Mexican workers are at the whims of economic performance whereas U.S. workers have a massive social safety net to fall back on in a worst case scenario.

Michael Hiltzik, LA Times, “NAFTA doesn't count for much economically, but it's still a huge political football. Here's why”, 30 Jan. 2017, http://www.latimes.com/business/hiltzik/la-fi-hiltzik-nafta-politics-20170130-story.html

Kevin Drum at Mother Jones tried Sunday to mediate a debate over NAFTA between economists Brad DeLong of UC Berkeley and Dani Rodrik of the Harvard Kennedy School. He takes DeLong's point that the overall economic impact of NAFTA has been minuscule as a share of gross domestic product. **"NAFTA's impact on the U.S. — whether good or bad — is inevitably tiny,"** Drum concludes, and he's right.

But there's more to the debate. In fact, NAFTA is a perfect example of the difference between economics and politics. Put simply, DeLong is right that NAFTA's aggregate effects, especially on U.S. manufacturing employment, have been small to the point of insignificance (and about some other aspects as well). Rodrik is right in observing that, even so, its impact on certain discrete communities has been "severe." But Rodrik only touches on the fact that those severe but limited impacts were ruthlessly exploited by Trump to distort the overall NAFTA story.

That's important, because Trump's approach to trade is all about those limited impacts. Those impacts are far beyond his ability to fix, even if he really wanted to, which is questionable.

Let's take a look at what's really happened.

First, DeLong, who launched the discussion with a Jan. 24 essay at Vox.com and responded to a critique by Rodrik with further thoughts on his own blog.

DeLong reminds us that NAFTA instantly eliminated Mexican tariffs on half of the industrial goods imported from the U.S. and eliminated other Mexican protectionist rules; phased out most tariffs among Mexico, Canada and the U.S.; and gave Mexico tariff-free access to the immense U.S. consumer market, which spurred investment in Mexican factories.

Did that kill American manufacturing? Delong says no, "period." He observes that **American manufacturing employment has been in a decline dating back to the 1950s for several reasons**. The biggest factors, which brought the manufacturing share of nonfarm employment from 30% in 1950 to 12% by the turn of the century, were "rapid growth in manufacturing productivity and limited demand." Bad economic policies starting in the Reagan era pared another three percentage points, and the rise of China as a global competitor accounted for about another third of a percentage point. **NAFTA took another tenth of a percentage point off the manufacturing share of employment.**

"And yet," DeLong writes, "the American political system right now is blaming all, 100%, every piece of that decline from 30% to 8.6% and every problem that can be laid at its door on brown people from Mexico."

Rodrik accepts other economists' finding that **NAFTA has been good for the U.S., but only in a tiny way. The deal contributed a gain of 0.08% to net economic welfare**, according to Lorenzo Caliendo of Yale and Fernando Parro of the Federal Reserve. **Mexico benefited the most**, with a gain of 1.31% mostly from increased trade, and Canada lost a very marginal 0.06%, mostly from higher prices for imports.

Wharton 2005

http://knowledge.wharton.upenn.edu/article/mexico-faces-up-to-unemployment-growth/

Despite this alarming situation, Mexico’s unemployment rates are relatively low compared with other Latin American countries. How can this contradiction be explained? **All indicators point to the existence of a large “underground” economy. Unlike workers in the European Union, the United States, and Argentina, Mexicans don’t have unemployment insurance. In addition, living conditions limit how much time people can survive without a source of income.** “Unemployment in Mexico is a luxury,” says Enrique Cuevas, an economic researcher at the University of Guadalajara. “You have to bring money home, and the income you earn on the job is getting more and more uncertain. You need to have two or three jobs so you can make ends meet.” When it comes to employment, the main problem is “not so much unemployment, but the extraordinary growth in the underground economy,” adds Cuevas.

[...]

Over the last six years, **<u>the number of workers who have full-time jobs covered by the Mexican Institute of Social Security has dropped significantl</u>y.** In 2000, 13 million workers were covered by insurance, but only 12.6 million are covered nowadays; 400,000 full-time jobs have been lost in almost six years. Conditions look even more critical when you consider there is an annual demand for about 1.2 million new jobs, but only about 300,000 new jobs will be created in 2005, according to government estimates. At best, Mexico will have a deficit of 900,000 jobs for this year alone. That doesn't count the deficit accumulated in earlier years.

According to an INEGI report**, <u>about 60% of those people who do have jobs receive no job benefits</u>. <u>And less than half of the workforce has a written contract and stable job conditions. In short,</u> <u>more than half of the active population is either unemployed or has an unstable job.</u>** Other worrisome facts revealed in the INEGI report: Almost three out of every 100 workers in 2004 was unemployed, and **<u>60% of those people who were working had no job benefits. Outside major metropolitan areas, the figures were even worse: More than 80% of the rural workforce had no job benefits.</u>**

OECD

https://www.oecd.org/eco/surveys/Mexico-2017-OECD-economic-survey-overview.pdf

MAIN FINDINGS	KEY RECOMMENDATIONS
Make fiscal policy more inclusive, sustainable, and transparent	
Social expenditure is too low to eliminate poverty and make society more inclusive	Strengthen social expenditure on programmes to eradicate extreme poverty, such as *Prospera*. Raise and broaden the minimum pension to expand the old-age safety net.
Tax evasion and tax avoidance lower government revenue	Co-ordinate the collection of income taxes and social security contributions. Make greater use of property taxes. Further broaden income tax bases and remove inefficient tax expenditures.
Fiscal data are difficult to interpret on an international basis	Fully separate PEMEX from the federal budget when feasible. Present budget documents and fiscal data on both domestic and national accounts standards.
Fiscal relations with SOEs are distortive	Normalise the taxation of state-owned enterprises (SOEs) by shifting to a tax regime similar to that of the private sector.
Adopt policies towards sustainable development	
People in extreme poverty are excluded from the social safety net	Simplify the administrative procedures for accessing cash transfers. Increase the role of social workers in reaching out to marginalised families.
Teachers' performance evaluations have not been fully applied	Make transfers to Mexican states conditional on implementing the national standard-setting for primary and secondary teacher performance.
Female participation lags behind male's in the labour market and women suffer from discriminatory practices	Expand public early childcare and pre-school coverage. Extend the length of paternity and maternity leaves. Better enforce the constitutional provision on gender discrimination, particularly in the workplace, boardrooms and credit markets.
Make growth more inclusive	
High informality is closely related to poverty and gender inequalities	Strengthen awareness of in-work subsidies for formal workers. Focus enforcement on large formal firms employing informal workers.
Innovation performance is weak	Focus financing on early stages of co-operation of public research institutes and innovative private businesses. Continue to improve the business environment, including for foreign innovative firms.
Corruption and crime remain widespread	Build capacity of the sub-national level entities involved in the new anti-corruption system. Encourage more states to establish integrated state-wide police forces.
Judicial processes are unreliable	Extend oral trials to all civil and commercial cases. Boost training, resources and technology for the judiciary.

Liberalization Inevitable Overview

Axelrad of Berkeley writes that Mexico had embarked on an ***inevitable*** path of liberalization years prior to NAFTA that would have continued regardless of the agreement, rapidly liberalizing in every sector except agriculture. Unfortunately, Patten '14 explains that during NAFTA negotiations, Mexico sought protections typically desired by developing nations, but America would only accept complete liberalization, forcing Mexico to adopt policies like a complete removal of corn tariffs.

Liberalization, and thus all benefits of affirming, would've happened inevitably.

Conversely, without NAFTA, Mexico would've accomodated change to the agricultural sector to prevent sudden devastation. Instead, Weisbrot '14 reports that after NAFTA, there are 14.3 million more Mexicans in poverty and Mexico is 18th of 20 Latin American countries in GDP growth per capita. Comparatively, he writes that if Mexico had just *maintained its pre-1980* growth rate, it would be a relatively rich nation.

NEG CARDS

Patel, Raj. "NAFTA, Corn, and Mexico's Agricultural Trade Liberalization". Interhemispheric Resource Center. 2004. https://is.cuni.cz/studium/predmety/index.php?do=download&did=113952&kod=JMM591 //RJ

Even **well before NAFTA, successive Mexican governments embraced free trade with remarkable zeal. Beginning with its membership of the General Agreement on Tariffs and Trade (GATT) in 1987**, **Mexico has signed more trade agreements than any other country in the world**. In 1994, Mexico joined the Organization for Economic Cooperation and Development (OECD) and that same year NAFTA was implemented. Although academic experts are divided on the merits of trade liberalization,1 the Mexican state continues to view it as a panacea for poverty and underdevelopment. The evidence, however, suggests that free trade agreements in general, and NAFTA in particular, have exacerbated the problems facing the rural poor in Mexico.

Axelrad, Lee. "NAFTA in the context of Mexican economic liberalization." Int'l Tax & Bus. Law. 11 (1993): 201. <https://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1129&context=bjil> //RJ

On November 17, 1993, the U.S. House of Representatives voted in favor of the North American Free Trade Agreement (NAFTA).1 This vote virtually guaranteed that the agreement would be approved, since a majority of U.S. Senators, the U.S. President and the governments of Mexico and Canada had already declared their support. As the House vote approached, the national debate focused on NAFTA's probable good and bad effects on the U.S. economy. However, **there was only cursory discussion of how NAFTA fits into Mexico's national economic and political strategy. This paper** outlines NAFTA's role in Mexico's recent development and then **contends that Mexico has set in motion an irrevocable journey toward free trade. NAFTA is unnecessary** in the sense that the United States believes that it is receiving a quid pro quo for the agreement, for **Mexico's continued trade liberalization will continue even in the absence of NAFTA**.

Axelrad, Lee. "NAFTA in the context of Mexican economic liberalization." Int'l Tax & Bus. Law. 11 (1993): 201. <https://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1129&context=bjil> //RJ

NAFTA is not the first step that Mexico has taken toward opening its markets to imported goods. **Mexico has been undergoing a long process of transformation away from protectionist policies**, a process **which has merely intensified** in recent years. This transformation represents a shift away from a policy of high tariffs and licensing restrictions meant to encourage industrial development and import substitution. Prior to these economic reforms, Mexico had accepted the view of Argentine economist Raul Prebisch that import substitution industrialization (ISI) was the key to economic success in the developing world. Prebisch believed that manufactured goods had a higher market value than raw materials. Unless imported goods could be replaced with domestically produced goods, producers of raw materials ran the risk of becoming permanently cast in the role of natural resource extractors for the world. The process of substituting imported goods with domestically produced goods required an initial protection of infant industries, permitting these industries to maintain prices above world levels. 27 **Even before the initiation of NAFTA negotiations, Mexico had sought to open its markets, abandoning the ISI strategy and implementing sweeping economic reforms**. 28 During the administration of Jose Lopez Portillo, from 1976 to 1982, the Mexican government had negotiated terms for entry into the General Agreement on Tariffs and Trade (GATT).2 9 Similarly, under President de la Madrid in Spring of 1984, Mexico had tried to negotiate a bilateral agreement with the United States that would give Mexico the benefits of GATT in the American market without having to join GATT.3 ° Since 1984, Mexico has entered into several trade agreements. **In 1985, the United States and Mexico signed an understanding on subsidies and countervailing duties**. 31 **In 1986, Mexico finally joined GATT** and began gradually, yet dramatically, reducing its tariffs and other trade barriers.32 **The pace of change was slower, however, in the agricultural sector**.33 In 1987, Mexico and the United States signed the "Understanding Concerning a Framework of Principles and Procedures for Consultation Regarding Trade and Investment Relations." 34 In October 1989, President Salinas visited Washington and, with President Bush, signed the "Understanding Regarding Trade and Investment Facilitation Talks."'35 Concurrently, **Salinas relaxed many** administrative and regulatory **obstacles to foreign direct investment** in Mexico.3 6As a result of the changes made **before the NAFTA talks** formally commenced, **Mexico and the United States had substantially reduced bilateral trade barriers**, particularly tariffs. About 80% of Mexico's exports entering the U.S. market are subject to a rate of duty between zero and five percent. Half of Mexico's imports, which are overwhelmingly U.S. exports, enter duty-free, while the average tariff on the remaining half is about nine percent. 37 It is estimated that almost one-third of total bilateral trade is now carried on duty-free.3 8 **NAFTA is not necessary to maintain or even increase the trade between the United States and Mexico**. Even before Mexico's liberalization of trade and investment began in the 1980s, the U.S. share of Mexican trade and financial inflows was increasing. 39 This trend was amplified after Mexico joined GATT. Bilateral trade between the United States and Mexico rose 25% per year from 1987 to 19 8 9 . 40 This occurred despite Mexico's declining oil exports, a stagnant Mexican economy, and a sluggish U.S. economy. 4 1 In 1988, the United States was Mexico's biggest export market and largest import supplier, while Mexico was the United States' third largest trading partner.4 2 **Because bilateral trade is already strong and growing without NAFTA, the agreement is not the catalyst for trade liberalization in Mexico. Rather, the economic and demographic conditions in Mexico are compelling Mexico to adopt a trade liberalization policy.**

Weisbrot, Mark, Stephan Lefebvre, and Joseph Sammut. *Did NAFTA help Mexico? An assessment after 20 years*. No. 2014-03. Center for Economic and Policy Research (**CEPR**), 20**14**. //JN

http://cepr.net/documents/nafta-20-years-2014-02.pdf

It is now 20 years since NAFTA went into effect, bringing Mexico into a new commercial agreement with the United States and Canada. At the time it was argued, and forecast, that the agreement would boost Mexico's growth and development. **This paper compares the performance of the Mexican economy with that of the rest of the region over the past 20 years, based on the available economic and social indicators, and with its own past economic performance**. Among the results: **Mexico ranks 18th of 20 Latin American countries in growth of real GDP per person**, the most basic economic measure of living standards. From 1960-1980, Mexican real GDP per person almost doubled, growing by 98.7 percent. By comparison, in the past 20 years it has grown by just 18.6 percent. **Mexico's per capita GDP growth of just 18.6 percent over the past 20 years is about half of the rate of growth achieved by the rest of Latin America. If NAFTA had been successful in restoring Mexico's pre-1980 growth rate** – when developmentalist economic policies were the norm – **Mexico today would be a relatively high income country, with income per person significantly higher than that of Portugal** or Greece. It is unlikely that immigration reform would be a major political issue in the United States, since relatively few Mexicans would seek to cross the border. According to Mexican national statistics, **Mexico's poverty rate of 52.3 percent in 2012 is almost identical to the poverty rate of 1994. As a result, there were 14.3 million more Mexicans living below the poverty line as of 2012** (the latest data available) **than in 1994.** We can use the poverty statistics of the UN Economic Commission on Latin America (ECLAC) to compare Mexico's poverty rate with the rest of Latin America. These statistics are computed differently and show a decline in poverty in Mexico. However, according to these measures, **the rest of Latin America saw a drop in poverty that was more than two and a half times as much as that of Mexico**: 20 percentage points (from 46 to 26 percent) for the rest of Latin America, versus 8 percentage points (from 45.1 to 37.1 percent) for Mexico. Real (inflation-adjusted) **wages for Mexico were almost the same in 2012 as in 1994,** up just 2.3 percent over 18 years, and barely above their level of 1980. Unemployment in Mexico is 5.0 percent today, as compared to an average of 3.1 percent for 1990-1994 and a low of 2.2 percent in 2000; these numbers seriously understate the true lack of jobs, but they show a significant deterioration in the labor market during the NAFTA years. NAFTA also had a severe impact on agricultural employment, as U.S. subsidized corn and other products wiped out family farmers in Mexico. From 1991-2007, there were 4.9 million Mexican family farmers displaced; while seasonal labor in agro-export industries increased by about 3 million. This meant a net loss of 1.9 million jobs. The very poor performance of the Mexican economy contributed to a surge in emigration to the United States. From 1994-2000, the annual number of Mexicans emigrating to the United States soared by 79 percent. The number of Mexican-born residents living in the United States more than doubled from 4.5 million in 1990 to 9.4 million in 2000, and peaked at 12.6 million in 2009. NAFTA was just one variable among others that could account for Mexico's poor economic performance over the past 20 years. However, it appears to be related to other economic policy choices that have negatively affected the Mexican economy during this period. The IMF notes that "Mexico competes directly with China in the U.S. market, where China accounts for 23 percent of U.S. imports and Mexico accounts for 12 percent." This is a very tough competition for Mexico for a number of reasons. First, Mexico was and remains a higher-wage country than China. Second, China has maintained a commitment to a competitive exchange rate, in effect fixing this exchange rate against the dollar or (since 2005) a basket of currencies. The Mexican central bank by contrast has, as the IMF notes, "a firm commitment to exchange rate flexibility." In other words, the Mexican Central Bank will raise or lower interest rates as necessary to reach its target inflation rate (3 percent), and let the exchange rate go where it may. This means that Mexico's exchange rate is unlikely to be competitive with China's, which further worsens its cost disadvantage. **The Mexican Central Bank's form of rigid inflation targeting also adds a large element of unpredictability to the exchange rate, which has a negative impact on foreign direct investment; foreign investors will find it difficult to know how much their assets or output will be worth internationally in the future.** China has other advantages that make it a formidable competitor for Mexico in the U.S. market: the Chinese government owns most of the banking system in China, and can therefore ensure that its most important exporting firms have sufficient access to credit. **In Mexico, by contrast, 70 percent of the banking system is not only private but foreign-owned.** The Chinese government also has an active industrial policy that enables it to help its exporting firms in various ways, and spends vastly more on research and development – both in absolute terms and as a percentage of its economy.

Patten, Daniel J. PHD, Western Michigan University, "Dangerous Deals: A Case Study of NAFTA as a Criminogenic Policy." (2017). //JN

https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations

Throughout the 1980s, both the de la Madrid and Salinas administrations focused on economic transition, but few steps were taken towards democracy (Roett 1993). Interestingly, most Mexican citizens supported Salinas's decision to address the economy before the political system. According to the World Values Survey in 1990, 60 percent of Mexicans ranked economic growth the most important issue to address in the 1990s, while only 25 percent ranked political participation higher, although this was the second most important issue after the economy.20 Seemingly, democracy could be ignored when the economy was suffering. Thus, the poverty and social problems in Mexico provided a diversion for pursuing economic reform without political changes. Other countries such as Chile (and maybe even the United States) send the message that economic consensus is a precursor for stable multiparty democracy.

Castaneda of Foreign Affairs in 2014,

Castaneda, Jorge G. "NAFTA's Mixed Record." Foreign Affairs. Foreign Affairs, January/February 2014. Web. Accessed 4 June 2018. <https://www.foreignaffairs.com/articles/canada/2013-12-06/naftas-mixed-record> (pdf in email)

The absence of backward linkages in Mexico's export sector stems from foreigners' unwillingness to invest in Mexico, a problem that dates back to the 1980s. That decade, the country's economy collapsed, mainly as a result of the excessive debt incurred by the earlier administrations of President Luis Echeverria and President Jose L6pez Portillo. In 1989, Salinas was able to bring down the country's foreign debt burden, but only at the cost of renouncing virtually any new foreign borrowing. The only alternative was to dramatically boost foreign direct investment, chiefly from the United States. And the only avenue for that was NAFTA: an agreement that would lock in sound economic policies and access to the U.S. market, providing investors with the certainty they required. Through NAFTA, Mexico sought to increase its foreign direct investment as a percentage of GDP to as much as five percent, far above what it had ever been before. That didn't happen. In 1993, the last year before NAFTA took effect, foreign direct investment in Mexico stood at $4.4 billion, or 1.1 percent of GDP. In 1994, the number leapt to $11 billion, or about 2.5 percent of GDP. But it remained stuck around there until 2001, when it rose to 4.8 percent, and then began a steady decline. If one takes the average of foreign direct investment for 2012 (a very bad year) and 2013 (a very good year), one finds that Mexico now receives only around $22 billion annually in foreign direct investment-slightly less than two percent of GDP, well below the figures for Brazil, Chile, Colombia, Costa Rica, and Peru. Foreign investors have proved particularly unwilling to channel capital into export-industry supply chains. Because domestic investment, public and private, has moved remarkably little since 1994, neither has the overall level of capital formation, which has averaged about 20 percent of GDP since the mid-1990s. At that rate, Mexico can attain only the mediocre growth it has known for 20 years. In other words, despite impressive trade numbers, NAFTA has delivered on practically none of its economic promises. A relevant question, however, is how the Mexican economy would have performed without NAFTA. It is difficult to see why it would have fared much worse. For one thing, growth was greater in other Latin American countries that did not have free-trade agreements with the United States for all of the 1990s and much of the next decade, including Brazil, Chile, Colombia, Peru, and Uruguay. More- over, Mexico grew faster in per capita terms from 1940 to 1980, and the population was rising then at a faster rate than it is now. Had the Mexican government attempted to revive the unsustainable economic policies it pursued in the 1970s, things probably would have been worse. But it had already abandoned most of them by the mid-1980s, and many other countries have managed to adopt free- market policies without the benefit of a free-trade agreement. Thus, there is little reason to believe that in the absence of NAFTA, Mexico's productivity, attractiveness for foreign investment, employment levels, and wages over the past 20 years would have been systematically lower, unless the government had attempted a return to the policies of the 1970s and early 1980s-an improbable scenario. There are other counterfactuals worth considering. Perhaps a different NAFTA would have worked better for Mexico. Many, including me, favored a more comprehensive, EU-style agreement. Such a treaty would have allowed for greater labor mobility and included the energy sector. And it would have offered various forms of resource transfers from the wealthy United States and Canada to poorer Mexico, akin to those that helped Italy in the 1960s, Ireland in the 1970s, Spain and Portugal in the 1980s and 1990s, and Poland more recently. Such changes still may not have helped, but Mexico's low investment and productivity figures are partly a consequence of its shabby infrastructure, which could have been improved with U.S. and Canadian money. One could also argue that had Mexico opened up its oil industry to foreign investment just after the Gulf War, the decision would have sparked an investment boom (like the one some expect today) and would have convinced Washington to contemplate some type of immigration reform in exchange. There is no way to prove that different choices would have led to different outcomes, but in light of the picture today, they might have been worth trying.

Patten, Daniel J. PHD, Western Michigan University, "Dangerous Deals: A Case Study of NAFTA as a Criminogenic Policy." (2017). //JN

https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations

Nearly a year after the announcement of the NAFTA negotiations, fast-tracking passed on May 24, 1991.55 With fast-track a reality, the various parties prepared for negotiations by assembling negotiating teams. Salinas opted for a highly centralized negotiation structure. Mexico's trade ministry (SECOFI), under Jaime Serra's leadership, would run negotiations (Torres 2010). **Mexican chief negotiator, Herminio Blanco, was** soon discovered as **ill-prepared for substantive discussions on NAFTA issues** (Cameron and Tomlin 2000). **Von Bertrab (1997) recalled selecting his negotiation team based on personal characteristics rather than professional experience**, electing to choose members from his *camarilla* – **most of whom were U.S. educated**. There were also several who had connections to international financial institutions, with one member from the IMF, Ildefonso Guajardo, who pursued graduate studies at Arizona State University and the University of Pennsylvania. Two other members were from the World Bank – Harvard-educated Eduardo Wallentin and Luis de la Calle who holds a Ph.D. in economics from the University of Virginia. The U.S. team was more decentralized, including members from several government departments handling their respective sections of the trade negotiations (Cameron and Tomlin 2000). Canada, having used a centralized structure in the CUFTA negotiations, switched to a strategy in between that of Mexico and the United States.56 For both Carla Hills and Jaime Serra, the goal was to reach a broad agreement quickly, but Michael Wilson was more defensive and wished to maintain most of the earlier CUFTA provisions (Rohter 1990; Magnusson et al. 1991).57 Michael Wilson stated that Canada's intentions were to prevent renegotiating bilateral trade agreements with the United States.58 **NAFTA negotiations were held secretly** and a high-security clearance was needed to even review the notes of the meetings (Mayer 1998; MacArthur 2000). The secrecy was intended to keep the negotiations out of the public eye. **Despite the lack of transparency to the public, the business community was able to work closely with negotiators** and received frequent updates. In an interview with Mayer (1998:116), an official of the Mexican Embassy expressed Mexico's concern over major concessions made to the United States: This [nationalist backlash] was always on our minds. That we would be charged with giving up the country. That's why we had to do it with support of the business community ... It was essential to build political support to defuse fears that we were giving up too much. Official NAFTA negotiations began on June 12, 1991, during hard economic times for both the United States and Canada, while the Mexican economy was experiencing economic growth.59 Bush's approval ratings dropped throughout the negotiations adding another obstacle to the passing of NAFTA.60 With guidance from Salinas, Serra outlined Mexico's initial negotiation stance by listing five areas not up for negotiation: (1) reducing Mexican control over the petroleum sector; (2) no guaranteeing of supplies to countries; (3) reducing state monopoly in distribution; (4) no including of risk contracts; and (5) creating foreign retail outlets (Cameron and Tomlin 2000). Negotiations began slowly, but the imminent U.S. presidential election heightened the urgency of passage despite

U.S. preoccupation with the Uruguay Round.61 The three countries struggled to get close to a final agreement on agriculture, intellectual property rights, financial services, accession, and investment.62 **Since the United States and Canada already had a free trade agreement, it was Mexico who wanted membership, and the United States was in a position to obtain concessions from Mexico** (Vaghefi 1993). **The Mexicans began by seeking protections typically desired by developing countries, but the United States would not budge for anything less than comprehensive liberalization**, specifically it opposed Mexico's wish to leave energy and financial services out of the agreement (Fox 1991; Cameron and Tomlin 2000). **Since the Mexicans believed in the philosophy of neoliberal economics, they quickly capitulated and abandoned their opening position on non-negotiable areas** (Marois 2008). The Dallas Jamboree, held from February 17 to 21, 1992, was a major round of negotiations that led to significant concessions, primarily by the Mexican team (Robert 2000). Erroneously, the Mexicans perceived the jamboree as the end game, but in retrospect, it was quite early in negotiations. Mexican negotiator Blanco wrote a memorandum that instructed his negotiators to "show your cards, get to the bottom, there is no tomorrow" (Cameron and Tomlin 2000:107). **One of the most significant concessions was in agriculture that removed tariffs on corn, ultimately affecting the lives of millions of Mexican peasants** and consumers, while this also came in the same year that Article 27 of the Mexican Constitution was amended (Long 2015). **The United States argued that if Mexico did not endorse comprehensive free trade of all agricultural products, access to the major U.S. consumer market would not be made available for winter fruits and vegetables** (Cameron and Tomlin 2000). The decision to put corn on the table was unilaterally made by Salinas, as was the case for all major concessions, highlighting the centralized, authoritarian nature of Mexico's negotiation team. Only the small details of the negotiations were left to the assigned negotiators. Canada was nonplussed by the concessions and refused to liberalize across the board, desiring protections for their dairy and poultry sectors.63 U.S. and Mexican negotiators used crafty language to allow Mexico to give concessions on investment that arguably did not violate the constitution.64 They avoided violation of Mexico's constitution by semantically rearranging the agreement rather than making any substantial changes.65 The Mexican negotiators also abandoned permanent caps on foreign investment in the banking sector, much to the dismay of the banking industry (Whyte 1992; Cameron and Tomlin 2000). **The Mexican secretary of finance desired to quickly wrap the agreement up, yet these concessions, rather than bringing the parties closer to an agreement, led to the U.S. team demanding more** (Cameron and Tomlin 2000).66 **Mexico's impatience resulted in many large concessions made too early in the game**. NAFTA was the goal with little emphasis on the terms of the agreement. Some of **Mexico's impatience was due to the volatility of the peso, and its strength appeared to be tied to the success of NAFTA**, as it fluctuated with the negotiation process.67 Mexico's authoritarian political structure littered with its *camarillas* weakened Mexico's negotiating power rather than strengthening it.68 **Mexican team members were heavily committed to trade liberalization, likely due to their similar educational backgrounds, and, according to one anonymous Mexican negotiating advisor, they had little understanding of the advantages of protectionism for the Mexican economy** (Cameron and Tomlin 2000). The fact that Mexico needed NAFTA more than the United States, with arguably no other viable options, created the most important power imbalance between these two negotiating countries (Blears 1993). After Dallas, Mexico reorganized its negotiation team given the performance at the Dallas Jamboree. In interviews with Cameron and Tomlin (2000), several Mexican negotiators expressed concern over the information flows among the various negotiators. Very few people actually knew what was going on in every sector of the negotiations, and the hierarchical structure of the Mexican team led to too many concessions early in the negotiations. Von Bertrab (1997) describes the differences between the U.S. and Mexican negotiation structure. For Mexico, its organization was very centralized where information was concentrated at the top and the various task groups knew very little about what was going on in the other groups. Furthermore, upper management kept most of the information about the negotiations concealed from the public. For the United States, management was much more decentralized with various experts responsible for different sectors of the trade deal. The United States was also much more open with its information, at least among the negotiators in the trade deal. Mexico's centralized style allowed them to make much quicker decisions since there were fewer people to consult. Although von Bertrab (1997) seemingly describes this as a strength, many of the Mexican negotiators interviewed found it to be more of a weakness (Cameron and Tomlin 2000). Mexico's reorganization focused on bringing in more people to negotiate and relieving many of the negotiators from handling large portions of the negotiations, rather than addressing the problems with information flow.

*Macroeconomics

General Overviews

Bubbles Disadvantage Rhetoric

1. US involvement in NAFTA has made Mexico's economy highly susceptible to shocks. Patten [from case] explains that Mexico needed NAFTA more than the US, creating power imbalances that shaped their policies. For instance, Mexico pegged the peso to the U.S. dollar, meaning when the dollar goes up in value so does the peso, in order to create predictability and appease investors.
    a. Unfortunately, Weisbrot '14 of CEPR concludes that NAFTA tied Mexico to an asset-bubble driven US economy, which is why when the stock market bubble burst in 2000, Mexico went into a recession losing 6.7% of GDP. Similarly, when the US raised interest rates in 94' a peso crisis followed as Mexico lost portfolio investment, costing 9.5% of GDP.

Informal Economy Disadvantage Rhetoric

1. The informal economy in the refers to workers who are employed under the table and shielded from governmental oversight. This is a bulk of NAFTA jobs, as NAFTA forced an exodus of undocumented workers into the US. Indeed, Gammage (no date) of Rutgers writes that 36% of jobs created by NAFTA are in the informal sector where workers receive no benefits or contract protections. Problematically, Bacchetta of the World Trade Organization in 2015 outlines three reasons this is harmful:
    a. First, he quantifies that there is a 2 percentage points loss of economic growth due to informal labour markets.
    b. Second, he furthers that an increase in the size of the informal economy by 3 percentage points raises inequality by 8 percentage points.
    c. Third, he quantifies that growth of the informal labor sector doubles the probability of an economic crisis.

Trade Diversion Disadvantage Rhetoric

1. *Before we dive into the specifics of their case, it's important to realize that before America began importing goods like textiles from Mexico, we were engaged in the same trade with countries in the Caribbean.* For example, Eom of '09 the University of Miami writes that Mexico's development of its textile industry came at the expense of hundreds of thousands of jobs in countries like Belize and Jamaica. *NAFTA didn't magically create jobs and industry in Mexico—*

instead, the deal simply shifted them from our old trade partners, meaning there has been no net gain.

Cards

Women's Edge Coalition, 2003?? Marceline White, Global Trade Director, Women's Edge Coalition, Sarah Gammage, Economist, Centro de Estudios Ambientales y Sociales para el Desarrollo Sostenible, El, Salvador and Affiliated Fellow, Center for Women and Work, Rutgers University, Carlos Salas Paez, Economist, Universidad Nacional de Mexico https://www.iatp.org/files/NAFTA_and_the_FTAA_Impact_on_Mexicos_Agricultu.pdf //IC

NAFTA created 5.3 million jobs both in the formal and informal sectors. The TIR uncovered that approximately ***36 percent of these jobs were created in the informal sector where workers typically receive no benefits, are not entitled to vacation pay or overtime, and routinely have no contract protections***. Many of the women who entered the informal sector were selling food on the streets and this "market" became flooded. Wages went down in this area considerably as a result. The remaining jobs were created in the formal sector, primarily manufacturing jobs. Women for the most part went to maquilas. While these jobs may provide increased autonomy for women, many of these jobs are lowwaged, precarious, and exist in difficult working conditions. Simply stated, these types of jobs do not enable women to pull themselves and their families out of poverty. Women work all day in the maquilas and then come home to care for the house and their children – they work a total of 18 hours a day. Moreover, ***to achieve the same level of income that one farmer received in 1990 prior to NAFTA, three people now have to work to achieve the same level of income– and that is with inflation included***. It should also be noted that many of the new jobs created are now going to Asia. For example, an assembly line worker earns U.S. $.50 to .80 per hour in China. Her counterpart in Mexico gets U.S. $2.50 to $3.50. The jobs created by NAFTA are not long-term, stable jobs.

(Marc Bacchetta – WTO)

Marc Bacchetta (World Trade Organization). GLOBALIZATION AND INFORMAL JOBS IN DEVELOPING COUNTRIES. Accessed 2/4/2017. Published 2009. https://www.wto.org/english/res_e/booksp_e/jobs_devel_countries_e.pdf.

Similarly, firms operating in the informal economy are often small and face barriers to growth, preventing them from offering high-quality goods and services. And when economies are opening up, the informal economy often acts as an adjustment buffer for workers who lose their jobs, further depressing decent working standards in a manner that would not occur if alternative employment opportunities were available in the formal economy. In a nutshell, informal sector firms lack the capacity to generate sufficient profits to reward innovation and risk-taking – two essential ingredients for long-term economic success. Estimates suggest that countries analysed in this study lose up to **2 percentage points [loss] of** average **economic growth due to** their **informal labour markets.**

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The correlation that may be drawn from these studies is, however, no proof of causality. Indeed, recent analyses demonstrate that the link between inequality and informality is running in both directions. A higher incidence of informal employment is raising the degree of income inequality through a composition effect. At the same time, a higher degree of income inequality is increasing the size of the informal economy as individuals are prevented from joining the formal economy, due to a lack of either human or financial wealth (Chong and Gradstein, 2007). In cross-country regressions **an increase in the size of the informal economy by 3 percentage points** can be shown to **raise[s]** income **inequality** as measured by the Gini coefficient **by** as much as **8 percentage points.** Chong and Gradstein (2007) also show that the strength of this link depends on institutional quality, such as the degree of corruption, the integrity of the rule of law, government stability and democratic accountability. This result is also confirmed by earlier studies which looked only at transition economies in Eastern Europe and Central Asia (Rosser et al., 2000).

(Marc Bacchetta – WTO)

Marc Bacchetta (World Trade Organization). GLOBALIZATION AND INFORMAL JOBS IN DEVELOPING COUNTRIES. Accessed 2/4/2017. Published 2009.
https://www.wto.org/english/res_e/booksp_e/jobs_devel_countries_e.pdf.
Informality is associated with increased vulnerability of countries to economic shocks. Moreover, informality raises the likelihood of being affected by such shocks. The combination of these two tendencies can create a vicious circle, weakening the long-term performance of a country, lowering the potential benefits it can derive from trade and reducing economic well-being. Volatility in growth performance and the frequency of extreme economic events (such as rapid growth spurts and sudden growth reversals) tend to rise with the size of the informal economy. Countries with above average sized informal economies are almost twice as likely to experience extreme economic events, compared to countries with less informal employment. Empirical evidence in the literature tends to confirm this adverse association between informality and business cycle volatility – informality both acts as a direct cause for higher business cycle volatility and represents a symptom for other institutional deficiencies that render a country less resilient to shocks, such as the absence of automatic stabilizers or the presence of regulatory distortions.

Patten, Daniel J. PHD, Western Michigan University, "Dangerous Deals: A Case Study of NAFTA as a Criminogenic Policy." (2017). //JN
https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations
The Mexican secretary of finance desired to quickly wrap the agreement up, yet these concessions, rather than bringing the parties closer to an agreement, led to the U.S. team demanding more (Cameron and Tomlin 2000).66 Mexico's impatience resulted in many large concessions made too early in the game. NAFTA was the goal with little emphasis on the terms of the agreement. Some of Mexico's impatience was due to the volatility of the peso, and its strength appeared to be tied to the success of NAFTA, as it fluctuated with the negotiation process.67 Mexico's authoritarian political structure littered with its *camarillas* weakened Mexico's negotiating power rather than strengthening it.68 Mexican team members were heavily committed to trade liberalization, likely due to their similar educational backgrounds, and, according to one anonymous Mexican negotiating advisor, they had little understanding of the advantages of protectionism for the Mexican economy (Cameron and Tomlin 2000). The fact that **Mexico needed NAFTA more than the United States, with arguably no other viable options, created the most important power imbalance** between these two negotiating countries (Blears 1993).

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https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations
Although Mexico implemented several actions and policies in the years surrounding the NAFTA negotiations and leading up to its implementation, they must be understood as consequences of NAFTA since they were adopted to prepare the Mexican economy for the free trade agreement. For example, in face of all the government expenditure cuts, **Mexico increased its anti-drug spending ninefold** from 1987 into the 1990s (Andreas 1998a). At the end of de la Madrid's presidency, he announced drug trafficking as a threat to national security which is a rare claim in Mexican society. Salinas continued pursuing drug traffickers primarily to appease the United States and amp up the national security apparatus to mollify investor concerns. The militarization of the police force and involvement of the Mexican military grew as a solution to drug trafficking. Narco-corruption among state officials in Mexico remains an issue today, and drug trafficking and enforcement

issues will be discussed more thoroughly in Chapter 7. **By the end of Salinas' term, a conservative estimate of around 86 percent of state enterprises were privatized, most during his presidency** (Moody 1995). Ironically, Oppenheimer (1998) sardonically points out **that Salinas opened the Mexican economy** to such an extreme that Mexicans were eating their own cultural foods ill-prepared by Taco Bell. **Land reforms characterized another major aspect of the Salinas restructuring** that will be covered in a later section. Due to the intensification of the privatizing efforts and other neoliberal modifications, unions that had long been controlled with corporatist methods became problematic to the Mexican state and potential U.S. investors. However, with Salinas' bold economic and political promises, the PRI rebounded in 1991 with PRI candidates winning 61 percent of the votes in the elections for federal senators and state governors. With this political victory, Salinas was able to 148 17 make law unilaterally without appeasing oppositional parties (Dillon and Preston 2004). Even President Bill Clinton (Auerswald, Duttweiler, and Garofano 2003) and the U.S. press (Dillon and Preston 2004) endorsed Salinas, thus furthering his political and economic legitimacy. With Salinas's image as an economic savior and lack of oversight, he was free to deal with the unions. **Salinas disregarded article 12323 of the constitution that protected workers' rights, particularly their right to organize and strike, by cracking down on union workers in order to subdue labor resistance to neoliberal policies**. Since Salinas and his cabinet members saw Mexico's competitive advantage and their leverage at the bargaining table as cheap labor and lax corporate regulations, **unions only stood in the way of Mexico making its case as being a strong free trade partner to the United States. In response, Salinas went after major union bosses and declared a war against unions** (Kim 1995)…. Once again, the U.S. and other foreign media hailed Salinas as a national hero and competent leader maintaining peace during a tumultuous time in Mexico (Grunwald 1991). The wave of privatization enticed foreign investments along with empowering the PRI government's control over the Mexican people. Once union and labor opposition was quashed, the Salinas government was free to privatize nearly any industry deemed necessary. Corporate constituents of the PRI government benefited greatly from these tactics, particularly billionaire Carlos Slim Herú who made a fortune. *The amendment of article 27 of the constitution was just another step in this strategy of privatization that moved land from the poor to the wealthy.* ***Faced with pressure by the United States, IMF, and World Bank, the Mexican government followed a path of austerity commonly paired with trade liberalization*** *by further reducing the social programs it had in place* (Stanford 1994; Barry 1995). *In the years leading up to NAFTA, President Salinas reformed agrarian society by allowing an inflow of agricultural imports, removing or reducing most agricultural subsidies, withdrawing or shrinking tariffs on most products, and guaranteed prices were no longer given for any crops other than maize and beans* in 1990 (Foley 1995). For instance, Mexico dissolved ANAGSA, a public insurance 150 17 agency that provided programs for crops to help with losses, BANRURAL – a rural development bank – declared it would only loan to profitable peasant farmers (Foley 1995), and the state ended a history of subsidizing affordable necessities for farmers such as water, electricity, fertilizer, and pesticides (Hewitt de Alcántara 1976). When the Mexican government withdrew their political and economic support for peasant organizations, U.S. companies ceased to offer financial credits to these organizations as well (Stanford 1994). In 1992, a constitutional amendment to article 27 ended 70 years of land reform and established the groundwork for privatization of ejido lands (McGuire 2015). The ejido system was established by the Mexican Constitution of 1917 after the Mexican Revolution. An ejido is a large piece of communal land available to landless farmers for cultivation. Historically, wealthy land owners would lease lands to these farmers. With the establishment of the ejido system, peasants could petition their government to expropriate the land from wealthy landowners which, if successful, would make the land publicly owned. Thus, ejidatarios, members of an ejido, would retain land rights as long as they used the land for farming, however, they did not own the land. Land redistribution under this article was a large part of Mexican history (Sanderson 1984). After the Mexican government deemed the ejido a failed system in the face of the 1982 debt crisis, advocates of neoliberalism pushed for full privatization of rural lands and abolishment of the ejido. The amendment to article 27 revoked peasants' right to petition for land reducing the fears of foreign investors (Foley 1995). Corporations, although previously banned from land tenure, were now free to purchase agricultural land, and only 33 percent of the ejido plus one member were needed to make changes in property relations. Proponents of privatization saw this move as beneficial for ejidatarios because they now owned some piece of land, and could use or 151 17 sell it for profit. Many producers experienced an increase in competition simultaneously as costs were rising…***.The United States also played an integral role in influencing land reform policy in Mexico prior to NAFTA***. Hendrix (1995) states that, according to the Wall Street Journal, the amendment to article 27 was enacted to directly allow the Mexican Department of Agriculture and Water to "enlist the Chicago Board of Trade, Merrill Lynch, Spatts, and several other brokerage houses and Mexican financial institutions as consultants to create a new agricultural commodities market" modeled after the Chicago Mercantile Exchange. A primary goal was to convert ejidos to private property, in turn creating international partnerships for foreign investment. Thus, U.S. foreign investors were directly behind, or at least heavily supported, major agrarian reforms in Mexico prior to NAFTA.

NAFTA CREATES PESO CRISIS [da]

Patten, Daniel J. PHD, Western Michigan University, "Dangerous Deals: A Case Study of NAFTA as a Criminogenic Policy." (2017). //JN

https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations

The last two chapters dealt with the context under which NAFTA was negotiated, the actual negotiations, and the details and criminogenic nature of the resulting agreement. Referring to the analytical model in Figure 2.1, this chapter focused on the link between NAFTA (policy) and its subsequent social harms, categorized as those generally found in agriculture, the environment, migration, and the drug trade. The major piece needed at this point in the analysis is establishing this link, most importantly, isolating NAFTA from other potential contributors to these social harms. Most commonly, other **researchers have attributed the poor economic performance in Mexico to the peso devaluation and subsequent economic crisis in 1994 and 1995** (Galbraith 2014) and Mexican mismanagement (Wise 1998; Audley et al. 2004), rather than NAFTA. However, **both of these potential factors are related to NAFTA** and the other neoliberal policies put in place prior to NAFTA by the Mexican government. The peso crisis had a major effect on Mexico, but it is difficult to disentangle it from NAFTA. Since most NAFTA proponents blame the Mexican economic woes following NAFTA on the economic crisis rather than NAFTA or the larger body of neoliberal reforms of which it is the culmination, the 1994 peso devaluation and subsequent economic crisis must be examined closely (Orme 1996; Wise 1998; Audley et al. 2004; Scott 2011; Galbraith 2014). If NAFTA played a role in the peso devaluation, then any subsequent economic crisis would, at least to some degree, be attributable to NAFTA. Take Wise's (1998) edited volume, for instance, where most authors argue that NAFTA improved the Mexican economy—supported mainly by focusing on increases in trade and foreign investment—and that the issues with Mexico after NAFTA are due more to Mexican mismanagement than NAFTA. However, these authors tend to neglect **the U.S. role in that mismanagement.** Specifically, **the United States praised Mexican leadership during and after the NAFTA negotiations to keep a positive image of NAFTA** and its interests in securing the trade deal. Wise (1998) even notes the importance of intra-industry trade in securing NAFTA, and Maxfield and Shapiro (1998), authors in Wise's edited volume, argue that the United States was the winner in the NAFTA negotiations despite some concessions to Mexico. Given that some of the NAFTA provisions severely limit the ability of governments to pass regulations that cut into corporate profits, how can NAFTA be ignored as a potential or partial cause of the economic crisis? Wise (1998) seemingly ignores the likely scenario that **Mexican mismanagement was not necessarily due to incompetence, rather it was part of a strategy to inflate the peso to gain support for NAFTA**. In such a scenario, it would be hard to place the blame solely on mismanagement and not hold NAFTA somewhat accountable. Another author in Wise's edited volume, Pastor (1998:121), outlines a plausible alternative to handling the peso crisis that would have involved "tinkering with the exchange rate," but would have "alienate[d] portfolio investors" and "perhaps jeopardize[d] Mexico's chances at entering NAFTA." One could also argue that NAFTA lacked transitional support for workers facing tough economic times. Instead, Wise (1998) argues that transitional programs helped cushion many U.S. and Mexican groups from the disadvantages of NAFTA, albeit those groups had to push for those concessions and these programs often served simply as window-dressing. Wise (1998) tends to focus on Mexico's failure to provide transitional aid, rather than NAFTA's failure to include it. Take Mexican agricultural workers for instance. Despite nearly 26 percent of the workforce in agriculture, **Pastor and Wise** (1998), in their co-authored chapter, **argue that the Mexican government did next to nothing to help these workers through an adjustment period that brought several changes to the agricultural sector**. Many of **those changes**, of course, **were brought on by NAFTA and neoliberal policies adopted by Mexico in preparation for NAFTA**. These authors also ignore U.S. and Mexican TNCs as beneficiaries of the "Mexican mismanagement." The U.S.-Mexican ties during the early NAFTA years demonstrate the instrumental importance of NAFTA to foster increased U.S. influence in Mexico as documented by Dresser (1998), another author in Wise's book, thus suggesting that NAFTA may have been more important in the Mexican outcomes than initially suggested by Wise (1998). Some scholars discuss the U.S. involvement in the Mexican peso devaluation without placing blame on NAFTA. For example, Weisbrot, Lefebvre, and Sammut (2014) argue that **the U.S. Federal Reserve's decision to increase U.S. short-term interest rates led to the 1994 peso crisis. Since NAFTA created a deeper economic integration between the United States and Mexico, Mexico was more at the mercy of Federal Reserve Policy**. Weisbrot et al. (2014:18) concluded that several policy decisions that troubled the peso "were not all written into NAFTA," but "were closely related in that they were part of a strategy of guaranteeing foreign investors the kinds of capital mobility that they wanted, in order to attract foreign investment (both portfolio and foreign direct investment)." Audley et al. (2004) helped put the Federal Reserve's actions in context. NAFTA negotiations boosted investor confidence that investments in Mexico would be protected by the new agreement and would benefit from a newly available U.S. market economy. When developed countries' economies slowed in the early 1990s, Western banks cut interest rates to help their struggling economies, but this also made investment in countries like Mexico more attractive. **Mexico also utilized a fixed exchange rate, pegging the peso to the U.S. dollar, creating predictability in the exchange rate and appeasing investors.** The massive inflows of investment were primarily portfolio capital in the form of government bonds and corporate stock, which is much more mobile than direct investment in actual facilities or equipment. **When the U.S. Federal Reserve raised their low-interest rates in early 1994, portfolio investment flowing into Mexico slowed**. However, Audley et al. (2004) like Wise (1998) points to Mexican mismanagement as the cause of the peso devaluation for two reasons. First, the Mexican government transferred its public debt from pesos to dollar-based securities (*tesobonos*), assuming the exchange rate risk previously borne by investors. Second, it elected to keep the incoming funds out of the public money supply which allowed the Bank of Mexico to intervene, protecting the peso. However, both decisions were major appeasements for investors, holding true to NAFTA's promise. To suggest there were no other forces at play beyond the Mexican government denies much of the evidence laid out in Chapter 6. Although less common, other researchers hold NAFTA more accountable for the peso crisis. Lee (1995) argues that the campaign to sell NAFTA created a major enthusiasm among investors that led to unsustainable speculative capital flowing into the Mexican stock exchange, creating a bubble of inflated Mexican assets and the peso.216 The subsequent mismanagement of the Mexican government to correct the overvaluation was a deliberate strategy to keep NAFTA attractive and reestablish PRI credibility, both of which were in the interest of the TCC. A high peso protected NAFTA from many of its critics since it made Mexican labor more expensive, and increased Mexicans' purchasing power.

Weisbrot, Mark, Stephan Lefebvre, and Joseph Sammut. *Did NAFTA help Mexico? An assessment after 20 years*. No. 2014-03. Center for Economic and Policy Research (**CEPR**), 20**14**. //JN

http://cepr.net/documents/nafta-20-years-2014-02.pdf

NAFTA also increasingly **tied Mexico to the U.S. economy**, at a time **when the U.S. economy was becoming dependent on growth driven by asset bubbles**. As a result, **Mexico suffered a recession when the stock market bubble burst in 2000-2002, and was one the hardest hit countries in the region during the U.S. Great Recession, with a drop of 6.7 percent of GDP**. The **Mexican economy was even harder hit by the peso crisis** in 1994-95, **losing 9.5 percent of GDP** during the downturn; **the crisis was caused by the U.S. Federal Reserve raising interest rates in 1994**.

Free Traders and Drug Smugglers: The Effects of Trade Openness on States' Ability to Combat Drug Trafficking Horace A. Bartilow Kihong **Eom**, 20**09** University of Miami, http://sci-hub.tw/https://www.cambridge.org/core/journals/latin-american-politics-and-society/article/free-traders-and-drug-smugglers-the-effects-of-trade-openness-on-states-ability-to-combat-drug-trafficking/F87B9E27F47EA13A8FCAB88161A1A0F9 //DZ

NAFTA, for example, has **diverted Caribbean Basin trade from the North American market.** Trade economists predicted that under NAFTA, the Caribbean Basin would experience a significant displacement of its textile and apparel exports to North America (Hufbauer and Schott 1992). The preferential concessions under the CBI and the GSP to promote export diversification among Central American and Caribbean Basin countries has been largely undermined by Mexico's preferential access to the U.S. and Canadian markets under NAFTA (Hutchinson and Schmacher 1996). **As a direct result of trade and investment diversion, the Caribbean Basin has suffered the closing of more than 150 apparel plants and the loss of more than 123,000 jobs. With the inception of NAFTA, Mexican textile exports to the U.S. and Canadian markets have grown at three times the rate of those from the Caribbean Basin. In Jamaica, garment exports fell by 7 percent, resulting in the loss of more than 7,000 jobs. Guyana, Belize, and St. Lucia have recorded even larger job losses** (Rother 1997). The World Trade Organization ruling against the Lomé Convention, which was established to give Caribbean Basin banana and sugar exporters preferential access to the European market, also reduced the competitiveness and export earnings of the region's producers (Dodwell and James 1993). Thus, while the Caribbean Basin countries have gained from free trade arrangements like the CBI and the GSP, these gains were offset by later losses that were attributed to free trade policies emanating from outside the region.

A2: Peso Crisis Alt-Cause

Link Turn Rhetoric

1. Turn; Patten explains that Mexico artificially inflated the Peso in order to gain support for NAFTA.

Cards

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https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations

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A2: Mexican Export Diversification

Link Defense Rhetoric

1. Non-unique; Ito '13 of the Institute of Developing Economies reports that Mexico's unilateral trade liberalization which happened a decade before NAFTA increased their export diversification in two ways:
    a. It increased access to affordable inputs, which allowed for more export variety.
    b. Mexico joined GATT in 1987, which was made possible through their initial liberalization.

Cards:

Tadashi Ito, 2013, Institute of Developing Economies, Japan

http://www.scielo.org.mx/pdf/ee/v30n2/0186-7202-ee-30-02-00183.pdf

This section performs an econometric analysis using raw trade data to examine whether the probability of a particular product being exported is associated with Mexico's periods of trade liberalization. As noted in the previous section, it is imperative to use trade data from a sufficiently long period of time before 1986 in order to appropriately capture the effects of the two major series of Mexico's trade liberalization: the unilateral trade liberalization from 1986 and inception of NAFTA from 1994. It is logically straightforward to assume that NAFTA may have had a positive impact on Mexico's export variety because the US eliminated its import tariffs on Mexican goods. On the other hand, ***Mexico's unilateral trade liberalization was an initiative on the side of Mexico to reduce its import tariffs, and thus did not directly work to reduce its trade partners' import tariffs.*** However, ***this initiative may have increased Mexico's export diversification through two channels. The first channel is due to better access to affordable inputs, which may eventually have led to an increase of export variety.*** Indeed, the Mexican government's first action in its series of unilateral trade liberalization was the elimination of license requirements, official import prices, and quantitative restrictions, in order to improve Mexican products competitiveness.9 ***The other is Mexico's accession to the General Agreement on Tariffs and Trade (GATT) in 1987, which itself was made possible by Mexico's unilateral trade liberalization in 1986.*** We use five-digit SITC trade data, which are the only data available with consistent product codes for a sufficiently long period.10 We use Mexico's export data on the 50 largest export destinations at the five-digit SITC level for the longest possible date range, namely 1962- 2010. The following equation is then estimated using a Probit model:where y takes 1 when the dependent variable (i.e., the trade value) takes a positive number, and 0 otherwise. x is the vector of explanatory variables, namely the GDP of destination countries; the distance between Mexico and destination countries; the NAFTA dummy, which takes 1 if the destination country is the US and the years are on or after 1994, and 0 otherwise; the Mexico unilateral liberalization dummy, which takes 1 if the years are on or after 1986; the common language dummy; and the dummies for years, destinations, and two-digit SITC codes.11 β 0 is the vector of parameters for these variables. ϕ (v) is a standard normal density function.

A2: American Social Spending

Link Defense Rhetoric

1. Orme of the University of Texas finds that a loss in tariff revenue is offset by rising income and growing businesses that contribute more in taxes.

Link Turn Rhetoric

1. Levy ‘18 of Forbes finds that companies move away from taxed goods to non-taxed goods which decreases the overall tariff revenue that my opponents talk about.

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

__That leaves the $600 million or so a year that Washington will no longer collect in tariffs under a free trade regime.__ This is only major direct budget cost. Yet **__tariffs are not intended as a revenue source__** (at least not in the 20th century), but as an import penalty. **__Tax revenues from new business and rising incomes will more than offset losses from canceled tariff collections__**. Mexico understands this, even though it will give up three times as much tariff revenue as the United States in absolute terms, and more than 30 as much in terms of budget impact.

__Levy__, Phil, 4-12-2018, "Will Trump's Tariffs Have A Silver Lining Of Raising Revenue? Don't Bet On It.," Forbes, https://www.forbes.com/sites/phillevy/2018/04/12/trump-tariff-revenue-what-tariff-revenue/#49cade9d390f

But reports described the China tariff list as intended to minimize the impact on U.S. consumers. One common way to do that is to identify goods that have close substitutes. Suppose that there are roughly equivalent Malaysian aircraft parts that sell for $105/unit. **__U.S. aircraft manufacturers might well choose to switch over to [other goods]__** these, **__rather than paying the__** $125 cost plus **__tariff for the Chinese goods__**. **__That switch would mean__** that costs rise only 5%, rather than 25%, but **__there would be no tariff revenue__**, as the tariffs were directed at China not Malaysia. The same thing would happen if importers switched to U.S.-produced goods – a clear intent of President Trump's protectionism. So **__substitution could undercut the revenue from narrowly directed tariffs.__** Even with broader tariffs, such as those the Trump administration imposed on steel and aluminum on national security grounds (the "Section 232" tariffs), it is not clear how much revenue will increase. Here's another scenario: a U.S. auto parts manufacturer buys steel bars from Japan to stamp into a product for a European customer. Japan was not granted an exclusion from the 232 tariffs, so the 25% burden would apply. The U.S. parts manufacturer proposes a large price increase to its European customer. The European customer balks and decides it can buy its part elsewhere in the world, from a manufacturer who has access to cheaper steel. In this example of lost sales, there is also no tariff revenue.

A2: American Jobs Growth

Trade Deficit Disadvantage Rhetoric

1. NAFTA harms the economy in the long run. Vitelli '18 of The Perspective finds that NAFTA has resulted in a trade deficit with Mexico that recently totaled $63 billion dollars. This harms the US economy in two ways:
    a. Debt. Amadeo '18 of The Balance explains that an ongoing trade deficit is detrimental to the nation's economy because it is financed with debt. This is harmful long term, as a growing federal debt is like driving with the emergency brake on. As the debt to GDP ratio rises, debt holders can demand larger interest payments, putting more strain on the US economy.
    b. Competition. Amadeo furthers that as the US relies more on foreign goods, it loses global competitiveness in those areas and outsources more jobs, lowering the standard of living.
        i. Overall, Scott '11 of the Economic Policy Institute writes that on net, this deficit has caused a net loss of almost 700,000 jobs.

Unions Disadvantage Rhetoric

NAFTA has decreased the quality of all jobs created by destroying unions. *This is for two reasons:*

1. By enabling offshoring. The Public Citizen's Global Trade Watch writes in 2018 that after NAFTA, up to 62 percent of U.S. union drives faced employer threats to relocate abroad, and the factory shut-down rate following successful union certifications tripled.
2. By creating exploitable labor. CDM '17 explains that NAFTA created guest worker visas, such as the TN visa. Unfortunately, Patten '17 of Western Michigan University explains that because guest workers' residency is predicated on them being employed, they are often exploited by their employers, but cannot defend their rights without the threat of being fired and deported, busting unions.

Ultimately, Public Citizen '14 of Global Trade Watch finalizes that for the majority of American workers, they can purchase 12% less goods because of NAFTA.

Vitelli, Andrew. "The Perspective on NAFTA : Did It Hurt America?" *Theperspective.com/*, 20 Apr. **2018**, www.theperspective.com/debates/businessandtechnology/nafta-hurt-america/.

Signed by President Clinton in 1993, the North American Free Trade Agreement (NAFTA) with Mexico and Canada opened up trade between the continent's three largest economies. From Ross Perot to Bernie Sanders, NAFTA has been a punching bag for political outsiders of all stripes. Meanwhile, its establishment support has cut across party lines. With a new NAFTA dealin the works, the question arises: Was the original free trade agreement a positive one for Americans? Here are three arguments making the case that NAFTA hurt Americans, and three arguments stating that it had the opposite effect. **NAFTA hurt the US economy.** Manufacturing jobs moved to Mexico.

After NAFTA was first signed by President Bush in 1992 (and later by Clinton), presidential candidate Ross Perot warned that the "giant sucking sound" Americans heard was jobs leaving the US for Mexico**. With free access to US markets, firms would pay less for Mexican labor south of the border.**

More than 20 years later, Perot's prediction has been validated. **The US trade deficit with Mexico stood at $63 billion in 2016 while US manufacturing has seen a rapid decline**; from 2000 to 2010 the country lost more than 600,000 manufacturing jobs, as companies moved to Mexico rather than paying higher wages to American workers.

It hurt wages for American workers

NAFTA's impact on workers went beyond those who saw their plants close or move to Mexico. Even for those who did not lose their jobs, the threat of competition from Mexico lowered wages for Americans in industries such as textile, apparel, and automotive manufacturing.

Some business owners and managers do not have to move to Mexico to save on labor costs – they simply must threaten to do so. During collective bargaining, managers can say that they will move their plants south if workers do not meet their terms, and employees can hardly afford to call their bluff. Similarly, this discouraged unionization, a boon for corporations but not for their employees.

Amadeo, Kimberly. "How the US Trade Deficit Hurts the Economy." The Balance, The Balance, 5 Mar. **2018**, www.thebalance.com/u-s-trade-deficit-causes-effects-trade-partners-3306276.

The recession offset this advantage, causing global trade to decline. U.S. exports dropped from $1.8 trillion in 2008 to $1.5 trillion in 2009. Imports fell from $2.3 trillion in 2007 to $1.6 trillion in 2009. Both exports and imports have risen since then. This was despite the continued strength of the dollar since 2009, due to the weakening effect of the eurozone crisis on the euro.

But the dollar has resumed is weakening trend. It is constantly pressured downward by the U.S. debt. Furthermore, oil is priced in dollars. As the dollar declines, OPEC increases prices to maintain its revenue.

The U.S. reliance on oil means it will be difficult to escape its trade deficit.

Two Problems With the Trade Deficit

An ongoing trade deficit is detrimental to the nation's economy because it is financed with debt. The United States can buy more than it makes because it borrows from its trading partners. It's like a party where the pizza place is willing to keep sending you pizzas and putting it on your tab. This can only continue as long as the pizzeria trusts you to repay the loan. One day, the lending countries could decide to ask America to repay the debt. On that day, the party is over.

A second concern about the trade deficit is the statement it makes about the competitiveness of the U.S. economy itself. By purchasing goods overseas for a long enough period of time, U.S. companies lose the expertise and even the factories to make those products. Just try finding a pair of shoes made in the America. **As the United States loses competitiveness, it outsources more jobs, and its standard of living declines.**

(card about why debt is bad)

Amadeo, Kimberly. "3 Reasons Why America Is in So Much Debt." The Balance, The Balance, 21 Apr. **2018**, www.thebalance.com/the-u-s-debt-and-how-it-got-so-big-3305778.

Why have interest rates remained low? Purchasers of Treasury bills are confident that America has the economic power to pay them back. During the recession, foreign countries increased their holdings of Treasury bonds as a safe haven investment. These holdings went from 13 percent in 1988 to 31 percent in 2011.

Fifth, Congress raises the debt ceiling. Congress sets a limit on the debt but still increases it. That didn't happen between 2011 through 2013, though. That was because the debt crisis resulted in a government shutdown and budget sequestration. In 2015, Congress suspended the ceiling until after the 2016 presidential elections. In 2017, it raised the debt ceiling until December 8, 2017.

How the Large Debt Affects the Economy

In the short run, the economy and voters benefit from deficit spending. It drives economic growth. The federal government pays for defense equipment, health care, and building construction. It contracts with private firms who then hire new employees. They spend their government-subsidized wages on gasoline, groceries, and new clothes. That boosts the economy. The same effect occurs with the employees the federal government hires directly. As part of the components of GDP, government spending takes a huge chunk, most of which is allocated to military expenditure.

Over the long term, a growing federal debt is like driving with the emergency brake on. As the debt-to-GDP ratio increases, **debt holders could demand larger interest payments.** They want compensation for an increasing risk they won't be repaid. Diminished demand for U.S. Treasurys would further increase interest rates. **That would slow the economy.**

Lower demand for Treasurys also puts downward pressure on the dollar. That's because the dollar's value is tied to the value of Treasury Securities. As the dollar declines, foreign holders get paid back in currency that is worth less. That further decreases demand. Also, many foreign holders of U.S. debt are investing more in their own countries.

At that point, the United States will have to pay exorbitant amounts just for the interest. The amount of federal spending today points to high interest payments on the debt in the near future.

Scott, Robert. "Heading South U.S.-Mexico trade and job displacement after NAFTA." Economic Policy Institute. 2011. https://www.epi.org/files/page/-/BriefingPaper308.pdf

The United States had a small ($1.6 billion) trade surplus with Mexico (supporting 29,400 jobs) in 1993, the year before NAFTA took effect. • **U.S. trade deficits with Mexico as of 2010 displaced production that could have supported 682,900 U.S. jobs; given the pre-NAFTA trade surplus, all of those jobs have been lost or displaced since NAFTA**. **This estimate of 682,900 net jobs displaced takes into account the additional jobs created by exports to Mexico.** •

Rapidly growing trade deficits and job displacement happened as a surge of foreign direct investment (FDI) poured into Mexico from private investors (NAFTA made it attractive to companies all over the world to invest in Mexico to gain duty free access to the U.S. market). FDI tripled as a share of Mexico's gross domestic product in the post-NAFTA period and fueled the outsourcing of jobs and production to Mexico. • Most of the jobs displaced by trade with Mexico as of 2010 were in manufacturing industries (415,000 jobs; 60.8% of the total jobs displaced).

Public Citizen's Global Trade Watch, "NAFTA's Legacy: Lost Jobs, Lower Wages, Increased Inequality", Feb 20**18**, //JN

https://www.citizen.org/sites/default/files/nafta_factsheet_deficit_jobs_wages_feb_2018_final.pdf

"There is a broad academic consensus that trade flows have contributed to rising U.S. income inequality. The only debate is the extent of trade's role in creating a situation in which the richest 10 percent of Americans are now taking more than half of the economic pie, while the top 1 percent is taking more than one fifth. Since NAFTA's implementation, the share of national income collected by the richest 10 percent has risen by 24 percent, while the top 1 percent's share has shot up by 55 percent.20 NAFTA has placed downward pressure on wages for the middle and lower economic classes by forcing decently-paid U.S. manufacturing workers to compete with imports made by poorly-paid workers abroad. The resulting displacement of those decently-paid U.S. workers has further depressed middle-class wages by adding to the surplus of workers seeking lower-paying service sector jobs. **NAFTA** also **contributes to rising inequality by enabling employers to threaten to move their companies overseas during wage bargaining with workers**. For instance, a Cornell University study commissioned by the NAFTA Labor Commission found that, **after the passage of NAFTA, as many as 62 percent of U.S. union drives faced employer threats to relocate abroad, and the factory shut-down rate following successful union certifications tripled.**"

Patten, Daniel J. PHD, Western Michigan University, "Dangerous Deals: A Case Study of NAFTA as a Criminogenic Policy." (2017). //JN

https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations

In response to the massive influx of migrant workers, rather than offer permanent residency, **U.S. employers advocated for guest worker policies**. Yet, the history of guest workers is quite dark and **ridden with exploitation**. Gonzalez (2006) describes this history in relation to the trends after NAFTA. He challenges the common argument in the literature that Mexican migration shares several similarities with European migration. Instead, he argues that Mexican migration is much more explicable using a comparison to colonized labor in Britain and France. The key to understanding Mexican migration is U.S. capitalist expansion. Furthermore, the Bracero program, as well as other "guest worker" programs between the United States and Mexico, are run unilaterally by the United States and are not interdependent.194 The only interdependence is between elites in the TCC where Mexican elites agree to the terms and conditions of TNCs demanding cheap labor. **Looking at more recent NAFTA-era migration, employers have used a strategy of employing contractors to employ workers to shield themselves from any scrutiny over worker rights violations** (Bacon 2008). **Employers have also continually declared labor shortages to keep a large labor pool and wages down. Since guest workers are subject to deportation when they do not have a job, it is most troubling that several guest workers have been fired for very fickle reasons**, such as "mother sick," "death in the family," "work hours too long," and "slowing down other workers," likely **to keep them from gaining** any **power, and often a guise for union busting** (Bacon 2008:94). These reasons were often mentioned by workers themselves, and they were fired by employers for complaining. Although NAFTA attempted to integrate the economies of the United States, Mexico, and Canada, no political integration was sought, and labor integration was actively avoided. In sum, the creation of NAFTA with no discussion of labor flows has brought at least five problematic outcomes. This lack of discussion is reflective of the criminogenic nature of NAFTA, particularly the lack of worker representation in negotiations and its allegiance to the TCC motivated by a neoliberalism ideology that favored cheap labor. First, many **Mexicans were displaced by NAFTA and other agrarian policies**. Second, in response, there has been intensified, often violent, attempts at curtailing migration. Third, **the informal sector dedicated to providing smuggling services** and false documentation grew. Fourth, **there has been unprecedented growth in the undocumented Mexican population** in the United States. Fifth, **the criminalization of immigrants and classification of immigrants as guest workers has had detrimental effects on workers' rights**.

Stuart Anderson, 6 April 2018, Forbes, "If NAFTA Goes Away, Treaty's Immigration Benefits Will Disappear" //JN

https://www.forbes.com/sites/stuartanderson/2018/04/06/if-nafta-goes-away-treatys-immigration-benefits-will-disappear/#316bddbe46f0

On the immigration front, there are another set of negative impacts that would affect U.S. consumers and businesses. Right now, **Canadian and Mexican professionals can come to the United States and work in TN status. Investors from Canada and Mexico can use E visas. But that is only because of NAFTA**. "If NAFTA were to end, both the TN and E visas would become unavailable," writes Kathleen Walker, an attorney with Dickinson Wright and author of a new National Foundation for American Policy report. "That means the jobs, health and consumer benefits Americans now enjoy connected with these visas also would end."

US Customs and Border Protection, For Canadian and Mexican Citizens

https://www.cbp.gov/travel/canadian-and-mexican-citizens

The nonimmigrant NAFTA Professional (TN) visa allows citizens of Canada and Mexico, as NAFTA professionals, to work in the United States in prearranged business activities for U.S. or foreign employers. Permanent residents of Canada and Mexico are not able to apply for TN visas to work as NAFTA professionals. Select TN NAFTA Professionals on the USCIS website to learn more about TN nonimmigrant status.

"Coerced Under NAFTA", December 2017, Centro De Los Derechos Del Migrante //JN

http://cdmigrante.org/wp-content/uploads/2018/01/Coerced-under-NAFTA_-Abuses-of-Migrant-Workers-in-TN-Visa-Program.pdf

Every year, thousands of Mexicans come to work in the United States as professionals on TN visas. Workers report that **TN visa employers and their recruiters commit fraud, retaliation, discrimination, wage theft, and economic coercion, among other abuses. A common thread in these abuses is the undue power wielded by employers under the TN visa.** These recruitment and employment abuses are compounded by the TN visa program's lack of oversight. Despite chronic underfunding and other shortcomings in enforcement, the Department of Labor's oversight of other guestworker programs provides a modicum of transparency and basic rights protections that is absent in the TN visa program.

"Coerced Under NAFTA", December 2017, Centro De Los Derechos Del Migrante //JN

http://cdmigrante.org/wp-content/uploads/2018/01/Coerced-under-NAFTA_-Abuses-of-Migrant-Workers-in-TN-Visa-Program.pdf

Created in 1993 under the North American Free Trade Agreement (NAFTA), the TN visa allows citizens of Mexico and Canada to work in the United States for a period of 3 years, subject to extension and limitless renewal. To qualify for the TN visa, an applicant must have pre-arranged employment, and the applicant's experience and education must meet the criteria laid out in NAFTA.1 TN workers must fit into specific professional categories, such as economist, psychologist, meteorologist, or university professor. Employers' usage of the TN visa has grown dramatically in the last decade.2 Since Canadian workers can enter the U.S. with the more easily acquired TN status, which only requires meeting TN requirements at the port-of-entry rather than at a consular interview, the overwhelming majority of TN visas are granted to Mexicans. Until 2004, NAFTA capped the number of Mexican citizens who could enter the United States on the TN visa at 5,500 per year. In 2004, ten years after NAFTA went into effect, the United States eliminated the cap and most oversight requirements, and the number of visas issued began to rise. 4 Between 2011 and 2016, the 5 number of TN visas issued per year nearly tripled.

A2: American Wages Go Up

Link Turn Rhetoric

1. Turn NAFTA destroyed American wages in 3 ways.
    a. Enabling threats to relocate. Bronfenbrenner of Cornell University explains that a company's ability to threaten shutting down has had a devastating effect on union campaigns. Without a union, workers cannot bargain for higher wages. The sample size is large, as she concludes that the strategy was used by more than half of capable companies by 1999.
    b. Forcing workers to compete internationally. Public Citizen '14 finds that NAFTA has placed downward pressure on wages for the middle and lower economic classes by forcing decently-paid U.S. manufacturing workers to compete with imports made by poorly-paid workers in Mexico.
    c. Forcing workers to compete domestically. Faux '13 of the EPI explains that millions of Mexicans were put out of work because of NAFTA and came to the US illegally. As a result, the domestic workforce had to compete against undocumented immigrants who take jobs for incredibly low wages.
        i. Overall, Public Citizen '14 of Global Trade Watch finalizes that for the majority of American workers, they can purchase 12% less goods because of NAFTA. This is because of consumer goods rising; for example, they further that the price of food rose by 67%.

Bronfenbrenner, Kate. "Uneasy Terrain: The Impact of Capital Mobility on Workers, Wages, and Union Organizing." *Cornell.edu*, 9 June **2000**, digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1002&context=reports.
Despite the longest economic expansion in history, American workers today are feeling more insecure about their economic future than they were during the depths of the 1980- 1991 recession. There is increasing evidence that this persistent worker insecurity is in large part a function of rapid increases in the extent and frequency of capital mobility and the corporate restructuring and employment upheaval that follows in its wake. This specter of capital mobility, and the economic insecurity it engenders, has served to constrain both wages and union activity in a period of tight labor markets. . We found that the recent **acceleration in capital mobility has had a devastating impact on the extent and nature of union organizing campaigns. Where employers can credibly threaten to shut down and/or move their operations in response to union activity, they do so in large numbers. Overall, more than half of all employers made threats to close all or part of the plant, during the organizing drive.** The threat rate is significantly higher, 68 percent, in mobile industries such as manufacturing, communication, and wholesale/distribution, compared to a 36 percent threat rate in relatively immobile industries such as construction, health care, education, retail, and other services.

"NAFTA's Legacy: Lost Jobs, Lower Wages, Increased Inequality." **Public Citizen** www.citizen.org/sites/default/files/nafta_factsheet_deficit_jobs_wages_feb_2018_final.pdf.
There is abroad academic consensus that trade flows have contributed to rising U.S. income inequality. The only debate is the extent of trade's role in creating a situation in which the richest 10 percent of Americans are now taking more than half of the economic pie, while the top 1 percent is taking more than one fifth. Since NAFTA's implementation, the share of national income collected by the richest 10 percent has risen by 24 percent, while the top 1 percent's share has shot up by 55 percent.20 **NAFTA has placed downward pressure on wages for the middle and lower economic classes by forcing decently-paid U.S. manufacturing workers to compete with imports made by poorly-paid workers abroad. The resulting displacement of those decently-paid U.S. workers has further depressed middle-class wages by adding to the surplus of workers seeking lower-paying service sector jobs.** NAFTA also contributes to rising inequality by enabling employers to threaten to move their companies overseas during wage bargaining with workers. For instance, a Cornell University study commissioned by the NAFTA Labor Commission found that, after the passage of NAFTA, as many as 62 percent of U.S. union drives faced employer threats to relocate abroad, and the factory shut-down rate following successful union certifications tripled.21 NAFTA-style deals also dampen middle class wages by waiving the government procurement rules in place since the New Deal that required the government to reinvest tax dollars into purchasing American-made goods. NAFTA and pacts like it also forbid federal and state governments from requiring that only U.S. workers perform the jobs created by the outsourcing of government work. Under NAFTA, Mexican and Canadian firms – and goods from those countries – must be treated as if they were American. Waiving Buy American procurement policies means our tax dollars are outsourced rather than reinvested to create jobs here. And, NAFTA's limits on permissible procurement policy also subject prevailing wage laws (designed to ensure good wages for construction work) and other conditions for receiving government contracts to challenge in NAFTA tribunals as violations of the agreement.22

Public Citizen 14, a non-profit think tank based in Washington, D.C., Global Trade Watch
https://www.citizen.org/sites/default/files/nafta-at-20.pdf
Many ***proponents of NAFTA***-style trade pacts acknowledge that they will cause the loss of some U.S. jobs, but ***argue that U.S. workers still win overall by being able to purchase cheaper goods imported from abroad.*** First, ***this promise has failed to materialize for many critical consumer items, such as food.*** Despite a ***239 percent rise in food imports from Canada and Mexico under NAFTA,***65 the average ***nominal price of food in the United States has jumped 67 percent since the deal went into effect.***66 Second, even those ***reductions in consumer goods prices that have materialized have not been sufficient to offset the losses in wages under NAFTA***. The Center for Economic and Policy

Research has discovered that ***when comparing the lower prices of cheaper goods to the income lost from low-wage competition under current trade policy, the trade-related losses in wages outweigh the gains in cheaper goods for the vast majority of U.S. workers***. U.S. workers without college degrees (***63 percent of the workforce***) ***have likely lost an amount equal to 12.2 percent of their wages under NAFTA-style trade even after accounting for the benefits of cheaper goods.*** That means a net loss of more than $3,300 per year for a worker earning the median annual wage of $27,500.67

Jeff Faux, 12-9-2013, "NAFTA's Impact on U.S. Workers," Economic Policy Institute, https://www.epi.org/blog/naftas-impact-workers/

NAFTA affected U.S. workers in four principal ways. First, it caused the loss of some 7**00,000 jobs as production moved to Mexico**. Most of these losses came in California, Texas, Michigan, and other states where manufacturing is concentrated. To be sure, there were some job gains along the border in service and retail sectors resulting from increased trucking activity, but these gains are small in relation to the loses, and are in lower paying occupations. The vast majority of workers who lost jobs from NAFTA suffered a permanent loss of income. **Second, NAFTA strengthened the ability of U.S. employers to force workers to accept lower wages and benefits. As soon as NAFTA became law, corporate managers began telling their workers that their companies intended to move to Mexico** unless the workers lowered the cost of their labor. In the midst of collective bargaining negotiations with unions, some companies would even start loading machinery into trucks that they said were bound for Mexico. The same threats were used to fight union organizing efforts. The message was: "If you vote in a union, we will move south of the border." With NAFTA, corporations also could more easily blackmail local governments into giving them tax reductions and other subsidies. Third, t**he destructive effect of NAFTA on the Mexican agricultural and small business sectors dislocated several million Mexican workers and their families, and was a major cause in the dramatic increase in undocumented workers flowing into the U.S. labor market. This put further downward pressure on U.S. wages, especially in the already lower paying market for less skilled labor.**

Fourth, and ultimately most important, N**AFTA was the template for rules of the emerging global economy**, in which the benefits would flow to capital and the costs to labor. The U.S. governing class—in alliance with the **financial elites** of its trading partners—**applied NAFTA's principles to the World Trade Organization, to the policies of the World Bank and IMF, and to the deal under which employers of China's huge supply of low-wage workers were allowed access to U.S. markets in exchange for allowing American multinational corporations the right to invest there.**

The NAFTA doctrine of socialism for capital and free markets for labor also drove U.S. policy in the Mexican peso crisis of 1994-95, the Asia financial crash of 1997 and the global financial meltdown of 2008. In each case, the U.S. government organized the rescue of the world's bank and corporate investors, and let the workers fend for themselves.

In terms of U.S. politics, the passage of NAFTA signaled that the Democratic Party—the "progressive" side of the U.S. two-party system—had accepted the reactionary economic ideology of Ronald Reagan A "North American Accord" was first proposed by the Republican Reagan in 1979, a year before he was elected president. A decade later, his Republican successor, George H.W. Bush negotiated the final agreement with Mexico and Canada. But the Democrats who controlled the Congress would not approve the agreement. And when Democrat Bill Clinton was elected in 1992, it was widely assumed that the political pendulum would swing back from the right, and that therefore NAFTA would never pass. But Clinton surrounded himself with economic advisers from Wall Street, and in his first year pushed the approval of NAFTA through the Congress. Despite the rhetoric, the central goal of NAFTA was not "expanding trade." After all, the U.S., Mexico, and Canada had been trading goods and services with each other for three centuries. **NAFTA's central purpose was to free American corporations from U.S. laws protecting workers and the environment**. Moreover, it paved the way for the rest of the neoliberal agenda in the US—the privatization of public services, the regulation of finance, and the destruction of the independent trade union movement. The inevitable result was to undercut workers' living standards all across North America. **Wages and benefits have fallen behind worker productivity in all three countries. Moreover, despite declining wages in the United States, the gap between the typical American and typical Mexican worker in manufacturing remains the same. Even after adjusting for differences in living costs, Mexican workers continue to make about 30% of the wages of workers in the United States. Thus, NAFTA is both symbol and substance of the global "race to the bottom."**

A2: Mexican Wages Go Up

Link Turn Rhetoric

1. Turn- Mexican wages have decreased for two reasons
    a. First, by shaping ideologies. Faux ‘13 of the EPI indicates that NAFTA created a global template to protect business interests. That’s why while American wages have fell due to NAFTA, the gap between American and Mexican wages have stayed the same, indicating mexican wages also fell.
    b. Second, by destroying Mexican unions. Patten ‘17 of Western Michigan University indicates that President Salinas disregarded protected workers right to strike and cracked down on unions in order to gain American support.
        i. Overall, Faux concludes that wage growth has fallen behind productivity growth for all three NAFTA countries.

Cards

Jeff Faux, 12-9-2013, "NAFTA's Impact on U.S. Workers," Economic Policy Institute, https://www.epi.org/blog/naftas-impact-workers/

NAFTA affected U.S. workers in four principal ways. First, it caused the loss of some **700,000 jobs as production moved to Mexico**. Most of these losses came in California, Texas, Michigan, and other states where manufacturing is concentrated. To be sure, there were some job gains along the border in service and retail sectors resulting from increased trucking activity, but these gains are small in relation to the loses, and are in lower paying occupations. The vast majority of workers who lost jobs from NAFTA suffered a permanent loss of income. **Second, NAFTA strengthened the ability of U.S. employers to force workers to accept lower wages and benefits. As soon as NAFTA became law, corporate managers began telling their workers that their companies intended to move to Mexico** unless the workers lowered the cost of their labor. In the midst of collective bargaining negotiations with unions, some companies would even start loading machinery into trucks that they said were bound for Mexico. The same threats were used to fight union organizing efforts. The message was: "If you vote in a union, we will move south of the border." With NAFTA, corporations also could more easily blackmail local governments into giving them tax reductions and other subsidies. Third, t**he destructive effect of NAFTA on the Mexican agricultural and small business sectors dislocated several million Mexican workers and their families, and was a major cause in the dramatic increase in undocumented workers flowing into the U.S. labor market. This put further downward pressure on U.S. wages, especially in the already lower paying market for less skilled labor.**

Fourth, and ultimately most important, N**AFTA was the template for rules of the emerging global economy**, in which the benefits would flow to capital and the costs to labor. The U.S. governing class—in alliance with the **financial elites** of its trading partners—**applied NAFTA's principles to the World Trade Organization, to the policies of the World Bank and IMF, and to the deal under which employers of China's huge supply of low-wage workers were allowed access to U.S. markets in exchange for allowing American multinational corporations the right to invest there.**
The NAFTA doctrine of socialism for capital and free markets for labor also drove U.S. policy in the Mexican peso crisis of 1994-95, the Asia financial crash of 1997 and the global financial meltdown of 2008. In each case, the U.S. government organized the rescue of the world's bank and corporate investors, and let the workers fend for themselves.

In terms of U.S. politics, the passage of NAFTA signaled that the Democratic Party—the "progressive" side of the U.S. two-party system—had accepted the reactionary economic ideology of Ronald Reagan A "North American Accord" was first proposed by the Republican Reagan in 1979, a year before he was elected president. A decade later, his Republican successor, George H.W. Bush negotiated the final agreement with Mexico and Canada. But the Democrats who controlled the Congress would not approve the agreement. And when Democrat Bill Clinton was elected in 1992, it was widely assumed that the political pendulum would swing back from the right, and that therefore NAFTA would never pass. But Clinton surrounded himself with economic advisers from Wall Street, and in his first year pushed the approval of NAFTA through the Congress. Despite the rhetoric, the central goal of NAFTA was not "expanding trade." After all, the U.S., Mexico, and Canada had been trading goods and services with each other for three centuries. **nAFTA's central purpose was to free American corporations from U.S. laws protecting workers and the environment**. Moreover, it paved the way for the rest of the neoliberal agenda in the US—the privatization of public services, the regulation of finance, and the destruction of the independent trade union movement. The inevitable result was to undercut workers' living standards all across North America. **Wages and benefits have fallen behind worker productivity in all three countries. Moreover, despite declining wages in the United States, the gap between the typical American and typical Mexican worker in manufacturing remains the same. Even after adjusting for differences in living costs, Mexican workers continue to**

make about 30% of the wages of workers in the United States. Thus, NAFTA is both symbol and substance of the global "race to the bottom."

8-2017, "Dangerous Deals: A Case Study of NAFTA as a Criminogenic Policy" by Daniel J. Patten of Western Michigan University https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations //IC

Although Mexico implemented several actions and policies in the years surrounding the NAFTA negotiations and leading up to its implementation, they must be understood as consequences of NAFTA since they were adopted to prepare the Mexican economy for the free trade agreement. For example, in face of all the government expenditure cuts, **Mexico increased its anti-drug spending ninefold** from 1987 into the 1990s (Andreas 1998a). At the end of de la Madrid's presidency, he announced drug trafficking as a threat to national security which is a rare claim in Mexican society. Salinas continued pursuing drug traffickers primarily to appease the United States and amp up the national security apparatus to mollify investor concerns. The militarization of the police force and involvement of the Mexican military grew as a solution to drug trafficking. Narco-corruption among state officials in Mexico remains an issue today, and drug trafficking and enforcement issues will be discussed more thoroughly in Chapter 7. **By the end of Salinas' term, a conservative estimate of around 86 percent of state enterprises were privatized, most during his presidency** (Moody 1995). Ironically, Oppenheimer (1998) sardonically points out **that Salinas opened the Mexican economy** to such an extreme that Mexicans were eating their own cultural foods ill-prepared by Taco Bell. **Land reforms characterized another major aspect of the Salinas restructuring** that will be covered in a later section. Due to the intensification of the privatizing efforts and other neoliberal modifications, unions that had long been controlled with corporatist methods became problematic to the Mexican state and potential U.S. investors. However, with Salinas' bold economic and political promises, the PRI rebounded in 1991 with PRI candidates winning 61 percent of the votes in the elections for federal senators and state governors. With this political victory, Salinas was able to 148 17 make law unilaterally without appeasing oppositional parties (Dillon and Preston 2004). Even President Bill Clinton (Auerswald, Duttweiler, and Garofano 2003) and the U.S. press (Dillon and Preston 2004) endorsed Salinas, thus furthering his political and economic legitimacy. With Salinas's image as an economic savior and lack of oversight, he was free to deal with the unions. **Salinas disregarded article 12323 of the constitution that protected workers' rights, particularly their right to organize and strike, by cracking down on union workers in order to subdue labor resistance to neoliberal policies**. Since Salinas and his cabinet members saw Mexico's competitive advantage and their leverage at the bargaining table as cheap labor and lax corporate regulations, **unions only stood in the way of Mexico making its case as being a strong free trade partner to the United States. In response, Salinas went after major union bosses and declared a war against unions** (Kim 1995)…. Once again, the U.S. and other foreign media hailed Salinas as a national hero and competent leader maintaining peace during a tumultuous time in Mexico (Grunwald 1991). The wave of privatization enticed foreign investments along with empowering the PRI government's control over the Mexican people. Once union and labor opposition was quashed, the Salinas government was free to privatize nearly any industry deemed necessary. Corporate constituents of the PRI government benefited greatly from these tactics, particularly billionaire Carlos Slim Herú who made a fortune. *The amendment of article 27 of the constitution was just another step in this strategy of privatization that moved land from the poor to the wealthy. Faced with pressure by the United States, IMF, and World Bank, the Mexican government followed a path of austerity commonly paired with trade liberalization by further reducing the social programs it had in place* (Stanford 1994; Barry 1995). *In the years leading up to NAFTA, President Salinas reformed agrarian society by allowing* *an inflow of agricultural imports, removing or reducing most agricultural subsidies, withdrawing or shrinking tariffs on most products, and guaranteed prices were no longer given for any crops other than maize and beans* in 1990 (Foley 1995). For instance, Mexico dissolved ANAGSA, a public insurance 150 17 agency that provided programs for crops to help with losses, BANRURAL – a rural development bank – declared it would only loan to profitable peasant farmers (Foley 1995), and the state ended a history of subsidizing affordable necessities for farmers such as water, electricity, fertilizer, and pesticides (Hewitt de Alcántara 1976). When the Mexican government withdrew their political and economic support for peasant organizations, U.S. companies ceased to offer financial credits to these organizations as well (Stanford 1994). In 1992, a constitutional amendment to article 27 ended 70 years of land reform and established the groundwork for privatization of ejido lands (McGuire 2015). The ejido system was established by the Mexican Constitution of 1917 after the Mexican Revolution. An ejido is a large piece of communal land available to landless farmers for cultivation. Historically, wealthy land owners would lease lands to these farmers. With the establishment of the ejido system, peasants could petition their government to expropriate the land from wealthy landowners which, if successful, would make the land publicly owned. Thus, ejidatarios, members of an ejido, would retain land rights as long as they used the land for farming, however, they did not own the land. Land redistribution under this article was a large part of Mexican history (Sanderson 1984). After the Mexican government deemed the ejido a failed system in the face of the 1982 debt crisis, advocates of neoliberalism pushed for full privatization of rural lands and abolishment of the ejido. The amendment to article 27 revoked peasants' right to petition for land reducing the fears of foreign investors (Foley 1995). Corporations, although previously banned from land tenure, were now free to purchase agricultural land, and only 33 percent of the ejido plus one member were needed to make changes in property relations. Proponents of privatization saw this move as beneficial for ejidatarios because they now owned some piece of land, and could use or 151 17 sell it for profit. Many producers experienced an increase in competition simultaneously as costs were rising….*The United States also played an integral role in influencing land reform policy in Mexico prior to NAFTA*. Hendrix (1995) states that, according to the Wall Street Journal, the amendment to article 27 was enacted to directly allow the Mexican Department of Agriculture and Water to "enlist the Chicago Board of Trade, Merrill Lynch, Spatts, and several other brokerage houses and Mexican financial institutions as consultants to create a new agricultural commodities market" modeled after the Chicago Mercantile Exchange. A primary goal was to convert ejidos to private property, in turn creating international partnerships for foreign investment. Thus, U.S. foreign investors were directly behind, or at least heavily supported, major agrarian reforms in Mexico prior to NAFTA.

*Mexican Manufacturing Sector

A2: Expands Mexican Manufacturing Sector

Link Turn Rhetoric

1. Patten ‘17 of Western Michigan University indicates that President Salinas disregarded protected workers right to strike and cracked down on unions in order to gain American support. As a result, Public Citizen further that real wages in Mexico have fallen more than prices have. That’s why a minimum wage earner in Mexico today can buy 38% fewer consumer goods than before NAFTA.
2. *Turn- NAFTA has rules of origin which forces good to be produced in the NAFTA region for it to be eligible for the tariff reductions. This means that companies produce goods in places like Canada to qualify for tariff reduction, instead of places like China, driving down efficiency, and increasing costs.*
3. [Insert Unionization DA]
4. Anderson ‘09 of Foreign Policy writes that manufacturing wages in Mexico have fallen by 11%.

8-2017, "Dangerous Deals: A Case Study of NAFTA as a Criminogenic Policy" by Daniel J. Patten of Western Michigan University https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations //IC

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Since Salinas and his cabinet members saw Mexico's competitive advantage and their leverage at the bargaining table as cheap labor and lax corporate regulations, **unions only stood in the way of Mexico making its case as being a strong free trade partner to the United States. In response, Salinas went after major union bosses and declared a war against unions** (Kim 1995)…. Once again, the U.S. and other foreign media hailed Salinas as a national hero and competent leader maintaining peace during a tumultuous time in Mexico (Grunwald 1991). The wave of privatization enticed foreign investments along with empowering the PRI government's control over the Mexican people. Once union and labor opposition was quashed, the Salinas government was free to privatize nearly any industry deemed necessary. 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A primary goal was to convert ejidos to private property, in turn creating international partnerships for foreign investment. Thus, U.S. foreign investors were directly behind, or at least heavily supported, major agrarian reforms in Mexico prior to NAFTA.

Public Citizen 14, a non-profit think tank based in Washington, D.C., Global Trade Watch

https://www.citizen.org/sites/default/files/nafta-at-20.pdf

Many ***proponents of NAFTA***-style trade pacts acknowledge that they will cause the loss of some U.S. jobs, but ***argue that U.S. workers still win overall by being able to purchase cheaper goods imported from abroad.*** First, ***this promise has failed to materialize for many critical consumer items, such as food.*** Despite a ***239 percent rise in food imports from Canada and Mexico under NAFTA,***65 the average ***nominal price of food in the United States has jumped 67 percent since the deal went into effect.***66 Second, even those ***reductions in consumer goods prices that have materialized have not been sufficient to offset the losses in wages under NAFTA***. The Center for Economic and Policy Research has discovered that ***when comparing the lower prices of cheaper goods to the income lost from low-wage competition under current trade policy, the trade-related losses in wages outweigh the gains in cheaper goods for the vast majority of U.S. workers***. U.S. workers without college degrees (***63 percent of the workforce***) ***have likely lost an amount equal to 12.2 percent of their wages under NAFTA-style trade even after accounting for the benefits of cheaper goods.*** That means a net loss of more than $3,300 per year for a worker earning the median annual wage of $27,500.67

Anderson, Sarah. “Happily Ever NAFTA?” Foreign Policy. Nov. 2009. http://foreignpolicy.com/2009/11/09/happily-ever-nafta/

NAFTA offers a rocky road map for the Americas. More than eight years of monitoring reveal that, yes, the accord has boosted investment and trade, just as the negotiators promised. And yes, increased international competition may have helped fuel the dramatic rise in labor productivity rates during the 1990s, particularly in Mexico and the United States. But **workers, communities, and the environment in all three countries have suffered from the agreement’s flaws. In Mexico,** for example, 50 percent **productivity growth didn’t prevent an 11 percent slide in real manufacturing wages between 1994 and 2001**, according to a Global Policy Network study by Mexican labor economist Carlos Salas. The U.S. government reports that **even in nominal dollar-value terms, Mexican manufacturing wages were no higher in 2000 than in NAFTA’s first year and considerably lower than in 1981**, prior to Mexico’s sweeping free market reforms.

A2: Maquiladoras Good

Impact Turn Rhetoric

1. **TURN: James Cypher of the Murphy Institute in 2011** finds that NAFTA just locked Mexico into a permanent strategy of low-wage exports. Wages were intentionally depressed in order to make Mexico competitive against Asian economies, but all that resulted was multinational firms built factories to assemble products already produced in other economies in order to gain access to the preferential tariff rate under NAFTA. This has trapped Mexico far behind other developing and developed economies and undermined any opportunity for domestic markets to grow or develop Mexico's economy.

Cards

James Cypher, The Murphy Institute at CUNY, "MEXICO SINCE NAFTA: Elite Delusions and the Reality of Decline," 10/2011, http://newlaborforum.cuny.edu/2011/10/05/mexico-since-nafta-elite-delusions-and-the-reality-of-decline/. //AGA

Far from helping to overcome Mexico's economic backwardness, *NAFTA has permanently tied Mexico to a low-wage export strategy*. In spite of the export boom, real manufacturing wages in 2002 were 12 percent below the 1994 level, while maquiladora wages only rose by 3 percent.2 In the same period, manufacturing sector employment growth dropped by forty-four thousand jobs while maquiladora employment growth rose by 493,000 jobs—roughly equal to one year's worth of migration in the first half-decade of the twenty-first century. *NAFTA increased exports and foreign investment but it failed to generate significant employment growth because of policy-based wage repression that constrained the domestic market. Labor productivity failed to improve* and from 1994 through 2009 employment growth in the formal economy averaged 387,000 jobs per year—absorbing only 38 percent of Mexican youth leaving school for the labor market.3 Furthermore, *Mexico deindustrialized under NAFTA because transnational firms began to import more of their inputs and suppliers, almost exclusively relying on a combination of imported components and cheap Mexican labor to process and assemble products for re-export.* Approximately 80 percent of Mexico's exports were for the U.S. market, with foreign-owned firms accounting for 80 percent of total exports. Although Mexico had a $93 billion trade surplus with the U.S. in 2010, overall it suffered a trade deficit.4 It fell from the twelfth largest exporter in 2000 to the fifteenth largest exporter in 2010, with its share of global exports dropping from 2.61 percent to 1.96 percent.5 *Cheaper imported consumer and intermediate goods (inputs) also undermined the domestic industrial base. Stagnation, falling wages, a growing "jobs deficit," and surging migration from 2001 through 2008 demonstrated the failure of NAFTA's export-led strategy.*

*Cost Cutting

A2: Cost Cutting General

Link Turn Rhetoric

1. *Turn- NAFTA has rules of origin which forces good to be produced in the NAFTA region for it to be eligible for the tariff reductions. This means that companies produce goods in places like Canada to qualify for tariff reduction, instead of places like China, driving down efficiency, and increasing costs.*
2. For example, Global Trade Watch '14 reports that food prices have risen by 67% since NAFTA for the US.

Wage Decrease DA

1. Baker '13 of the NY Times explains NAFTA pushed companies to integrate across borders, causing them to take advantage of the cheap labor in Mexico thus putting a downward pressure on wages. Problematically, The Public Citizen '14 writes that the reductions in prices that have materialized have not offset the losses in wages under NAFTA. Indeed, a majority of the US workforce lost 12% of their wages, after accounting for cheaper goods. The harms don't stop at the US, as they further that real wages in Mexico have fallen more than prices have. That's why a minimum wage earner in Mexico today can buy 38% fewer consumer goods than before NAFTA.

Cards:

Public Citizen 14, a non-profit think tank based in Washington, D.C., Global Trade Watch

https://www.citizen.org/sites/default/files/nafta-at-20.pdf

Many ***proponents of NAFTA***-style trade pacts acknowledge that they will cause the loss of some U.S. jobs, but ***argue that U.S. workers still win overall by being able to purchase cheaper goods imported from abroad.*** First, ***this promise has failed to materialize for many critical consumer items, such as food.*** Despite a ***239 percent rise in food imports from Canada and Mexico under NAFTA,***65 the average ***nominal price of food in the United States has jumped 67 percent since the deal went into effect.***66 Second, even those ***reductions in consumer goods prices that have materialized have not been sufficient to offset the losses in wages under NAFTA***. The Center for Economic and Policy Research has discovered that ***when comparing the lower prices of cheaper goods to the income lost from low-wage competition under current trade policy, the trade-related losses in wages outweigh the gains in cheaper goods for the vast majority of U.S. workers***. U.S. workers without college degrees (***63 percent of the workforce***) ***have likely lost an amount equal to 12.2 percent of their wages under NAFTA-style trade even after accounting for the benefits of cheaper goods.*** That means a net loss of more than $3,300 per year for a worker earning the median annual wage of $27,500.67

Baker, Dean. [Economics and Co-Director of the Center for Economic and Policy Research]. "NAFTA Lowered Wages, as It Was Supposed to Do." New York Times. New York Times, 5 December 2013. Web. Accessed 9 June 2018. <https://www.nytimes.com/roomfordebate/2013/11/24/what-weve-learned-from-nafta/nafta-lowered-wages-as-it-was-supposed-to-do>

Given the trends in U.S. trade with Mexico over the last two decades, it is strange that there is much of a debate over Nafta's impact on wages. At the time Nafta was passed in 1993 the United States had a modest trade surplus with Mexico. In 2013 we are on a path to have a trade deficit of more than $50 billion. The $50 billion in lost output corresponds to roughly 0.3 percent of gross domestic product, assuming the same impact on employment, this would translate into more than 400,000 jobs. If each lost job would have led to half a job being created as a result of workers spending their wages, this would bring the total impact to 600,000 jobs. Of course some of the shift from surplus to deficit might have occurred even without Nafta, but it would be difficult to argue that Nafta was not a major contributing factor. After all, one of the main purposes of the agreement was to make U.S. firms feel confident that they could locate operations in Mexico without having to fear that their factories could be nationalized or that Mexico would impose restrictions on repatriating profits. This encouraged firms to take advantage of lower cost labor in Mexico, and many did. This can produce economic gains; they just don't go to ordinary workers. The lower cost of labor translates to some extent into lower prices and to some extent into higher corporate profits. The latter might be good news for shareholders and top management, but is not beneficial to most workers. Lower prices are helpful to workers as consumers, but are not likely to offset the impact on wages. To see this point, imagine that Nafta was about reducing the wages of doctors by eliminating the barriers that made it difficult for Mexican school children to train to U.S. standards and practice medicine in the United States.

If we got an additional 200,000 doctors from Mexico over the last 20 years then it would likely go far toward bringing the pay of doctors in the United States more in line with the pay of doctors in other wealthy countries. This would lead to tens of billions of years in savings in health care costs to patients and the government.

Public Citizen '14, Global Trade Watch

https://www.citizen.org/sites/default/files/nafta-at-20.pdf

Real wages in Mexico have fallen below pre-NAFTA levels as price increases for basic consumer goods have exceeded wage increases. Despite promises that NAFTA would benefit Mexican consumers by granting access to cheaper imported products, ***the cost of basic consumer goods in Mexico has risen to seven times the pre-NAFTA level***, while the minimum wage stands at only four times the pre-NAFTA level. As a result, ***a minimum wage earner in Mexico today can buy 38 percent fewer consumer***

goods as on the day that NAFTA took effect.130 A 2006 comprehensive study found that inflation-adjusted wages for virtually every category of Mexican worker decreased over NAFTA's first six years. The workers that experienced the highest losses of real earnings were employed women with basic education (-16.1 percent) and employed men with advanced education (-15.6 percent). The only exception to the downward earnings trend was earnings for mobile street vendors – the very poor people who hawk candy and trinkets on Mexican streets. Even in that category, earnings were still below their 1990 levels, and only slightly better than their 1994 levels.131

Overall, ***there has been a shift from formal, wage- and benefit-earning employment to informal, nonwage- and benefit-earning employment under NAFTA.*** Even formal employment has shifted to carrying fewer benefits than it did prior to the pact's passage. ***Maquiladora (sweatshop) employment, where wages are almost 40 percent lower than those paid in heavy non-maquila manufacturing, surged in NAFTA's first six years***. But since 2001, ***hundreds of factories and hundreds of thousands of jobs in this sector have been displaced as China joined the WTO*** and Chinese sweatshop exports gained global market share.132 These ***failures of NAFTA have combined to severely weaken the social fabric in Mexico, contributing to the mass instability and violence that has plagued the country in recent years. A Pentagon report in 2008 warned that Mexico "bear[s] consideration for a rapid and sudden collapse."***

A2: American Food Costs Decrease

Link Turn Rhetoric

1. Mitigate- The Public Citizen ‘14 reports that the nominal price of food in the United States has jumped 67%.

Cards

"NAFTA's 20-Year Legacy and the Fate of the Trans-Pacific Partnership" Public Citizen 14, Global Trade Watch //JC https://www.citizen.org/sites/default/files/nafta-at-20.pdf

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A2: Mexican Food Prices Decrease

Link Turn Rhetoric

1. While producer prices may have fallen, consumer prices have increased, as Carlsen '13 of The New York Times finds that consumer food prices rose due to NAFTA. As a result, 20 million Mexicans live in "food poverty". Twenty-five percent of the population does not have access to basic food and one-fifth of Mexican children suffer from malnutrition.

Obesity Disadvantage Rhetoric

American investment has been going into food from processing plants instead of real plants. McMillan '15 from NPR explains that American investment in Mexican food manufacturing — rather than agriculture, for example — has tripled since 1999, as have sales of American processed food products there. Thus, The Institute For Agriculture and Trade Policy found that the spike in obesity in Mexico has coincided with the implementation of NAFTA, and provided two reasons for why the relationship is causal:

A. The pricing and types of food available affects diet quality and an individual's risk of becoming obese
B. Trade policies influence food availability and prices

From 2000 to 2006, the obesity rate of Mexican adults raised by 12%.

Carlsen, Laura. “The New York Times Company.” The New York Times, The New York Times, 24 Nov. **2013**, www.nytimes.com/roomfordebate/2013/11/24/what-weve-learned-from-nafta/under-nafta-mexico-suffered-and-the-united-states-felt-its-pain.

Nafta is limping toward its 20th anniversary with a beat-up image and a bad track record. Recent polls show that the majority of the U.S. people favors “leaving” or “renegotiating” the model trade agreement.

While much has been said about its impact on U.S. job loss and eroding labor conditions, some of the most severe impacts of Nafta have been felt south of the border.

Nafta has cut a path of destruction through Mexico. Since the agreement went into force in 1994, the country’s annual per capita growth flat-lined to an average of just 1.2 percent -- one of the lowest in the hemisphere. Its real wage has declined and unemployment is up.

As heavily subsidized U.S. corn and other staples poured into Mexico, producer prices dropped and small farmers found themselves unable to make a living. Some two million have been forced to leave their farms since Nafta.

At the same time, consumer food prices rose, notably the cost of the omnipresent tortilla.

As a result, 20 million Mexicans live in “food poverty”. Twenty-five percent of the population does not have access to basic food and one-fifth of Mexican children suffer from malnutrition. Transnational industrial corridors in rural areas have contaminated rivers and sickened the population and typically, women bear the heaviest impact.

Not all of Mexico’s problems can be laid at Nafta’s doorstep. But many have a direct causal link. The agreement drastically restructured Mexico’s economy and closed off other development paths by prohibiting protective tariffs, support for strategic sectors and financial controls.

Nafta’s failure in Mexico has a direct impact on the United States. Although it has declined recently, jobless Mexicans migrated to the United States at an unprecedented rate of half a million a year after Nafta.

McMillan, Tracie. “How NAFTA Changed American (And Mexican) Food Forever.” *NPR*, NPR, 13 Feb. **2015**, www.npr.org/sections/thesalt/2015/02/13/385754265/how-nafta-changed-american-and-mexican-food-forever.

Mexican berries are an obvious example, but 20 percent of the imported watermelon we consumed in 2010-2012 also came from Mexico, compared with 5 percent in 1991-1993. As for imported avocados, 49 percent now come from Mexico, up from 0 in 1991-1993. Lots more tomatoes and papaya are coming from south of the border, too.

This produce trade boom, says the report, is only partly a product of tariff changes. It's also a result of the improved food safety standards now in place in Mexican fields, which allow more produce to get past U.S. inspectors.

But while NAFTA has largely meant that we're getting more of our favorite fresh foods from our next-door neighbors, the USDA suggests that NAFTA is profoundly transforming the food system in Mexico, sometimes in less healthful ways.

While Mexico is now the largest market for American apples and pears, U.S. meat exports to Mexico have doubled in the last two decades. Our exports of feed corn for livestock also now account for nearly one-third of the country's supply — meaning that even when Mexicans eat domestic meat, it's often been fed on American corn.

But **the biggest change is how much more processed food and American-style supermarkets our neighbors have been importing. Indeed, American investment in Mexican food manufacturing — rather than agriculture, for example — has tripled since 1999, as have sales of American processed food products there.**

American companies are also sending Mexico the ingredients to make foods like high-fructose corn syrup; HFCS exports to Mexico are now 863 times what they were before NAFTA. And all of that ends upon the shelves of supermarkets, whose business model relies heavily on processed food.

Walmart, which opened its first Mexican store in 1991, four years after it began selling groceries, now operates 2,114 stores that offer food in Mexico.

Clark**, Sarah** E. "Exporting Obesity HOW U.S. FARM AND TRADE POLICY IS TRANSFORMING THE MEXICAN FOOD ENVIRONMENT." **Institute for Agriculture and Trade Policy**, <http://sci-hub.tw/10.1179/107735251 2Z.0000000007>

This obesity problem is now also common in other countries. As stated by the World Health Organi- zation (WHO), 'Contrary to conventional wisdom, the obesity epidemic is not restricted to industrialized societies; in developing countries, it is estimated that over 115 million people suffer from obesity-related problems.'8 Neighboring Mexico ranks second be- hind the United States in a 2010 OECD report ranking 40 countries according to the proportion of their population who is obese.9 The most recent (2006) data show that 39.7 % of adults are over- weight and 29.9% are obese, totaling 69.6% of the population at an unhealthy weight. **Between 2000 and 2006, the combined prevalence of overweight and obesity in Mexican adults increased approximately 12%.** Among children age 2-18 years, the overall presence of overweight and obesity, in 2006, was 26.3% and climbing. As shown in Figure 1, these trends mirror those in the United States.

The rise in the incidence of overweight and obesity in Mexico has coincided with the period of im- plementation of the North American Free Trade Agreement (NAFTA), **an agreement signed between Canada, Mexico, and the United States in 1994.** NAFTA aimed to implement the process of trade liberalization between the three countries (see Box 1).

This paper asks whether the United States has been responsible in some way for 'exporting obesity' into Mexico through NAFTA. Our hypothesis is that NAFTA changed the food environment in Mexico. **This hypothesis is based on the evidence that:**

The food environment (i.e., what types of food are available where and for what price) **affects diet quality and an individual's risk of becoming over- weight or obese**.13–22

Trade and trade policies influence the food environ- ment. Specifically, evidence suggests that trade policy is one influence on food availability and prices.23

A2: Healthcare

IP Monopolies Disadvantage Rhetoric

1. The Public Citizen ’18 notes that NAFTA created IP laws that allowed pharma companies to monopolize the industry. Tackett ‘18 of nwLaborPress writes that pharmaceutical companies have extended monopolies of basic medicine, decreasing competition, driving up prices for lifesaving medication.
    a. First, Robert Reich writes there’s abundant evidence that large size associated with health insurance companies merging increases premium rates. This is independently bad as Kate Supino writes in 2014 that this will crush U.S. manufacturing including large companies such as General Electric, Ford, and Hewlett-Packard as they are forced to go overseas as they have to pay the cost of higher healthcare.
    b. Second, David Grasso of the Harvard Kennedy School writes that big pharmaceutical companies charge twice as much than people in other countries for the same drugs, and this is unsustainable as it drives inflation. In fact, John Byrne furthers that because of these huge price markups as well as the debt Big Pharma has put on, specifically, a 308 percent increase, they are No. 1 ranked industry that is likely to cause a systemic recession.

Counterfeit Disadvantage Rhetoric

1. Stephen Moore ‘17 writes that under NAFTA Mexico refuses to provide regulatory data protection for drugs leaving pharmaceutical exports to the United States, leaving U.S. pharmaceutical companies vulnerable to counterfeit drugs. Empirically, Garrun ‘94 finds that Mexico’s pharmaceutical industry are increasingly selling counterfeit drugs. McLaughlin ‘15 corroborates that the purchasing of counterfeit drugs has grown dramatically in the United States. This is devastating as Natalie Southwick estimates that counterfeit drugs worldwide has led to the death of millions of people as they lack the same regulation that real drugs do leaving people with vulnerable side-effects that often results in death.

Bob Tackett 2018, nwLaborPress

https://nwlaborpress.org/2018/04/replace-nafta-dont-make-it-worse/

This is the opposite of what NAFTA boosters promised 23 years ago when the deal was debated by Congress. They promised that NAFTA would improve the U.S. trade balance with Mexico and Canada, and create 200,000 new jobs in each of NAFTA's first five years. Instead we've lost almost one million jobs as a small surplus with Mexico and small deficit with Canada became a massive $176 billion NAFTA goods trade deficit in 2016. The rate of our service sector exports even slowed.

Meanwhile, corporations have collected more than $392 million in taxpayer money using NAFTA's "investor-state" tribunals, where corporations can sue governments before panels of three private lawyers to demand unlimited sums of taxpayer funds over our environmental and health laws that they claim violate the corporations' NAFTA rights.

A good NAFTA replacement must ensure imported food, goods and services meet U.S. consumer and environmental standards and eliminate ***NAFTA's existing terms*** that ***drive up the price of lifesaving medicines by giving pharmaceutical companies extended monopolies to avoid generic competition***.

Oregon can clearly benefit from trade with NAFTA countries. But a tweak to NAFTA won't cut it. We want a NAFTA replacement we can support, meaning one that raises wages and creates good jobs for people in Oregon and across the nation.

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No Author, 2018, "Restricting Access to Affordable Medicines," Public Citizen, https://www.citizen.org/sites/default/files/a2m_nafta_fact_sheet.pdf

Prescription drug corporations raise the prices of needed medicines every year, compromising patients' health and finances. The brand-name pharmaceutical business model relies on maximizing profits by selling at very high prices to the few, rather than affordable prices to the many. Unless there is competition from generic medicines, there is little reason for these firms to bring prices down. In many nations, including the United States, high medicine prices result in rationing of treatment: patients who need the medicines simply do not have access to them. *The 1993 North American Free Trade Agreement (NAFTA) was the first "trade" agreement that included new monopoly powers for Big Pharma companies*. NAFTA was negotiated behind closed doors under the influence of hundreds of corporate advisors while the public and Congress were shut out. *As a result, excessive patent and other intellectual property protections that block competition and keep prices high were inserted*. Each NAFTA country is required to ensure that its domestic policies comply with those rules. Given that "free trade" is supposed to be about increased competition, and most people had no idea that a "free trade" deal would impose new monopoly rights for drug companies, *NAFTA and many agreements modeled on it that followed provided a way for the industry to expand its power and keep prices high*. As a candidate, *President Trump* promised he would make NAFTA "a lot better." Renegotiations started in August 2017, but once again, talks are occurring behind closed doors. The secrecy means it is impossible to know for sure what is being negotiated in our name. *The administration appears to have adopted some longdemanded progressive changes to eliminate NAFTA's job outsourcing incentives. But when it comes to the NAFTA rules that affect medicine prices, Trump's team is continuing to push the wish list of Big Pharma corporations. Big pharmaceutical companies have outlined their NAFTA demands in official submissions to the U.S. government.* They want added to NAFTA a whole raft of extreme new powers and privileges to raise prices that the U.S. government had forced into the Trans-Pacific Partnership (TPP). Those TPP rules received widespread criticism — from the Vatican to consumer groups to The Economist magazine — for undermining consumers' access to affordable medicines. And they were fiercely resisted by negotiators from other TPP countries. The fight for access to medicines and against Pharma greed ultimately dragged out the TPP negotiation for years. After the TPP could not obtain majority support in Congress, the other TPP countries suspended some of the most extreme U.S.-demanded provisions. But the NAFTA renegotiations could revive these dangerous terms that would lock in high prices here and raise prices in Mexico and Canada

No Author, 2018, "Restricting Access to Affordable Medicines," Public Citizen, https://www.citizen.org/sites/default/files/a2m_nafta_fact_sheet.pdf

If included in a *renegotiated NAFTA, these revived TPP proposals would require every signatory country to ensure its domestic laws guarantee drug companies' expanded monopoly powers.* Expanding these rules beyond what is now in NAFTA would lock in bad U.S. policies and require Canada and Mexico to adopt them, leading consumers and government health programs to pay higher prices on more drugs for longer — or leave people without needed treatment. These proposals include: "Evergreening" patents, meaning making monopoly rights last longer with lax patentability standards that help keep older medicines under monopoly control and thus let corporations charge higher prices; Strengthened corporate control over clinical test data with "data exclusivity" requirements that mean governments must wait to register generic versions of medicines; Imposing "marketing exclusivity" rules that lock in domestically and export 12-year monopolies on cuttingedge biologic medicines, such as many new cancer treatments; Extending monopoly patent terms beyond 20 years by requiring governments to make "adjustments;" Heightening border controls, which could be used even to limit people from importing less expensive medicine for personal use; and New rights for pharmaceutical corporations to have a role in government healthcare programs' drug coverage and reimbursement decisions, potentially thwarting cost-saving reforms, such as best practices for Medicare Part D bulk-purchasing negotiation powers. If these terms were added *to NAFTA during renegotiation, they would establish and lock in rules that limit competition and contribute to preventable suffering of North America's approximately 500 million people.* Given that all of the NAFTA countries already have adopted the original NAFTA and World Trade Organization rules that heavily favored the pharmaceutical corporations, NAFTA renegotiation could result in even greater power to raise prices for pharmaceutical executives who are ripping off patients everywhere. These NAFTA rules would not be alterable without consensus by all signatories. Any renegotiated NAFTA would set the parameters to which the current and future Congresses, U.S. state legislatures and NAFTA governments would be constrained with respect to policies for reducing medicine prices and protecting public health and the nations' fiscal health. Just one critical example: NAFTA's limits on future policy space could restrict high-profile reform efforts, first and foremost, for Medicare Part D price negotiations

Reich 16 (Robert Reich, Chancellor's Professor of Public Policy at the University of California at Berkeley and Senior Fellow at the Blum Center for Developing Economies, served as Secretary of Labor in the Clinton administration, August 24, 2016. "Why a Single-Payer Health Care System is Inevitable." http://billmoyers.com/story/single-payer-healthcare-system-inevitable/)

In a nutshell, the more sick people and the fewer healthy people a private for-profit insurer attracts, the less competitive that insurer becomes relative to other insurers that don't attract as high a percentage of the sick but a higher percentage of the healthy. Eventually, insurers that take in too many sick and too few healthy people are driven out of business. If insurers had no idea who'd be sick and who'd be healthy when they sign up for insurance (and keep them insured at the same price even after they become sick), this wouldn't be a problem. But they do know – and they're developing more and more sophisticated ways of finding out. Health insurers spend lots of time, effort, and money trying to attract people who have high odds of staying healthy (the young and the fit) while doing whatever they can to fend off those who have high odds of getting sick (the older, infirm, and the unfit). As a result we end up with the most bizarre health-insurance system imaginable: One ever better designed to avoid sick people. If this weren't enough to convince rational people to do what most other advanced nations have done – create a single-payer system that insures everyone, funded by taxpayers – consider that America's *giant health insurers* are now *busily consolidating* into *ever-larger behemoths.* UnitedHealth is already humongous. Aetna, meanwhile, is trying to buy Humana in a deal that will create the second-largest health insurer in the nation, with 33 million members. The Justice Department has so far blocked the deal. Insurers say they're consolidating in order to reap economies of scale. But *there's little evidence* that large size generates cost savings. *In reality*, they're becoming *huge* to get *more bargaining leverage* over everyone they do business with – hospitals, doctors, employers, the government, and *consumers*. That way they make even bigger profits. But *these bigger profits* come at the expense of *hospitals*, *doctors*, employers, the government, and, ultimately, *taxpayers and consumers*. *There's abundant evidence*, for example, that when health insurers merge, *premiums rise*. researchers found, for example, that after Aetna merged with Prudential HealthCare in 1999, premiums rose 7 percent higher than had the merger not occurred. What to do? In the short term, Obamacare can be *patched up* by enlarging government subsidies for purchasing insurance, and ensuring that healthy Americans buy insurance, as the law requires. But these are *band aids*. The real choice in the future is either a hugely expensive for-profit oligopoly with the market power to charge high prices even to healthy people and stop insuring sick people. Or else a government-run single payer system – such as is in place in almost every other advanced economy – dedicated to lower premiums and better care for everyone. We're going to have to choose eventually.

Supino 14 (Kate Supino, Associate Director of Finance at National Network for Safe Communities, writer for Global Manufacturing, November 11, 2014. "Can US manufacturers cope with healthcare costs and remain globally competitive?" http://www.manufacturingglobal.com/people-and-skills/can-us-manufacturers-cope-healthcare-costs-and-remain-globally-competitive)

As manufacturers in the U.S. strive to meet the challenge to abide by government regulations for *healthcare*, two things are clear. First, this challenge presents a *clear disadvantage* for our *manufacturers*, compared to *overseas manufacturing* companies that *aren't subject* to the U.S.'s *employee healthcare mandates*. Second, *healthcare costs are rising* across the board in *administrative*, *direct* and *indirect* ways. Can manufacturers somehow find ways to overcome these challanges? Challenges some manufacturers' face The employee healthcare mandates pose a specific challenge to manufacturers in the U.S., some of whom employ more than 300,000 employees. Manufacturers like *G*eneral *E*lectric, Ford and *H*ewlett-*P*ackard *bear the brunt* of *rising healthcare* costs while their *counterparts* in other countries *escape* the *added strain* on operating expenses. *If the auto industry and others are to survive, however, rising healthcare costs must be contained*. The impact of healthcare expenses There are *several ways* in which healthcare costs affect manufacturers. *One* is the added load to *administrative employees*. Increased oversight and constantly trying to find new ways to keep employees happy with their healthcare benefits have human resource personnel working overtime, sometimes literally. As the following article shows, the more time that is spent on managing increasingly complex healthcare paperwork, and helping employees in choosing a health insurance plan that functions for their individual needs, the less time can be devoted to improving employee morale and affecting general positive change in the workplace. That's an intangible cost that builds with time. *The direct costs* associated with *ever rising healthcare* costs are more *immediate* and possibly more *dangerous*. As more procedures and coverage are allowed, *insurance companies* continue to *raise their* *rates*, despite previous government assurances that rates would reduce. When rates rise, manufacturers have *no choice* but to *pay up* or risk harsh government penalties. And in a *global trade economy* that already has the United States manufacturing industry *on its knees*, healthcare costs have the *potential to take* some of the frailer *manufacturers out of the picture altogether*. So how can manufacturing companies compete in the global marketplace with their hands tied by healthcare costs? The solution may be a multi-pronged approach that addresses all the issues facing manufacturers. Standardising healthcare administration One possibility may be a standardisation of healthcare administration. If all manufacturers worked together to develop a comprehensive method of managing healthcare administrative requirements, it would place the bulk of their healthcare admin work on autopilot. Whether manufacturers would be willing to consider such a unified effort, as well as be willing to invest the time and money necessary to grow such a standardized system, is in the cards. One thing is certain. *Healthcare costs aren't going to go down*. The promises that Americans thought they heard aren't going to happen, so the sooner all manufacturers get on board the global survival train, the better off they'll be. *Now isn't the time to be divided or to argue about whether the new system is wrong or right. Now is the time to act.*

Grasso 17 (David Grasso, editor of Gen FKD, a financial literacy organization, graduate of Rollins College and the Harvard Kennedy School of Government, April 7, 2017. "Cost of Care: Health Care Costs Rising To Unsustainable Levels." http://www.genfkd.org/cost-care-health-care-costs-rising-unsustainable-levels)

The cost of health care in the United States is *completely out of control*, and there is little talk of how to reign in runaway inflation in this sector. What's often missing from the debate over health care reform is the dramatic increases in the cost of care, and just how outrageously expensive health care has become in recent years. Granted, health care costs are rising around the world as technological advances and an aging population drive up costs for regular consumers. It's well recognized that health care is quickly becoming unaffordable in advanced economies, and that reform is *desperately needed* in order to *restore* *financial* *sustainability*. *Unfortunately*, *nowhere* are costs rising as fast as they are in the *United States*. Health care comprises a *shocking 18 percent* of our national GDP. That figure is nearly double the global average and represents $3.2 trillion dollars in health care spending. The medical industry is approximately the size of Brazil's economy, the seventh-largest economy in the world. *It's worse than you think* Costs have gone up *astronomically* in recent decades, and there seems to be *little* standing *in the way* of *further increases* without *significant* public-*policy changes*. In fact, medical costs for a family of four (assuming employer-provided PPO insurance) have increased 180 percent since 2002. Household income has barely budged since then, meaning that many American families are diverting more of their hard-earned dollars toward health care. Additionally, it's very worrisome that these crazy *[outrageous]* health care cost increases are mostly being *unloaded* on the government and employers. This is *straining* the nation's finances and *stifling* job growth. Serious health care reform *must reign in costs* but *also* address *unsustainable growth* in Medicaid and Medicare spending. Health care reform is cost-control impotent *Obamacare* did *virtually zero* to contain cost increases, and in many cases did quite the opposite. Insurance premiums have *continued to skyrocket* since the Affordable Care Act passed in 2010. The latest stab at health care reform by House Republicans also didn't explicitly target cost control either, but it did attempt to rein in Medicaid spending. *Any meaningful attempt* at legitimately reforming American health care should *target cost-control* as an overarching goal. *What's driving cost increases? The elephant in the room* is the *spectacular profits that the health care industry currently enjoys.* Companies in this space have become *intertwined with our national economic fate*, and millions of jobs depend on price-gouging regular Americans. We see so many factors driving cost. Consider that *hospitals* charge patients *whatever they please*, and *drug companies* *charge us twice as much* as they charge people in other countries for the same drug. Health-insurance companies also face *enormous administrative costs* because medical billing has becoming *insanely [incredibly] complex*. Naturally, *all of these costs are passed on to consumers, employers and the government.* Of course, these big companies aren't entirely responsible for this mess. By design, our *profit-driven system* of health care means *overutilization* and receiving *unneeded treatments* are extremely common. Doctors also practice defensive medicine, and often protect themselves from lawsuits by over-treating patients, which also drives costs up for all consumers.

It's on the brink – cost inflation and debt make healthcare collapse inevitable – sparks recession

Byrne 17 (John Aidan Byrne, contributor to the New York Post, citing John Burns, CEO of John Burns Real Estate Consulting, an independent research and consulting firm on macro trends, Chris Oretis, a former Washington lobbyist who now works as executive vice president in the life insurance secondary markets at GWG Holdings, a report by the Center for Medicare and Medicaid Services (CMS), financial adviser Michael Mondiello, a former CPA in the emerging business sector at Coopers & Lybrand, April 30, 2017. "*The health care industry is bound to collapse soon*, experts say." http://nypost.com/2017/04/30/the-health-care-industry-is-bound-to-collapse-soon-experts-say/)

The US *health care* sector may be incubating the next big *Lehman-style disaster* that could *tip the economy* into a *full-blown* *recession*, according to industry analysts. *Forget about the subprime mortgage collapse.* The health care sector is *nursing* its own toxic mess, with *soaring debt*, the analysts say. "As a nation, *we have to step up our game and get on top of it*; this is a *huge issue*," said Chris Oretis, a former Washington lobbyist who now works as executive vice president in the life insurance secondary markets at GWG Holdings. As industry spending and debt servicing rage out of control, *health care* is ranked as the *No. 1* US *"systemic recession risk"* in a new report. The sums at stake are *staggering*: Spending in the sector accounted for $3.3 trillion in 2015, and is *18 percent of the US economy* today. The industry generates 16 percent of private sector jobs nationwide, up from 10 percent in 1990. US health care spending is forecast to grow by an average 5.6 percent annually in the coming decade, according to a report by the Center for Medicare and Medicaid Services (CMS), a projection based on no changes out of

Washington and in the Affordable Care Care through 2025. Meanwhile, national spending on health care is forecast to outpace US gross domestic product growth by 1.2 percent. CMS has estimated that spending will comprise 19.9 percent of GDP by 2025, up from 17.8 percent in 2015. "*There's no question* that *rising health care costs* are *hurting* our overall *economy*," said New York-based financial adviser Michael Mondiello. "With *consumer spending* accounting for some 70 percent of economic activity, the more we spend on health care, the less we have to purchase other things like a vacation or to save for retirement." The *feeble economic growth elsewhere* has *failed to keep up* with a *gargantuan health care debt binge* among both individuals and governments, critics said. Then there's the boom in mergers, in facility building and in manpower hiring that analysts say could be signs of a speculative bubble that could eventually burst. "The *bigger picture* is with the health industry's *ballooning debt* and a government that lacks sufficient capital," said Mondiello. "This [bailout] bill will likely be passed on to consumers, putting us as a country deeper into debt," added Mondiello, a former CPA in the emerging business sector at Coopers & Lybrand. The first *murmurs* of early trouble may have been detected. "Companies in the health care sector are starting to *lay people off*," said John Burns, CEO of John Burns Real Estate Consulting, an independent research and consulting firm on macro trends, such as the health care and technology sectors, that drive the US housing market. "Health care companies borrowed too much money, and have grown their debt faster than their revenue, so you have to have a pullback." Earlier this year, for example, MD Anderson Cancer, Houston's second-biggest employer, said it was slashing 1,000 jobs amid losses that surpassed $100 million in one quarter alone. Job growth overall in the health care sector is slowing. In a report published by Burns, health care is identified as the *largest systemic risk to the economy*, of the three sectors Burns examined, which also included technology and automotive. The conventional wisdom points to US demographic trends, and an aging population, as supportive of the long-term strength, but the report shows industry growth has *surpassed what is sustainable*: Health care company debt is up *308 percent since 2009*. The number of hospitals in health systems has expanded by 26 percent since 1999. The yearly *medical* costs for a family of four have jumped *189 percent* since 2002, from $9,000 to $26,000. "It could be like a *Lehman Brothers* scenario, where *a couple of big health care companies take the economy down*," Burns told The Post.

Moore, Stephen, October 2017, "NAFTA REFORM MUST BETTER PROTECT INTELLECTUAL PROPERTY," Committee to Unleash Prosperity, https://committeetounleashprosperity.com/wp-content/uploads/2017/10/NAFTA-Intellectual-Property.pdf

Inadequate protections of IP cost American companies – producers of drugs, vaccines, computer software, movies and music, manufacturing designs, and so on – tens of billions of dollars a year. This reduces the value of these companies, thus hurting American workers, consumers, and shareholders. *The International Chamber of Commerce and International Trademark Association estimates the total value of the global trade in pirated and counterfeit goods as high as $1.7 trillion in 2016.*1 Pirating, counterfeiting and ignoring patent protections is a growing problem in trade and for leading American innovators in advanced manufacturing, pharmaceuticals, software, music, and video. Some of NAFTA's IP provisions are out-of-date and ripe for reform, while others are technically adequate but under-enforced, or simply ignored. In all cases, American companies are losing out in profits and competitiveness because of a general failure to recognize the value of IP and safeguarding these assets, which are increasingly the high value-added products of the U.S. and global economies. *One area in need of reform is protection for the comprehensive package of data pharmaceutical companies must submit to national regulatory authorities to receive marketing approval.* Mexico belatedly took steps to provide regulatory data protection for pharmaceuticals in 2012, but this decision was purely bureaucratic, with no accompanying national legislation, meaning Mexico can reverse the protections at any time. In practice, pharmaceutical innovators must go to court to safeguard their information. *Making matters worse, Mexico has also refused to provide regulatory data protection for drugs belonging to the new generation of "biologic" compounds as new* *chemical entities, again leaving pharmaceutical exporters vulnerable to knockoffs and imperiling investment in this promising new class of drugs.* American negotiators should push for five years of regulatory data protection for traditional, small-molecule medicines and 12 years of protection for biologics, consistent with U.S. law. This period of protection is particularly critical for biologics because of the growth in "biosimilars," a sophisticated form of knockoff. Mexico should also be encouraged to streamline its notoriously longwinded process for resolving patent disputes, which allow copycats to profit while cases are still in court.

Drugs exported from Mexico are increasingly vulnerable to counterfeit

Daniel Garrun, 1-1-1994, "Mexico: growing South America's pharmaceutical industry," Pharmaceutical Technology, https://www.pharmaceutical-technology.com/features/featuremexico-drugs-pharmaceutical-brazil-south-america/

Despite the promise of further growth, *Mexico's pharmaceutical industry has some challenge*s ahead. In particular, they are facing a serious threat from the illegal market via theft, unlawful sales practices and counterfeiting. *Counterfeiting alone comprises 80% of the illegal pharmaceutical market, with total sales of counterfeit drugs in 2008 costing companies more than $1.5bn (£989m).* Despite leaders of the pharmaceutical industry joining forces with global institutions, such as the World Health Organization (WHO), in a concerted effort to successfully put an end to counterfeiting, "even if you write the law and you bring someone in, how do you … prevent the trafficking of drugs across borders?" asks Dr. Howard Zucker, WHO assistant director general for Health Technology and Pharmaceuticals. This question remains to be answered. Moving forward The Mexican pharmaceutical industry is fast-growing, with the generic and OTC markets showing particular potential. Indeed, a large part of the generic market remains untapped; some experts project growth of 11 times the current market, or $2.2bn (£1.45bn). It is, however, imperative that key players remain pro-active in the prevention of problems resulting from a fragile economic climate if they are to remain at the top.

Jessica Mclaughlin, 5-8-2015, "The United States Isn't Immune to Counterfeit Drugs," Law Street, https://lawstreetmedia.com/issues/health-science/united-states-isnt-immune-to-counterfeit-drugs/

With a few exceptions, the United States counterfeit market is generally focused on "lifestyle" drugs like diet, erectile dysfunction, and hair growth pills. *The counterfeit market is growing in the U.S. In 2014, an estimated 60 various Pfizer products were being counterfeited compared to just 20 in 2008.* One of the most popular counterfeited pharmacy items is ChapStick. China reported holding 1,300 alleged counterfeiters and confiscating $362 million worth of counterfeit product in 2013. According to the WHO, an estimated 200,000 people die a year due to "ineffective, fake, and substandard malaria drugs" that don't eliminate parasites from a person's system. To make matters worse, the fake drugs often contain a smaller dosage of the active ingredient than necessary. Thus the fake drug cures symptoms without curing the disease and fuels drug-resistant strands.

Counterfeit drugs carry huge negative impacts. Up to 30 percent of drugs globally are counterfeit, and have lead to death for millions of people world-wide.

Southwick, Natalie, 6-21-2018, "Counterfeit Drugs Kill 1 Mn People Annually: Interpol," InSight Crime, https://www.insightcrime.org/news/brief/counterfeit-drugs-kill-1-million-annually-interpol/

World police agency Interpol says more than one million people die each year from counterfeit drugs, highlighting one of the fastest-growing and most lucrative income sources for global organized crime networks. According to the International Criminal Policing Association (Interpol), *up to 30 percent of drugs sold worldwide are counterfeit, causing health problems and even death for millions of people*, reported El Tiempo. Speaking at Interpol's 82nd General Assembly in Cartagena, Colombia, coordinator of the Medical Products Counterfeiting and Pharmaceutical Crime (MPCPC) unit, Aline Plancon, said it was difficult to accurately quantify the costs in terms of human life and dollars, reported El Universal. Still, she underlined the links between organized crime and counterfeit drug production: criminals obtain cheap, generic brands and sell them as name brands; they also falsify contents and packaging. Some of the most common counterfeit drugs are antibiotics, HIV/AIDS and cancer medication, antidepressants, drugs to treat erectile dysfunction, weight-loss supplements and anti-malaria medication, reported Caracol. Interpol found that more than 200,000 people die each year from counterfeit anti-allergy drugs alone, reported El Colombiano.

A2: IP Laws Incentivize Competition

Response Rhetoric

1. Turn. IP Laws Discourage Innovation. While the intent for these laws is to incentivize high research spending on drugs. The opposite is usually true. For example, look at the Claritin, which first gained patent approval in August of 1981 with the claim of it being useful as antihistamines with little to no side effects. The drug got a patent, however, when tested by the FDA the drug only performed slightly better than the placebo sugar pills. Thus, Claritin met the requirements for the patent, but it wasn't really effective and it stopped future research which prevented more effective drugs from being implemented into the market due to the patent laws. In that way patent laws discourage future innovation.
2. Turn. Through the same logic spent as above, while the purpose is innovation, empirically, pharmaceutical companies spend more money on marketing for their inferior drugs than they do on research and development leading to consumers getting relatively ineffective drugs, and thereby the report concludes that the American drug industry fails to achieve true innovation.
3. Turn. <u>Joseph Stiglitz of the Guardian writes in 2017</u> that the IP standards of advanced countries typically are not designed to maximize innovation and scientific progress, but to maximize the profits of big pharmaceutical companies. The reason, is that from a theoretical perspective the marginal cost of knowledge is zero the idea that me reading a textbook doesn't detract from you having access to that material, thus, patents stifle growth as they undersupply knowledge and research will not be adequately incentivized.
4. (Defense) <u>David Encaoua 2006</u> highlights five reasons why patents are ineffective from a macro-economic perspective. First, patents create static distortions corresponding to the classical deadweight loss that results from inefficient monopoly pricing: not all consumers valuing goods above their marginal cost can buy them. Second, the market reward from a patented good is not directly linked to the R&D cost needed to develop it. Moreover, inventors cannot fully capture the social value of their invention, since positive spillovers of their ideas to other researchers exist, so that patents may provide insufficient incentives to develop socially valuable inventions. Third, patent races create some duplication of resources. Fourth, patents are much more oriented to create substitutes than complementary goods and that creates important problems of coordination unsolved by the patent. Fifth, patent enforcement requires a large amount of financial resources that are diverted from the innovation process itself.

CARDS

Glasgow, Lara, 2001, "Stretching the Limits of Intellectual Property Rights, has the pharmaceutical industry gone too far?," Volume 41 No. 2, New College of Florida, https://ipmall.law.unh.edu/sites/default/files/hosted_resources/IDEA/2.Glasgow01.pdf

As already discussed, patent laws seek to reward inventors for innovation and provide economic incentives to create beneficial products for the public good. The guiding principle of trademark law is to protect consumers so that they may control their purchasing choices by meeting the expectations created by associating a trademark with a particular product. Antitrust laws seek to encourage competition by prohibiting unlawful monopolies. *The potential for concern might be best illustrated by example. Consider the case of Claritin, which first gained patent approval in August of 1981 for the chemical compound*.159 The patent application stated that the compound and claimed chemical analogs were "useful as antihistamines with little or no sedative effects."160 *However, when Claritin underwent the extensive testing necessary to gain FDA approval, it was shown that the drug was only slightly more effective than placebo sugar pills*.161 Thus, while the drug Claritin was approved by the FDA and found to meet the statutory requirements necessary for the grant of a patent, it appears that it is only mildly effective in accomplishing what its patent purports to do.162 Perhaps because Claritin was so minimally effective or innovative, the manufacturers mounted an expensive ad campaign in an effort to increase consumer demand for the product, and create a brand name association that would establish Claritin as the dominant market holder for nonsedating antihistamines. Critics have described this as an embarrassing paradox of the marketing and brand name development of drugs; marketing may be most indispensable in categories where new drugs may actually be less innovative, yet the millions spent on marketing puts them in the greatest demand by consumers.163 "Marketing is meant to sell drugs, and the less important the drug, the more marketing it takes to sell it. Important new drugs do not need much promotion. Me-too drugs do."164 Thus, manufacturers of drugs like Claritin are able to take advantage of patent rights despite their relative in ability to meaningfully add to the body of drugs currently in existence. As a result, drug manufacturers expend millions of dollars in advertising and brand name development to ensure that their drugs are perceived by the public to be the dominant, and perhaps best, drug on the market. Though drug companies do not readily disclose marketing figures, the amount spent on marketing is estimated to be much larger than that afforded to research and development efforts.165 The result is a powerful stranglehold on the market for a drug that makes it difficult, if not impossible, for consumers to reap the benefits of generic entrants. In essence, the financial rewards of developing a blockbuster drug, and exploiting its monopoly potential through every means of intellectual property protection available, far outweighs the costs associated with the research and development of drugs that may or may not result in a profitable drug. *Despite low risks, the American drug industry fails to achieve true innovation. While the benefits enjoyed by consumers for the hundreds of recently launched drugs cannot be underestimated, it is difficult to reconcile the observation that many other new drugs add little to the therapeutic arsenal except expense and confusion for consumers.* Recall the layering of patents that are secured on several elements of a blockbuster drug so as to preserve its monopoly power and profit potential; or the cleaning up of old drugs in order to secure a new patent on what is essentially a minimal variation on the old version. The surplus of "me-too" drugs additionally exemplifies the dearth of innovation in the drug industry. For instance, there are currently several effective drugs to treat high cholesterol, yet each one varies modestly in terms of therapeutic benefit. To make a profitable cholesterol drug, a company need only synthesize a chemical derivative of a preexisting blockbuster drug that is sufficiently capable of meeting the requirements of patentablity. With some extensive marketing, the new drug can then return revenues to the maker with minimal research and development costs. Thus, instead of expending funds on research and development for drugs that treat ailments not yet treatable, many drug companies attempt to focus on developing patentably distinct derivatives of preexisting drugs

Joseph Stiglitz, 10-19-2017, "Wealth before health? Why intellectual property laws are facing a counterattack," Guardian, https://www.theguardian.com/business/2017/oct/18/intellectual-property-laws-demand-a-21st-century-solution

The IP standards advanced countries favour typically are designed not to maximise innovation and scientific progress, but to maximise the profits of big pharmaceutical companies and others able to sway trade negotiations. No surprise, then, that large developing countries with substantial industrial bases – such as South Africa, India and Brazil – are leading the counterattack. These countries are mainly taking aim at the most visible manifestation of IP injustice: the accessibility of essential medicines. In India, a 2005 amendment created a unique mechanism to restore balance and fairness to patenting standards, thereby safeguarding access. Overcoming several challenges in domestic and international proceedings, the law has been found to comply with WTO standards. In Brazil, early action by the government to treat people with HIV/Aids resulted in several successful negotiations, lowering drug prices considerably. These countries are fully justified in opposing an IP regime that is neither equitable nor efficient. In a paper, we review the arguments about the role of intellectual property in the process of development. We show that the preponderance of theoretical and empirical evidence indicates that the economic institutions and laws protecting knowledge in today's advanced economies are increasingly inadequate to govern global economic activity and are poorly suited to meet the needs of developing countries and emerging markets. They are inimical to providing for basic human needs such as adequate healthcare. Business Today: sign up for a morning shot of financial news Read more The central problem is that knowledge is a (global) public good, both in the technical sense that the marginal cost of someone using it is zero and in the more general sense that an increase in knowledge can improve wellbeing globally. *Given this, the worry has been that the market will undersupply knowledge and research will not be adequately incentivised*. Throughout the late 20th century, the conventional wisdom was that this market failure could best be rectified by introducing another one: private monopolies, created through stringent patents strictly enforced. But private IP protection is just one route to solving the problem of encouraging and financing research. It has been more problematic than had been anticipated, even for advanced countries. An increasingly dense "patent thicket" in a world of products requiring thousands of patents has sometimes stifled innovation, with more spent on lawyers than on researchers in some cases. Research is often directed not at producing new products but at extending, broadening and leveraging the monopoly power granted through the patent.

David Encaoua, Dominique Guellec, Catalina Martínez. Patent Systems for Encouraging Innovation: Lessons from Economic Analysis. Research Policy, Elsevier, 2006, 35 (9), pp.1423-1440. <10.1016/j.respol.2006.07.004>. <halshs-00177614> < https://halshs.archives-ouvertes.fr/halshs-00177614/document>

Among the virtues of the patent system, the following properties must be emphasized. First, by giving some temporary exclusionary rights to inventors, the government delegates the R&D decision and leaves in the hands of the inventor the responsibility of recovering his R&D investment. Not only individual agents have better information on the costs and benefits of R&D than the government, but delegating also 5 has the positive effect of avoiding moral hazard on the part of researchers, a problem that may be inherent to the implementation of other policy instruments such as ex-ante subsidies. Second, the assignment of costs is made to users rather than to tax payers. Third, in order to implement a patent system the government does not require sensible economic information that is only privately known, such as R&D cost and private value of the invention, avoiding thus adverse selection problems. The reward obtained by patent holders is linked to the private value of their patented inventions. Innovative firms weigh the cost of patenting against the value of their inventions when deciding whether to invest and patent. Finally, the information disclosure requirement of patents favours the diffusion of knowledge. The following drawbacks or weaknesses of patents can also be mentioned, without the aim of being exhaustive. *First, patents create static distortions corresponding to the classical deadweight loss that results from inefficient monopoly pricing: not all consumers valuing goods above their marginal cost can buy them. Second, the market reward from a patented good is not directly linked to the R&D cost needed to develop it. Moreover, inventors cannot fully capture the social value of their invention, since positive spillovers of their ideas to other researchers exist, so that patents may provide insufficient incentives to develop socially valuable inventions. Third, patent races create some duplication of resources. Fourth, patents are much more oriented to create substitutes than complementary goods and that creates important problems of coordination unsolved by the patent system (Eswaran and Gallini, 1996). Fifth, patent enforcement requires a large amount of financial resources that are diverted from the innovation process itself.*

David Encaoua, Dominique Guellec, Catalina Martínez. Patent Systems for Encouraging Innovation: Lessons from Economic Analysis. Research Policy, Elsevier, 2006, 35 (9), pp.1423-1440. <10.1016/j.respol.2006.07.004>. <halshs-00177614> < https://halshs.archives-ouvertes.fr/halshs-00177614/document>

5. *Conclusion: patents should not be the solution by default Patents are not needed as an incentive mechanism for all types of inventions*. A series of characteristics of technologies and markets such as the gains from market-lead, the arrival rate of innovative ideas, the ease of imitation and the more or less marked cumulative character of innovation, determine both whether market-based means of

protection provide sufficient incentives for innovation and the impact of patents on the pace of innovation. The optimal level of patent protection may differ across fields, with different solutions applying to industries as diverse as pharmaceuticals, software and finance.

*Oil Industry

A2: Oil General

Link Defense Rhetoric

1. Delink- Domm ‘18 of CNBC indicates that the three NAFTA countries’ energy networks are already so integrated it would be in no countries best interest to undo them. Thus, even without NAFTA free trade on energy will likely persist.

Proportionality Clause Disadvantage Rhetoric

1. Trew ‘14 of the Council of Canadians writes that NAFTA included a “proportionality clause”, forcing Canada to export over half of their energy supply annually. Unfortunately, this puts Canada at risk of compromising its own energy security with just a 10% reduction in energy production every year. Additionally it prevents Canada from pivoting to renewables because they are non-exportable.

Patti **Domm**, 3-2-20**18**, "Energy has best chance of bringing angry NAFTA nations back to their senses in a trade war ," CNBC, https://www.cnbc.com/2018/03/02/energy-is-crown-jewel-of-nafta-nations-and-will-tie-them-together-regardless-of-trade-deals-.html //DZ

The U.S. buys and sells energy from both its northern and southern neighbor, and it is one industry that binds North America together, regardless of whether there is a NAFTA agreement. President Donald Trump's tariffs on steel and aluminum raise new concerns about the U.S. commitment to NAFTA, but energy is one industry that could continue to bind North American commerce together, regardless of trade deals. On Monday, Republican House Speaker Paul Ryan urged Trump to rethink his plan to place a 25 percent tariff on steel and a 10 percent tariff on aluminum, noting he is "extremely worried" about the fallout. The president tweeted he may drop tariffs for Canada and Mexico if they can renegotiate a new NAFTA deal with the United States. **The energy interests of the United States, Mexico and Canada are so integrated, it would be in no one country's interests to undo them, industry experts say.** The United States is both a buyer and seller of energy with both its southern and northern neighbors and has been for decades. "**On all sides, the idea of a North American energy security, energy dominance is a consistent goal across all countries,**" said Jackie Forrest, ARC Energy Research Institute senior director of research. "**I would expect ongoing free trade for energy. It's a win-win for all parties. The scenario of having tariffs on energy — nobody really wins from that."** The top energy officials from all three countries will appear together Wednesday at the annual IHS Markit CERAWeek energy conference in Houston. U.S. Energy Secretary Rick Perry; Canadian Natural Resources Minister James Gordon Carr; and Pedro Joaquín Coldwell, Secretary of Energy, Mexico, are expected to discuss common interests and challenges. Lighthizer: Trump will ask for extension to NAFTA talks 9:47 AM ET Mon, 5 March 2018 | 01:56 "I think they'll set a fairly positive tone," said Carlos Pascual, IHS Markit senior vice president, who will moderate the panel. Pascual said energy is one area that reinforces cooperation between the three countries and "reinforces why a continuing trade agreement between the three countries is a good thing. I think you'll hear from all three countries the potential for development in each country, the potential for investment in Mexico as a new entrant in global markets. I think all three will face a common perspective on the challenges of infrastructure." He added, "All three of them will talk about the importance of regulatory certainty and the need to work together and share from each other's experiences." Pascual said he expects the Canadian and Mexican officials to have questions about the impact of U.S. deregulation of the energy sector. "The U.S. has essentially put a lid on regulation and made it clear that whatever regulation exists will be downward. How does that affect the competitiveness of the assets they offer?" **Pascual said he does not believe the absence of a NAFTA agreement would result in new tariffs on the energy sector, should the three countries fail to agree to a revised deal**

Trew, Stuart. "NAFTA: 20 Years of Costs to Communities and the Environment". Council of Canadians. Mar. 2014. <https://content.sierraclub.org/creative-archive/sites/content.sierraclub.org.creative-archive/files/pdfs/0642-NAFTA%20Report_05_low.pdf>

NAFTA's "Proportionality Clause": Fueling U.S. Gas Tanks Since 1994 Just as Mexico gave up control of its mining sector, Canada all but gave up control of its energy sector in the Canada-U.S. Free Trade Agreement and then in NAFTA. **The "proportionality clause" in NAFTA's energy chapter**, which applies to trade in energy between Canada and the U.S., **has facilitated trade in environmentally dangerous fossil fuels by obligating Canada to maintain a fixed share of energy exports**, including oil and gas, **to the U.S**.30 Currently, **these annual energy export requirements**—which are based on average Canadian energy exports to the U.S. over the previous three years—**stand at more than half of Canada's energy supply**.31 **This** rule, which was included in NAFTA at the insistence of Canadian oil patch companies, has not only expanded trade in fossil fuels, but **has compromised Canada's energy security**. The Parkland Institute calculates that **even a 10 percent reduction in Canadian energy production would lead to domestic energy shortages due to Canada's** trade obligations under the proportionality clause.32 More worrisome still, the provision hinders Canada's ability to reduce its greenhouse gas emissions. The Canadian government cannot flexibly shift energy production away from transportable carbon-intensive energy sources, such as oil and natural gas, to nonexportable renewable energy sources, such as wind and solar, without potentially violating the NAFTA proportionality clause. This is because the provision specifically forbids Canada from changing "the normal proportions among specific energy or basic petrochemical goods… such as, for example, between crude oil and refined products and among different categories of crude oil and of refined products."33 These constraints are particularly concerning when viewed in the context of Canada's expanding tar sands oil industry, since the proportionality clause might restrict Canada's legal capacity to regulate the extraction of or ban exports of tar sands oil. Greenhouse gas emissions from tar sands extraction and upgrading are between 3.2 to 4.5 times as intensive per barrel as they are for conventional oil,34 and the process of extracting tar sands accounts for seven percent of Canada's total emissions.35 Tar sands extraction is also extremely water-intensive, and 90 percent of water extracted for tar sands extraction never returns to the ecosystem.36

A2: Middle Eastern Pivot

Link Defense Rhetoric

1. Floyd ‘18 of Investopedia quantifies that even prior to NAFTA, Canada sold America 99% of its oil exports, indicating that NAFTA did not affect US imports of Canadian oil. The warrant comes from Lucas ‘04 of the Energy Law Journal who writes that Canada and the US cemented their oil agreements during the 1989 CUSFTA agreement and not during NAFTA.
2. Cattaneo ‘18 of the Financial Post writes that preferential access to Canadian oil now matters comparatively less because of increased US production, concluding that a NAFTA withdrawal wouldn’t disrupt the oil markets for America.

Impact Defense Rhetoric

1. Kagan ‘12 of the Brookings Institute writes that even if the US gets oil from countries outside of the Middle East, the US is still forced into Middle Eastern affairs because they can shock global oil prices by controlling supply.

Cards:

Floyd of Investopedia in 2018,

Floyd, David. “NAFTA’s Winners and Losers.” Investopedia. Investopedia, 30 January 2018. Web. Accessed 4 June 2018. <https://www.investopedia.com/articles/economics/08/north-american-free-trade-agreement.asp#canada>

Supporters sometimes cite oil exports as evidence that NAFTA has helped Canada: according to MIT's Observatory of Economic Complexity, the U.S. imported $37.8 billion worth of crude oil in 1993, with 18.4% of it coming from Saudi Arabia and 13.2% of it coming from Canada. In 2015 Canada sold the U.S. $49.8 billion, or 41% of its total crude imports. In real terms, Canada's sales of oil to the U.S. grew 527% over that period, and it has been its neighbor's largest supplier since 2006.

On the other hand, Canada has long sold the U.S. 99% or more of its total oil exports: it did so even before the two countries stuck a free-trade agreement in 1988. In other words, NAFTA does not appear to have done much to open the U.S. market to Canadian crude. It was already wide open; Canadians just produced more.

Overall, NAFTA was neither devastating nor transformational for Canada's economy. Opponents of the 1988 free trade agreement had warned that Canada would become a glorified 51st state. While that didn't happen, Canada didn't close the productivity gap with the U.S. either: Canada's GDP per hours worked was 74% of the U.S.'s in 2012, according to the OECD.

Lucas, Alastair R. "Canada's Role in the United States' Oil and Gas Supply Security: Oil Sands, Arctic Gas, NAFTA, and Canadian Kyoto Protocol Impacts." *Energy LJ* 25 (2004): 403.

There is little doubt that Canada's significant oil, natural gas, and electricity exports to the United States, and the prospect of United States access to potentially large Mexican supplies, made energy trade a critical issue in the negotiations that led to the North American Free Trade Agreement (NAFTA).121 In fact, **Canada and the United States had already cemented this energy trade relationship in the 1989 Canada-United States Free Trade Agreement (FTA).** 122 For Canada the energy issues during the 1991-92 NAFTA negotiations were: (1) to maintain and enhance its United States energy export position, and more generally, to avoid a separate United States-Mexico trade agreement that could relegate Canada in the longer term to merely one of the "spokes" in a wheel of which the United States is the hub; 123 and (2) to address certain trade "irritants," particularly with regard to coordination of Canadian and United States regulatory policies on Canadian natural gas exports. 24 There were essentially no tariff issues, and this remains the case today for the export of Canadian oil and for natural gas in the largely integrated North American market.

Cattaneo, Claudia. “‘Shooting Themselves in the Foot’: How NAFTA’s Collapse Could Disrupt U.S.-Canada Energy Trade.” Financial Post. Financial Post, 16 January 2018. Web. Accessed 6 June 2018. <http://business.financialpost.com/commodities/energy/shooting-themselves-in-the-foot-how-naftas-collapse-could-disrupt-u-s-canada-energy-trade>

“They would no longer have any automatic right to a proportional share of the resource in Canada,” he said. “It won’t be as substantive an issue for them now that they have so much more of their own resource, but it’s a loss for them, it’s not a loss for us.”

Article 605 says Canadian energy exports to the U.S. as a percentage of total output cannot fall. In particular, it prohibits the Canadian government from imposing restrictions that causes U.S. imports of Canadian energy to fall, as it did under the NEP.

Such preferential access wouldn’t be as advantageous today as it was in the 1980s because U.S. production of both oil and gas is booming thanks to discoveries of shale gas and tight oil. U.S. oil production is expected to soon climb to a new record above 10 million barrels a day.

Yet the U.S. is still a major oil importer, it’s unknown if the production boom will continue longer term, and the U.S. relies on Canada for its energy security – a key reason why one of U.S. President Donald Trump’s first moves was to approve the Keystone XL pipeline.

Cattaneo, Claudia. “‘Shooting Themselves in the Foot’: How NAFTA’s Collapse Could Disrupt U.S.-Canada Energy Trade.” Financial Post. Financial Post, 16 January 2018. Web. Accessed 6 June 2018.

<http://business.financialpost.com/commodities/energy/shooting-themselves-in-the-foot-how-naftas-collapse-could-disrupt-u-s-canada-energy-trade>

In addition, “We will of course lose the benefit of certainty that comes with an international agreement that allows investors to know that these market-based policies will persist for the foreseeable future, and allow them to make these long-term investments with much greater confidence,” said CAPP general counsel Nick Schultz.

Schultz doesn’t anticipate immediate disruption as there are other market-oriented agreements in place if the U.S. withdraws from NAFTA.

Still, he said the deal has been great for North America’s energy sector and for its consumers and its loss would be felt. The U.S relies on imports from Canada to meet all its energy requirements and Canada is a vital source of supply to the U.S., he said.

Kagan, Robert. “United States Can’t Pivot from the Middle East.” Brookings Institute. 20 Nov., 2012. <https://www.brookings.edu/opinions/united-states-cant-pivot-away-from-middle-east/> //RJ

The irony, of course, is that **every time the Obama administration tries to turn toward Asia, the Middle East drags it back** — literally, in the case of Secretary of State Hillary Clinton. **It’s an illusion to think we will not continue to be drawn into Middle East affairs.** The world is no longer neatly divided by distinct regions, if it ever was. Events in the Middle East affect the world, just as events in Asia do. **Wherever the United States gets its oil, global energy prices are affected by whether oil flows freely from the Middle East**, and **U.S. allies in Europe and Asia still depend on that as a main source**. If Iran acquires a nuclear weapon, it will affect not just the Middle East but the global non-proliferation regime. The success or failure of the experiment to marry Islamism and democracy that is playing out in Egypt, Tunisia and elsewhere will affect politics across the Islamic world, from Morocco to Pakistan to Southeast Asia as well as in Europe. And if Syria collapses, the chances are high that well-armed terrorist groups will gain a foothold in a nation with the world’s largest chemical weapons stockpiles.

*Environment

A2: Kuznets Curve

Link Turn Rhetoric

1. Turn- In a 22 country meta-analysis Romero '16 of Renewable and Sustainable Energy Reviews indicates that there is no evidence that energy consumption decreases with GDP growth, in fact, the study shows increased economic growth increases energy consumption.

Pablo-Romero, María del P., and Josué De Jesús. "Economic growth and energy consumption: The energy-environmental Kuznets curve for Latin America and the Caribbean." *Renewable and Sustainable Energy Reviews* 60 (2016): 1343-1350. //JN <https://www.sciencedirect.com/science/article/pii/S1364032116002641>

This paper investigates the relationship between energy consumption and economic growth by using the hypothesis postulated by the Energy-Environmental Kuznets Curve and panel data for a sample of 22 Latin American and Caribbean countries. Absolute energy consumption was chosen as an indicator of environmental pressure. **The results obtained from the estimates show no evidence that the relationship** between economic growth and energy consumption, in the long term, assume an inverted U-shape for this region, which rejects the hypothesis postulated by the Energy- Environmental Kuznets Curve. The results show that, for the countries of the region, the energy consumption is very sensitive to changes in GVApc and tends to show a rapidly growing trend as their economies grow, showing an exponential energy consumption growth. **This means that as the countries of Latin America and the Caribbean show economic growth, they are demanding an even greater increase in energy consumption**. Therefore, the argument of wait and grow may not be a good option for LAC countries, but the application of active energy policies in order to control the energy consumption growth may be appropriate. As previous studies stated, energy efficiency policies may not be capable of counteracting the growing energy needs of economic growth, so LAC countries should also undertake changes in the productive structure and promote measures to diversify energy mixes, thereby reducing the high dependency on fossil energy in order to reduce the environmental effects of economic growth.Additionally, the results show that the elasticity of energy consumption with respect to GVApc is not constant throughout the period, and between the countries, but always positive. Therefore in no case did GVApc growth result in decreased energy consumption in LAC countries. Likewise, the general evolution of the elasticities with time was almost constant until 2004, with a clear positive trend since then, its value being around 0.5 at the end of the period. Nevertheless, the results also show differences between the value and the evolution of the elasticities of energy consumption with respect to GDP per capita among the LAC countries. Barbados and Trinidad and Tobago show the highest elasticities at the end of the studied period, being higher than one, which reflects that energy consumption in these countries is growing more than economic growth. Therefore, an intense energy policy is recommended in these countries. Additionally, the results show notable increasing elasticities for Mexico, Chile, and to a lesser extent for Argentina and Colombia, at the end of the period. Therefore, as a notable economic growth has been forecast for them in the coming years, it may also be necessary to apply intense energy policies in these countries to control the effects of economic growth on the environment. Consequently, it is considered appropriate to undertake and monitor specific national energy plans in LAC countries, with detailed energy efficiency and renewable energy targets, and incentives to achieve them. For their part, Bolivia, Honduras and Nicaragua show a negative elasticity trend, associated with low GVApc levels.

*Textile Industry

A2: Textile General

Link Defense Rhetoric

1. Non-unique; the textile industry would have grown due to alt-causes. Green ‘17 of Rice University reports that “NAFTA was meaningless to the textile and apparel sector” due to things like:
    a. China and others gaining access to the WTO’s agreement on Textiles and Clothing in 2000 which eliminated quotas on textiles and clothing.
    b. The US granting duty and quota free access to its market to countries in the Caribbean Basin Trade Partner Act
        i. This is why the share of US-Mexico textile trade began to fall in 2000

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

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

The textile and apparel industry tells another type of story, one of an unexpected development that takes over the plot. To set the context, NAFTA gradually eliminated duties on textiles and apparel over 10 years. It mildly accentuated the long-term decline of the U.S. apparel industry, but the U.S. was still the lowest-cost producer of textiles, which are more easily automated than apparel (Lederman, Maloney, and Serven 2005). U.S. exports of cotton and textiles to Mexico grew, as shown in Figure 9, quadrupling the U.S. trade surplus in textiles through 2001 (USITC 2003). Mexican textile and apparel exports to the U.S.—especially apparel exports, as shown in Figure 8—also grew faster than other products, aided by removal by the U.S. of quantitative restrictions in addition to lower tariffs (USITC 2003; Zahniser et al. 2015). However, Mexican apparel export gains likely came at the expense of Asian producers, not U.S. producers, so the impact on total U.S. imports was muted (Burfisher, Robinson, and Thierfelder 2001; Klein, Schuh, and Triest 2002; Fukao, Okubo, and Stern 2003). This netted a shift in the textiles trade balance in favor of the U.S., which Bahmani-Oskooee and Hegerty (2011) attribute directly to NAFTA. **NAFTA was subsequently rendered meaningless to the textile and apparel sector by the surprise entry of other competitors. China, Vietnam, and other countries gained access to the World Trade Organization's (WTO) Agreement on Textiles and Clothing in 2000, the same year the United States granted duty- and quota-free access to U.S. markets for the Caribbean Basin Initiative countries via the Caribbean Basin Trade Partnership Act (CBTPA). Mexican** apparel and textile **producers could no longer dominate** the relationship with the U.S. As a result, **the share of textiles in bilateral U.S.-Mexico trade began to fall in 2000** (Zahniser et al. 2015). Nonetheless, in 2015, Mexico and the CBTPA countries remain the largest export markets for the U.S. textiles industry, accounting for 74% of total U.S. textile exports (USITC 2016, 58).

*American Manufacturing Industry

A2: Manufacturing Improves Because of NAFTA (General)

Link Turn Rhetoric

1. Global Trade Watch '14 explains that high-paying manufacturing jobs were replaced with low-paying service jobs, resulting in workers often losing over 20% of their paycheck, contributing to overall wage stagnation.
2. They continue that since NAFTA 61,000 manufacturing facilities have been closed, dramatically decreasing tax revenue for social services, pushing the unemployed into a cycle where they lose their job and social spending has declined.

Citizen 14, Global Trade Watch

https://www.citizen.org/sites/default/files/nafta-at-20.pdf

Trade affects the composition of jobs available in an economy. The aggregate number of jobs available can be better explained by fiscal and monetary policy, the impacts of recessions and other macroeconomic realities. ***The United States has lost millions of manufacturing jobs during the NAFTA era, but overall unemployment has been largely stable*** (excluding the fallout of the Great Recession) ***as new low-paying service sector jobs have been created.*** Proponents of NAFTA raise the quantity of jobs to claim that NAFTA has not hurt U.S. workers. But ***what they do not mention is that the quality of jobs available, and the wages most U.S. workers can earn, have been degraded.*** According to the U.S. Bureau of Labor Statistics, two out of every three displaced manufacturing workers who were rehired in 2012 experienced a wage reduction. ***Two out of every five displaced manufacturing workers took a pay cut of greater than 20 percent.*** 57 ***For the average manufacturing worker earning more than $47,000 per year, this meant an annual loss of at least $10,000***. 58 Such displacement not only spells wage reductions for former manufacturing workers, but also for existing service sector workers. As increasing numbers of workers displaced from manufacturing jobs have joined the glut of workers competing for non-offshorable, low-skill jobs in sectors such as hospitality and food service, real wages have also fallen in these sectors under NAFTA. 59 ***The shift in employment from high-paying manufacturing jobs to low-paying service jobs has thus contributed to overall wage stagnation.*** The ***average U.S. wage has grown less than one percent annually in real terms since NAFTA was enacted even as worker productivity has risen at more than three times that pace.*** 60 ***Given rising inequality, the median U.S. wage has fared even worse and today remains at the same level seen in 1979***.61

Citizen 14, Global Trade Watch

https://www.citizen.org/sites/default/files/nafta-at-20.pdf

Since NAFTA's implementation, about 61,000 U.S. manufacturing facilities have closed. 68 While these closures have not stemmed exclusively from NAFTA, owing also to the impact of the 1995 launch of the WTO and other factors, NAFTA's incentives for offshoring have contributed to U.S. manufacturing's decline. ***The loss of these firms and erosion of manufacturing employment means there are fewer firms and well-paid workers to contribute to local tax bases***. Research shows that ***a robust manufacturing base contributes to a wider local tax base and offering of social services***.69 With ***the loss of manufacturing, tax revenue that could have expanded social services or funded local infrastructure projects has decline***d,70 while ***displaced workers turn to welfare programs that are ever-shrinking.***71 This has resulted in the virtual collapse of some local governments in areas hardest hit. 72 Building trade and construction workers have also been directly impacted both by shrinking government funds for infrastructure projects and declining demand for maintenance of manufacturing firms.

<u>A2: Auto Industry Benefited</u>

Link Turn Rhetoric

1. <u>Scott of the EPI</u> writes that NAFTA resulted in on net 700,000 jobs leaving the manufacturing sector.

Scott, Robert. "Heading South U.S.-Mexico trade and job displacement after NAFTA." Economic Policy Institute. 2011. https://www.epi.org/files/page/-/BriefingPaper308.pdf

The United States had a small ($1.6 billion) trade surplus with Mexico (supporting 29,400 jobs) in 1993, the year before NAFTA took effect. • **U.S. trade deficits with Mexico as of 2010 displaced production that could have supported 682,900 U.S. jobs; given the pre-NAFTA trade surplus, all of those jobs have been lost or displaced since NAFTA**. **This estimate of 682,900 net jobs displaced takes into account the additional jobs created by exports to Mexico.** • Rapidly growing trade deficits and job displacement happened as a surge of foreign direct investment (FDI) poured into Mexico from private investors (NAFTA made it attractive to companies all over the world to invest in Mexico to gain duty free access to the U.S. market). FDI tripled as a share of Mexico's gross domestic product in the post-NAFTA period and fueled the outsourcing of jobs and production to Mexico. • Most of the jobs displaced by trade with Mexico as of 2010 were in manufacturing industries (415,000 jobs; 60.8% of the total jobs displaced).

*NADBank

A2: NADBank

Link Defense Rhetoric

1. Delink; The Mexico Institute ‘14 indicates that the NADBank was created “*alongside”* NAFTA.
2. The NADBank is doomed to fail long term. Ruiz ‘98 of The Houston Journal of International Law finds that the NADBank has high interest rates for loans that prevent poor cities who actually need the loans from accessing them.
3. Ruiz furthers that if a country doesn’t pay their share of the NADBank, the NADBank doesn’t have an obligation to fund environmental infrastructure in their country. *This means the NADBank is just an inefficient way to fund environmental projects in Mexico.*
4. Ruiz writes that the bank is incredibly inefficient because funding has to go through the central bank of Mexico, causing delays on infrastructure.

Water Disadvantage

1. Trew ‘14 of the Council of Canadians writes that NAFTA uniquely makes drinking water inaccessible in Mexico in two ways:
    a. NAFTA provided for a mining explosion that led to vast amounts of toxic substances contaminating water.
    b. NAFTA dramatically increased the number of maquiladoras by 30%, who engage in water-stressing activities that have produced enormous amounts of toxic waste, with just 10% of it being filtered.

The Mexico Institute, Forbes, “The North American Development Bank: After 20 Years, Time to Expand”, May 21 2014 //JN

https://www.forbes.com/sites/themexicoinstitute/2014/05/21/the-north-american-development-bank-after-20-years-time-to-expand/#7dce82484d63

The North American Development Bank (NADBank) and its sister organization, the Border Environmental Cooperation Commission (BECC) recently held their annual meeting in Mexico City. It was above all an opportunity to celebrate their twentieth anniversaries and the hundreds of infrastructure projects the two organizations have helped design and finance to improve the environment and quality of life in the U.S.-Mexico border region. Having **been created *alongside* the North American Free Trade Agreement** (NAFTA) to mitigate concerns that increased commerce would destroy the border region environment, the organizations fully deserve the kudos. Nonetheless, looking ahead to the challenges on the horizon for the next twenty years of NAFTA, we need to empower the NADBank and BECC to do much more. I was invited to attend the meetings to speak on a panel focused on border infrastructure, and I came away with a few important reflections on the past and future of the NADBank and BECC. First, both organizations have been forced to evolve rapidly in recent years, both as a result of their own success and the changing nature of the challenges facing the border region. In the early days, their bread and butter projects were in wastewater treatment, an issue of major concern in the 1990s. Since then, largely due to NADBank funding and BECC technical assistance, towns and cities in northern Mexico have increased the percentage of sewage that is treated, from 21% in 1995 to 87% in 2012. The BECC and NADBank are currently focused on supporting the development of renewable energy and some transportation infrastructure projects designed to improve air quality. Both of these new areas of focus fall within the basic mandate to focus on environmental infrastructure, but they also represent the stretching of its boundaries, moving the North American Development Bank somewhat more toward traditional economic development. After all, transportation and energy infrastructure provide at least as much in the way of an economic boost as they do environmental benefits. These new projects have pushed the NADBank to the edge of its lending capacity. If we want the Bank to do more, it will need more capital. And after twenty years of success, why wouldn't we want the Bank to do more? Why limit it to environmental infrastructure and such a small geographic band in the border region in the first place? Why not let the Bank and BECC promote sustainable economic development and transportation infrastructure in North America?

Ruiz, Mauro F. “THE NORTH AMERICAN DEVELOPMENT BANK: FOR CLEANUP OR PROFIT? .” *The Houston Journal of International Law*, www.hjil.org/articles/hjil-20-3-ruiz.pdf. **1998**

Structurally, the Bank Charter and Loan Policies do not adequately assist border communities in achieving sustainable development, a goal articulated by the Side Agreement’s preamble.228 In fact, it would be difficult to reconcile and accept the purported sustainable development oriented Bank policies with the U.N. definition of sustainable development**. Sustainable development was defined by a U.N. report as development that “meets the needs of the present without compromising the ability of future generations to meet their own needs.”**229 The report concluded that poverty is a major cause and effect of global environmental problems and explained that environmental degradation undermines economic growth.230 In addition to addressing sustainable development for the border region in NAFTA’s side agreement charter, President Clinton responded to the U.N. report by creating the President’s Council on Sustainable Development in June 1993.231 In a report to the President, the Council articulated its vision: “Prosperity, fairness, and a healthy environment are interrelated elements of the human dream of a better future.”232 Judging from the U.N. report and the current political emphasis on reducing reliance on the federal government,233 **the Bank’s task of cleaning up the border and ensuring its residents long term sustainable growth will undoubtedly fail.** At least with regard to the poverty stricken U.S.-Mexico border, **the Clinton Administration’s Bank policies stressing both market-oriented, high-interest lending, as well as the slowing of border environmental degradation and unsafe living conditions, are at odds**.234

For example, a primary concern is the Bank’s interest rate. According to Bank policies, the interest rate for loans and guarantees will be between 1%–2.25% above Treasury rates.235 Perhaps, to sophisticated investment banks, the mere 1%–2.25% interest rate would not be taken seriously if a project were financed at that cost. Reluctantly, Bank officials have come to realize that **for poor border communities along the Rio Grande, the rate is too high and prevents communities from seeking Bank assistance**.236 Until recently, Managing Director Alfredo Phillips Olmedo, in response to criticism of the Bank’s failure to make loans or guarantees, explained that the Bank is constrained by statutes preventing lending below market rates.237 Although the statute prohibiting low interest rate lending can be faulted, the Bank’s underlying premise of relying on private investment to finance projects is clearly flawed.238

Ruiz, Mauro F. “THE NORTH AMERICAN DEVELOPMENT BANK: FOR CLEANUP OR PROFIT? .” *The Houston Journal of International Law*, www.hjil.org/articles/hjil-20-3-ruiz.pdf. **1998**

http://www.hjil.org/articles/hjil-20-3-ruiz.pdf

Another potential problem arises from the statute's failure to secure governmental funding for the Bank. Without assessing penalties, **a country that fails to fund the Bank** due to budgetary legislation **is subject to the "Qualified Subscription" clause**.173 **This clause permits** the country that has paid its installment to petition **the Bank to restrict commitments against the unpaid installment**.174 Thus **either nations' congress or executive office may eliminate or forestall the Bank's funds**.175 **The effects may dissuade private entities from financing environmental projects because of the Bank's recourse provisions.**176 As a daily penalty provision, a clause charging interest on any amount not approved by either legislature would be a valued addition to the operating legislation of the Bank.

Ruiz, Mauro F. "THE NORTH AMERICAN DEVELOPMENT BANK: FOR CLEANUP OR PROFIT? ." *The Houston Journal of International Law*, www.hjil.org/articles/hjil-20-3-ruiz.pdf. **1998**
http://www.hjil.org/articles/hjil-20-3-ruiz.pdf

Another major criticism of the Bank is its inability to lend directly to Mexican communities. The Mexican Constitution bars any governmental entity, including states and municipalities, with the exception of federal agencies, from transacting directly with foreigners.241 The failure to lend directly ensures a larger bureaucracy when attempting to issue loans to Mexican communities.242 While the Bank Charter and policies indicate that loans or guarantees will be made to any "political subdivision" of either the United States or Mexico,243 *t**he constitutional and political realities confirm that Mexico's National Bank of Public Works and Services will have its hand in any loans or dealings, thereby complicating financing.***244 **The complications of bureaucracy**, along with the Mexican communities' inexperience in planning and developing public works projects, **have caused financing delays**.*245* Bureaucratic infighting and **BECC decisions are credited with many of the financing delays**.246 In addition, many **poor communities along the border will not be willing to accept debt associated with environmental infrastructure** during harsh economic times.247

Trew, Stuart. "NAFTA: 20 Years of Costs to Communities and the Environment". Council of Canadians. Mar. 2014. <https://content.sierraclub.org/creative-archive/sites/content.sierraclub.org.creative-archive/files/pdfs/0642-NAFTA%20Report_05_low.pdf>

NAFTA provided the ingredients **for an explosion of dangerous foreign mining activity in Mexico**. In anticipation of the agreement, the Mexican government 5 ratified several national laws that facilitated the entry of Canadian and U.S. mining corporations into Mexico. For example, a constitutional amendment in 1991 allowed Mexican peasants to sell previously communal lands to private owners (including foreign corporations) without significant regulatory oversight or protection against abuse. **This gave North American mining companies easy access to Mexico's lands and mineral resources.**26 As a result, **mining activities and foreign mining investments expanded considerably** in the **post-NAFTA** era. For instance, **over the past 20 years the Mexican government has granted more than 25,000 mining concessions**. Approximately **28 percent of Mexico's land is now devoted to mineral extraction** and is largely **under control of transnational mining companies** based primarily in Canada, U.S., and Mexico.27 Annual extraction rates have doubled since NAFTA was signed.28 While **the increase in mining concessions** was a boon to Canadian and U.S. mining companies, it **was devastating for the environment**. Mining requires explosives and toxic substances that are known to contaminate water and land. **Thanks to** the post-**NAFTA** increase in mining, **Mexico has become the world's leading importer of toxic sodium**

cyanide, which is both used in mining and is a major source of water contamination. **Mining in Mexico has released 43,000 tons of pollutants** into the environment between 2004 and 2010, many of them carcinogens.29 Finally, as discussed below, **the rights of foreign mining corporations were strongly protected under NAFTA's investment chapter**, while **NAFTA's environmental side-agreement has not required Mexico to better regulate the** harmful **environmental impacts** of runaway extraction.

Trew, Stuart. "NAFTA: 20 Years of Costs to Communities and the Environment". Council of Canadians. Mar. 2014. <https://content.sierraclub.org/creative-archive/sites/content.sierraclub.org.creative-archive/files/pdfs/0642-NAFTA%20Report_05_low.pdf>

In the years following NAFTA, the manufacturing sector in Mexico boomed. Between 1994 and 2005, **the number of maquiladora plants**—export-oriented factories run by foreign companies—**increased by** about **30 percent**.38 This contributed to a rise in manufactured exports from Mexico, which grew by as much as 24 percent per year during the 1990s.39 By 2005, maquiladora production accounted for over 40 percent of Mexico's exports.40 While maquiladora activity eventually began to slow due to growing foreign competition from manufacturing industries in China and the Caribbean,41 **more than 2,800 maquiladoras remained in operation** as of 2007— the year before the global economic crisis hit Mexico particularly hard.42 **The growth of the maquiladora sector did not improve the well-being of the Mexican working class**.43 On the contrary, **its expansion has been based on the stagnation of wages in Mexico**.44 **It** also **came at a high cost to the environment, producing significant amounts of pollution**. For example it is estimated that while all industries in Mexico generated an estimated 12.7 million tons of hazardous waste in 1997, manufacturing industries generated about 10.5 million tons. The chemical industry and metal products and machinery industries are the leading producers of hazardous waste in Mexico.45 **Much of this environmental degradation was along the U.S.- Mexico border** — the region that houses about three quarters of all maquiladora workers in Mexico.46 **The high concentration of maquiladora factories has not only exacerbated water-shortage problems in an already water-stressed region, but also produced significant amounts of toxic waste**. Between 1993 and 2004, **toxic pollution from manufacturing more than doubled** in a number of Mexico's border states.47 According to a recent Environmental Protection Agency (EPA) report, the production facilities operating along U.S.-Mexico border that actually reported their toxic releases in 2007 produced more than 70 million pounds of toxic releases, excluding carbon dioxide (CO_2) emissions.48 This estimate does not include the pollution generated by manufacturing companies that did not register with the U.S. Toxics Release Inventory (TRI) and Mexico's Pollutant Release and Transfer Registry (RETC). Moreover, research suggests that **only about 10 percent of Mexico's hazardous waste receives proper treatment, which means that millions of pounds of toxic waste have contaminated the Mexico-U.S. border since the signing of NAFTA**.49 According to models that simulate the economic and environmental effects of NAFTA, **the trade agreement** also **increased air and water pollution in Canada and the U.S**. by boosting economic activity in pollution-intensive manufacturing sectors. For example, **in Canada, NAFTA is estimated to have increased sulfur dioxide (SO_2) emissions by 66 million pounds, carbon monoxide (CO) emissions by 39 million pounds, and total suspended solids** (TSS)—a measure of industrial water pollution— **by 138 million pounds**.50 **The petroleum and base metal sectors**, which expanded under NAFTA, **were responsible** for most of this new pollution. For the U.S., the damage is predicted to be even worse. **By shifting production towards pollution-intensive industries**, such as the base metals, chemical, and transportation sectors, **NAFTA increased SO_2, CO, and TSS levels by 127 million, 104 million, and 386 million pounds** respectively. 51 Overall, **greenhouse gas emissions for the entire NAFTA region have jumped from about seven billion metric tons** in 1990 **to roughly 8.3 billion** in 2005, **with U.S. greenhouse gas emissions growing by 17 percent, Canadian emissions by 26 percent, and Mexican emissions by 37 percent**.52

*Mexican FDI Inflow

A2: FDI Increase General

Link Defense Rhetoric

1. Non-unique; the FDI that did increased happened for reasons other than NAFTA:
    a. First, Valdivia ‘5 of the Institute of Social Studies reports that Mexico enacted independent laws in 1989 and 1993 (which were before NAFTA), that eliminated restrictions on FDI.
    b. Second, Cuevas ‘2 of the World Bank indicates that the overall trend of the 90s was one of growth, with Mexico initially being a lead emerging economy that completed its privatization process. The success was short lived, as other countries overtook Mexico.
2. Delink- Their warrants are empirically unverified. Aguilera ‘17 finds that other Latin American countries have seen a higher increase in FDI compared to Mexico, which has one of the lowest FDI intakes as share of GDP.
    a. *Clearly, if countries not part of NAFTA are doing better, NAFTA’s effect is minimal.*
3. This is empirically verified. Nahas ‘18 of the University of Derby indicates that NAFTA did not uniquely increase FDI any more than what would have been expected due to Mexico’s proximity and size to the U.S. and Canada, as well as the rate of globalization in the 90s.

Impact Defense Rhetoric

1. Mitigate- Ernst ‘5 of Pennsylvania State University finds that FDI led to a crowding out of governmental investment in Mexico.
2. Carlos ‘14 of California State University writes that FDI that has entered Mexico are usually in the form of loans to be repaid at high interest, often with the aim to extract capital, not to let it circulate in the economy, preventing it from actually helping Mexico.

Impact Turn Rhetoric

1. Turn it. Gabzhalilov ‘15 gives 2 justifications for why foreign direct investment hurts developing countries:
    a. First, competition among the countries to attract FDI leads to reforms that reduce minimum wage and environmental standard requirements. This results in the exploitation and taking advantage of host countries’ low wages, weak environmental and social monitoring to cut the production costs of their local suppliers at the expense of the employee welfare. Therefore, FDI impairs living standards in host countries instead of enhancing them.
    b. Second, FDI often drives small local firms out of business, which results in high dependency on investor country and volatility to external shocks. This is usually

followed by high inflation levels, thus people are able to afford less as their incomes do not rise accordingly at the same rate.

i. This is why Nishat of the University of Karachi concludes, in a study of another developing country (Pakistan), that 1% increase in foreign inflows increases poverty by 0.4%

Abdulkader Nahas, Economics Professor at the University of Derby, "Economic Integration and Bilateral FDI stocks: the impacts of NAFTA and the EU," 03/2018, http://www.centreformacroeconomics.ac.uk/Discussion-Papers/2018/CFMDP2018-14-Paper.pdf. //AGA

We have tested for equivalent effects in NAFTA in column 3 of Table (2) and it is not significant on its own. The nature of integration within the *NAFTA* region is different from that within the EU, and the trade agreement *is not* particularly *aimed at increasing economic integration between the countries involved*. However, when we add in column 4 dummies for home not in NAFTA, host in NAFTA and home in NAFTA and host not in NAFTA, we find that Multinational firms from outside NAFTA appear to have increased their investment there more than might be expected, and it is clear from the data that much of that will have gone to Mexico, and not the US and Canada. We can of course add our NAFTA and EU results together, and we do so in columns 5 and 6. It is clear that the EU has had a significant and positive impact on FDI within its region, whilst *NAFTA has not had a significant effect within its region*. This would suggest that *US FDI to Mexico*, for instance*, has been no more than would have been anticipated given proximity and size*. Hence reducing the role of NAFTA, as is currently proposed, may not lead to a significant return of jobs to the US from Mexico. There is weak evidence that the NAFTA countries have increased their FDI to countries outside the area, as we can see from column 6, by rather more than we would have anticipated given the proximity and size of those countries. These results bring out the strong differences in the impacts of the two sets of integration forces in North America and Europe, with Europe displaying a pattern designed to increase competition within the region, and not just trade between partners

Juan Carlos Moreno-Brid, Jesu´s Santamarı´a and Juan Carlos Rivas Valdivia, 2005, "Industrialization and Economic Growth in Mexico after NAFTA: The Road Travelled", Institute of Social Studies, http://www.networkideas.org/featart/jan2006/NAFTA_Juan_Carlos.pdf

President Salinas de Gortari's administration accelerated these reforms. **In 1989, a new regulatory framework on FDI was approved, eliminating restrictions to foreign capital in about 75 per cent of all branches of economic activity** (SECOFI, 1994). **In December 1993, just before NAFTA began to operate, a new Law of Foreign Investment was enacted, simplifying administrative procedures and eliminating all restrictions on FDI in manufacturing** except in the production of explosives and basic petrochemicals (Clavijo, 2000). Most importantly, it progressively removed all the performance requirements on FDI in the automobile sector. By then, 91 per cent of branches of economic activity were open to majority participation by foreign investors (SECOFI, 1994). In the late 1990s FDI in the banking sector was fully liberalized; today the majority of private banks in Mexico are foreign-owned.

Cuevas, Alfredo, Miguel Messmacher, and Alejandro Werner. "Changes in the Patterns of External Financing in Mexico since the Approval of NAFTA." *Prepared for the World Bank, study on Deepening NAFTA, World Bank, Washington, DC*(2002). //RJ

https://www.researchgate.net/profile/Alfredo_Cuevas/publication/237120726_Changes_in_the_Patterns_of_External_Financing_in_Mexico_Since_the_Approval_of_NAFTA/links/54994d0c0cf21eb3df5f908c.pdf

FDI flows into developing countries have a longer history than portfolio flows; but in this case too **the overall trend during the 1990s was one of growth**, as Figure 9 illustrates. Once more, however, **Mexico** –represented in that chart by the heavy line– **seems to have been running ahead of many other emerging market countries**. This is particularly clear starting in 1994, when Mexico-bound FDI jumps up. **This discrete change in the behavior of FDI in Mexico contrasts with the gradual increase seen in the flows going elsewhere**. **Nevertheless, as in the case of portfolio flows, other countries have eventually overtaken Mexico as recipients of FDI.** In particular, the main Mercosur partners, Brazil and Argentina, became important destinations for foreign investment in the last years of the 1990s. **Part of the apparent switch in the places of Mexico and Brazil or Argentina as recipients of FDI reflects the timing of privatization activity. By 1994, Mexico was essentially finished with its main privatizations** (those of the phone company and the banking system), **whereas privatization activity remained important in Brazil and Argentina well after that.** Not only timing was important; it was also a matter of volume, as the Mexican privatization program, important as it was, was considerably smaller than the Brazilian and even the Argentine ones. In particular, the Argentine government sold its remaining stake in the national oil company to Repsol of Spain in 1999 in an operation worth over US$15 billion. Besides selling some electric utilities, Brazil auctioned off numerous licenses for the operation of long distance carriers and mobile telecommunications companies in 1998, which explains a large proportion of the high level of FDI experienced by that country in 1998-1999.

Aguilera, Rodrigo, “Mexico’s Foreign Investment Problem”, 12/06/17

Amid a recent flurry of announced investments in the booming Mexican auto sector (totaling no less than $3.5 billion USD between Ford and Toyota), a cold hard fact is increasingly impossible to ignore: **overall foreign direct investment (FDI) in Mexico has been nothing short of mediocre in recent years even despite the country’s post-crisis hype. In 2014, FDI in Mexico reached $22.6 billion**, a seemingly impressive figure until it is compared with **[while] Brazil**, which despite finding itself in the economic doldrums and lambasted for its red tape, high taxes, rigid labor market, and protectionist tendencies, **has managed over $60 bn annually since 2011. Even more astonishing is Chile, an economy barely one-fifth the size of Mexico’s but which received $23.3 bn in 2014.** As a share of GDP, **Mexico’s FDI intake [as a share of GDP]** was barely 1.8 percent in 2014 **which not only is the lowest among the major Latin American economies** that aren’t international economic pariahs (i.e. Venezuela) **but lower that some regional trouble spots like Honduras (over 5 percent!).**

The FDI – employment link in a globalizing world: The case of Argentina, Brazil and Mexico By Christoph Ernst, Employment Analysis Unit Employment Strategy Department, 2005

http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.561.913&rep=rep1&type=pdf

Nevertheless, FDI contributed, to a certain extent, to the modernization of the economy, a rise in competitiveness and to a better integration of Argentina, Brazil and Mexico into the world economy. Only **Mexico experienced** strong **employment creation due to** a strong **FDI** inflow into the maquiladora industry **until 2000. The strong decline of this industry since then shows the fragility of its specialization**. Another worrying phenomenon is the **negative macroeconomic side effect of FDI inflows**. This **led to a slight crowding out effect of national investment,** in particular affecting SMEs, exchange rate appreciation and to increased external vulnerability. The study has shown that FDI is not a panacea for economic growth and employment creation. A country needs stable and productive investment inflows to ensure sustainable growth and employment creation. The question is how and to what extent a country can influence or steer investors’ decisions to receive investment which promotes production and employment. In an increasingly globalized world a country can influence FDI only to a limited extent. Nevertheless, the State should ensure to consolidate the locational advantage of a country by creating a sound macroeconomic framework and by sustained public investment in physical and human infrastructure. The State could also have a more proactive role in promoting productive investment in promising productive activities and in discouraging volatile short-term investment through a mix of regulations and incentives. A new balance has to be found between foreign and domestic investment, which will also help reduce the external vulnerability.

Gabzhalilov, Askar. “Does FDI Help or Hinder Nations?” *The Market Mogul*, 22 July **2015,** themarketmogul.com/fdi-harm-benefit-host-country-mncs-bring-harm-benefit-host-country/.

One of the most serious problems is the development of a so-called “race to the bottom effect” where the competition among the countries to attract FDI leads to reforms that reduce minimum wage and environmental standard requirements. This results in the exploitation and taking advantage of host countries’ low wages, weak environmental and social monitoring to cut the production costs of MNCs and their local suppliers at the expense of the employee welfare. Therefore, FDI impairs living standards in host countries instead of enhancing them. Profit aimed nature of MNCs’ operations encourages them to outsource business to countries with the lowest level of regulation and quality of life. For example, Nike has moved its manufacturing from Japan to China and when living standards in latter increased, started outsourcing production to other South-East Asian countries such as Cambodia, Vietnam and Pakistan. MNCs are widely criticised for exploiting child labour, paying “slave wages”, forcing overtime and providing poor working conditions. However, development of mass media and promotion of human rights around the world pressure MNCs to comply with standards, resulting in various campaigns and creation of codes of conduct to tackle these problems. **Apart from unfair labour practices, which according to some people is mainly due to ineffective monitoring, FDI often drives small local firms out of business, which results in high dependency on investor country and volatility to external shocks.** Also, injection of FDI to a host country’s economy sets in multiplier and accelerator effects that boost GDP enormously. **<u>This is usually followed by high inflation levels, thus people are able to afford less as their incomes do not rise accordingly at the same rate</u>**, and, hence, they become worse off. In addition, high economic growth promotes social segregation due to increased wealth gap between the rich and the poor. Although absolute poverty decreases, relative poverty rises and governments are forced to spend more money on welfare benefits. As host countries develop they start investing in other countries that results in outflow of resources from the economy that could have been used domestically instead. In addition, MNCs often shift profits between the subsidiaries to reduce tax payments taking advantage of differences in rates. Although there are regulations prohibiting transfer pricing, it is commonly used practice and an issue that has to be tackled. Furthermore, FDI activities and growing integration of the globe lead to cultural globalisation that can be viewed as "westernisation" of the world. This certainly has an impact on national identity of a host country and can even spur social conflicts.

Carlos, Alfredo. "Mexico "Under Siege" Drug Cartels or US Imperialism?." *Latin American Perspectives* 41.2 (2014): 43-59. <http://sci-hub.tw/http://journals.sagepub.com/doi/abs/10.1177/0094582X13509069>

<u>The effects of NAFTA on Mexico have</u>, however, <u>been overwhelmingly negative.</u> **<u>While foreign direct investment has increased</u>** from US$3.5 billion to about US$13 billion annually, as Serra and Espinoza point out, **<u>this does not necessarily translate into growth for the Mexican economy</u>**. This is in part **<u>because money invested in Mexico comes mainly in the form of loans that have to be repaid, often with high interest, and is invested with the aim of extracting capital rather than allowing it to circulate within the Mexican economy</u>**—a concept known to economists as the multiplier effect, also considered a major factor for growth. So while foreign direct investment has in fact increased, it is not an accurate measure of the impacts of NAFTA on the Mexican economy because it does not automatically translate into Mexican economic growth.

(Muhammad Nishat – University of Karachi)
Muhammad Nishat (University of Karachi). Do Foreign Inflows Benefit Pakistani Poor?. Accessed 1/26/2017. Published n.d. http://pide.org.pk/psde/pdf/Day2/Muhammad%20Ali.pdf.

Pro-Public government expenditures are recognized in different categories in the literature. Verschoor (2002) identified the strongest candidates to be classified as pro-poor expenditures as the social sector expenditures (health, education and sanitation) while McGillivray (2004) included the expenditure on rural roads, micro-credit and agricultural extension and technology in the list of pro-public expenditures as they may also be beneficial to the poor. Literature gives us evidence that incidence of pro-public expenditures is progressive i.e. marginal pro- public spending is progressive. Thus, it can be said that expenditures, particularly on health and education, increases human welfare (Gomanee et al 2003). In addition to the impact on the welfare of the individuals, it is also necessary to make sure that distribution of such impacts is desirable. There is a possibility that rich quintile of the population gets the maximum out of public expenditures. Castro- Leal et al (1999) proved the same by showing that there is a least possibility that poor will benefit from education and health expenditures. In another research 1 , it is shown that there is a weak link between expenditures on health and education and poverty i.e. government social spending does not necessarily benefits the poor; hence such expenditures may not reduce poverty. On the other hand, this does not mean to reduce such expenditures as they may not benefit all the poor but the public as a whole do get the benefit (Gomanee et al 2005). More specifically, **<u>in long-run one percent increase in foreign inflows bring about 0.6% increase in poverty while in short-run, 1% increase in foreign inflows brings about 0.4% increase in poverty</u>**. We also found that remittances had insignificant impact on poverty reduction reason may be, as discussed by Jongwanish, (2007), the cost associated with migration due to which poor are not usually the beneficiaries if foreign remittances.

A2: Investor Confidence Increase (General)

Link Defense Rhetoric

1. Delink- MexicoNow in 2018 reports that Mexico saw an 11% increase in FDI in 2017, despite uncertainty generated by the proposed renegotiation of NAFTA.

Cards

Mexico Now, 26 February 2018 “Despite uncertainty on NAFTA, Mexico’s FDI increases 11% during 2017” //JN

https://mexico-now.com/index.php/article/3699-despite-uncertainty-on-nafta-mexico-s-fdi-increases-11-during-2017

In 2017, Mexico received US$ 29.7 billion in Foreign Direct Investment (FDI), despite the uncertainty generated by the renegotiation of the North American Free Trade Agreement. According to the Ministry of Economy, the figure was 11.1% higher than the preliminary one registered a year earlier.

Despite Trump's threats for companies to invest in the U.S. instead of Mexico, that country was the main driver of FDI last year. The United States injected US$ 13.9 billion of productive capital in Mexico, that is, 47% of the total flow registered during 2017. In addition, most of the investments were allocated to the automotive sector and financial services, said the Undersecretary of Regulation and Competitiveness of the Ministry of Economy, Rocio Ruiz. The official said that so far during this administration, the foreign capital amounts US$ 171.5 billion, 50% higher than what the previous administration received in its first five years.

A2: Locking in liberalization

Link Defense Rhetoric

1. Non-unique; The University of Pennsylvania in 2016 writes that the liberalization was already taking place before NAFTA.
2. Delink; Napoles '5 of the North Carolina Journal of International Law explains that while none of the major political parties would go back on reform towards protectionism, no new reform is made either -- *it's a double edged sword.*

Shock Therapy Capitalism DA Rhetoric

1. The liberalization of the Mexican economy via NAFTA was too much too fast. Patten '17 of Western Michigan University explains that Mexico wanted protections desired by developing countries during negotiations, but the US enforced full liberalization. Thus, Audley of the Carnegie Endowment '4 writes that NAFTA didn't create the conditions for the public and private sectors to respond to the economic and social shocks of trading with two of the biggest economies in the world. Mexico faced a maelstrom of change beyond their capacity to control. That's why Castaneda of Foreign Affairs '14 that growth was greater in all other Latin American countries that didn't have free trade agreements with the US.

CARDS

According to UPenn in 2016, [the]

"NAFTA's Impact on the U.S. Economy: What Are the Facts?" Knowledge at Wharton. University of Pennsylvania, 6 September 2016. Web. Accessed 8 June 2018. <http://knowledge.wharton.upenn.edu/article/naftas-impact-u-s-economy-facts/>

While conceding that many U.S. high-wage manufacturing jobs were relocated to Mexico, China and other foreign locations as a result of NAFTA, Morris Cohen, Wharton professor of operations and information management, argues that NAFTA has, on balance, been a good thing for the U.S. economy and U.S. corporations. "The sucking sound that Ross Perot predicted did not occur; many jobs were created in Canada and Mexico, and [the resulting] economic activity created a somewhat seamless supply chain — a North American supply chain that allowed North American auto companies to be more profitable and more competitive." Moreover, in their 2015 study published by Congressional Research Service, Villarreal and Fergusson noted, "The overall economic impact of NAFTA is difficult to measure since trade and investment trends are influenced by numerous other economic variables, such as economic growth, inflation, and currency fluctuations. The agreement may have accelerated the trade liberalization that was already taking place, but many of these changes may have taken place with or without an agreement." Some of its harshest critics concede that NAFTA should not be held entirely responsible for the recent loss of U.S. industrial jobs. According to Scott of the Economic Policy Institute, "Over the past two decades, currency manipulation by about 20 countries, led by China, has inflated U.S. trade deficits, which [in combination with the lingering effects of the Great Recession] is largely responsible for the loss of more than five million U.S. manufacturing jobs." Scott argues that while NAFTA and other trade deals such as the Trans-Pacific Partnership are bad for American workers, the fundamental problem is not that they are "free trade" pacts, but that they "are designed to create a separate, global set of rules to protect foreign investors and encourage the outsourcing of production from the United States to other countries."

Pablo Napoles 2005, NORTH CAROLINA JOURNAL OF INTERNATIONAL LAW AND COMMERCIAL REGULATION

http://scholarship.law.unc.edu/cgi/viewcontent.cgi?article=1804&context=ncilj

Finally, it is necessary to examine whether the Mexican government's more politically motivated third objective of NAFTA was met. ***There seems to be a consensus that Mexico's trade and financial liberalization strategies are here to stay.*** To the best of our knowledge, ***there is simply no relevant political party or organization in Mexico that recommends a return to a generalized system of trade protectionism***. In the last four years, however, the liberal reform process has stalled. From their first day in power, President Vicente Fox and his party stated that Mexico needed to implement fiscal, labor market, and energy reforms. To date, however, none of these reforms has been implemented nor is it likely that these reforms will be implemented in the final two years of the Fox administration. A survey conducted by Latinobar6metro indicates that there is growing disenchantment in the population with the results obtained in Mexico by privatization and other free market oriented reforms. The three main political parties pay lip-service to the idea of continuing with the macroeconomic reform processes but, in practice, have not formed a working coalition to push forward the pending reforms. In addition, according to the same source, the majority of the Mexican population surveyed is increasingly dissatisfied with the results brought about by these reforms. The dissatisfaction with the new "model based on the free market mechanisms" is evident not only in Mexico but throughout the entire region. In fact, an increasing majority of the surveyed sample by Latinobar6metro opposes the idea that the state should not intervene in the allocation of economic resources. In other words, while the majority of the population contends that trade liberalization in Mexico will not be reversed, there is significant consensus that the era of radicalized, liberal macroeconomic reform processes is over.

Audley of the **Carnegie Endowment** writes in **2004**,

Audley, John J, et. al. "NAFTA's Promise and Reality." Carnegie Endowment for International Peace. Carnegie Endowment for International Peace, 2004. Web. Accessed 18 May 2018. < https://carnegieendowment.org/files/nafta1.pdf>

Put simply, NAFTA has been neither the disaster its opponents predicted nor the savior hailed by its supporters. But while NAFTA's overall impact may be muddled, for Mexico's rural households the picture is clear—and bleak. NAFTA has accelerated Mexico's transition to a liberalized economy without creating the necessary conditions for the public and private sectors to respond to the economic, social, and environmental shocks of trading with two of the biggest economies in the world. Mexico's most vulnerable citizens have faced a maelstrom of change beyond their capacity, or that of their government, to controlryan i love you.

In response to the growing challenges facing rural Mexico, many households have developed survival strategies to meet basic subsistence needs. These strategies include a mix of increased cultivation of basic crops and off-farm employment, often in the informal sector, and in some cases in maquiladora plants that have relocated away from the northern border into the hinterlands. Many rural workers have nonagricultural activities as their primary occupations, while relying on sporadic agricultural work to supplement their incomes. Mexico's agri- cultural policies provide commercial farmers with substantial support, but do not benefit subsistence farmers. More than ever, families rely on remittances sent home by those who migrate to the United States, with or without legal status. Finally, to reduce expenses, rural households also fall back on more traditional approaches to heating their homes and feeding their families. The net environ- mental loss associated with an increase in the farming of marginal land and illegal logging and poaching for fuel and food places some of the most important biological reserves in the hemisphereat risk of irreparable damage.

Castaneda of Foreign Affairs in 2014,

Castaneda, Jorge G. "NAFTA's Mixed Record." Foreign Affairs. Foreign Affairs, January/February 2014. Web. Accessed 4 June 2018. <https://www.foreignaffairs.com/articles/canada/2013-12-06/naftas-mixed-record> (pdf in email)

The absence of backward linkages in Mexico's export sector stems from foreigners' unwillingness to invest in Mexico, a problem that dates back to the 1980s. That decade, the country's economy collapsed, mainly as a result of the excessive debt incurred by the earlier administrations of President Luis Echeverria and President Jose L6pez Portillo. In 1989, Salinas was able to bring down the country's foreign debt burden, but only at the cost of renouncing virtually any new foreign borrowing. The only alternative was to dramatically boost foreign direct investment, chiefly from the United States. And the only avenue for that was NAFTA: an agreement that would lock in sound economic policies and access to the U.S. market, providing investors with the certainty they required. Through NAFTA, Mexico sought to increase its foreign direct investment as a percentage of GDP to as much as five percent, far above what it had ever been before. That didn't happen. In 1993, the last year before NAFTA took effect, foreign direct investment in Mexico stood at $4.4 billion, or 1.1 percent of GDP. In 1994, the number leapt to $11 billion, or about 2.5 percent of GDP. But it remained stuck around there until 2001, when it rose to 4.8 percent, and then began a steady decline. If one takes the average of foreign direct investment for 2012 (a very bad year) and 2013 (a very good year), one finds that Mexico now receives only around $22 billion annually in foreign direct investment-slightly less than two percent of GDP, well below the figures for Brazil, Chile, Colombia, Costa Rica, and Peru. Foreign investors have proved particularly unwilling to channel capital into export-industry supply chains. Because domestic investment, public and private, has moved remarkably little since 1994, neither has the overall level of capital formation, which has averaged about 20 percent of GDP since the mid-1990s. At that rate, Mexico can attain only the mediocre growth it has known for 20 years. In other words, despite impressive trade numbers, NAFTA has delivered on practically none of its economic promises. A relevant question, however, is how the Mexican economy would have performed without NAFTA. It is difficult to see why it would have fared much worse. For one thing, growth was greater in other Latin American countries that did not have free-trade agreements with the United States for all of the 1990s and much of the next decade, including Brazil, Chile, Colombia, Peru, and Uruguay. More- over, Mexico grew faster in per capita terms from 1940 to 1980, and the population was rising then at a faster rate than it is now. Had the Mexican government attempted to revive the unsustainable economic policies it pursued in the 1970s, things probably would have been worse. But it had already abandoned most of them by the mid-1980s, and many other countries have managed to adopt free- market policies without the benefit of a free-trade agreement. Thus, there is little reason to believe that in the absence of NAFTA, Mexico's productivity, attractiveness for foreign investment, employment levels, and wages over the past 20 years would have been systematically lower, unless the government had attempted a return to the policies of the 1970s and early 1980s-an improbable scenario. There are other counterfactuals worth considering. Perhaps a different NAFTA would have worked better for Mexico. Many, including me, favored a more comprehensive, EU-style agreement. Such a treaty would have allowed for greater labor mobility and included the energy sector. And it would have offered various forms of resource transfers from the wealthy United States and Canada to poorer Mexico, akin to those that helped Italy in the 1960s, Ireland in the 1970s, Spain and Portugal in the 1980s and 1990s, and Poland more recently. Such changes still may not have helped, but Mexico's low investment and productivity figures are partly a consequence of its shabby infrastructure, which could have been improved with U.S. and Canadian money. One could also argue that had Mexico opened up its oil industry to foreign investment just after the Gulf War, the decision would have sparked an investment boom (like the one some expect today) and would have convinced Washington to contemplate some type of immigration reform in exchange. There is no way to prove that different choices would have led to different outcomes, but in light of the picture today, they might have been worth trying.

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

Nearly a year after the announcement of the NAFTA negotiations, fast-tracking passed on May 24, 1991.55 With fast-track a reality, the various parties prepared for negotiations by assembling negotiating teams. Salinas opted for a highly centralized negotiation structure. Mexico's trade ministry (SECOFI), under Jaime Serra's leadership, would run negotiations (Torres 2010). **Mexican chief negotiator, Herminio Blanco, was** soon discovered as **ill-prepared for substantive discussions on NAFTA issues** (Cameron and Tomlin 2000). **Von Bertrab (1997) recalled selecting his negotiation team based on personal characteristics rather than professional experience**, electing to choose members from his *camarilla* – **most of whom were U.S. educated**. There were also several who had connections to international financial institutions, with one member from the IMF, Ildefonso Guajardo, who pursued graduate studies at Arizona State University and the University of Pennsylvania. Two other members were from the World Bank – Harvard-educated Eduardo Wallentin and Luis de la Calle who holds a Ph.D. in economics from the University of Virginia. The U.S. team was more decentralized, including members from several government departments handling their respective sections of the trade negotiations (Cameron and Tomlin 2000). Canada, having used a centralized structure in the CUFTA negotiations, switched to a strategy in between that of Mexico and the United States.56 For both Carla Hills and Jaime Serra, the goal was to reach a broad agreement quickly, but Michael Wilson was more defensive and wished to maintain most of the earlier CUFTA provisions (Rohter 1990; Magnusson et al. 1991).57 Michael Wilson stated that Canada's intentions were to prevent renegotiating bilateral trade agreements with the United States.58 **NAFTA negotiations were held secretly** and a high-security clearance was needed to even review the notes of the meetings (Mayer 1998; MacArthur 2000). The secrecy was intended to keep the negotiations out of the public eye. **Despite the lack of transparency to the public, the business community was able to work closely with negotiators** and received frequent updates. In an interview with Mayer (1998:116), an official of the Mexican Embassy expressed Mexico's concern over major concessions made to the United States: This [nationalist backlash] was always on our minds. That we would be charged with giving up the country. That's why we had to do it with support of the business community ... It was essential to build political support to defuse fears that we were giving up too much. Official NAFTA negotiations began on June 12, 1991, during hard economic times for both the United States and Canada, while the Mexican economy was experiencing economic growth.59 Bush's approval ratings dropped throughout the negotiations adding another obstacle to the passing of NAFTA.60 With guidance from Salinas, Serra outlined Mexico's initial negotiation stance by listing five areas not up for negotiation: (1) reducing Mexican control over the petroleum sector; (2) no guaranteeing of supplies to countries; (3) reducing state monopoly in distribution; (4) no including of risk contracts; and (5) creating foreign retail outlets (Cameron and Tomlin 2000). Negotiations began slowly, but the imminent U.S. presidential election heightened the urgency of passage despite U.S. preoccupation with the Uruguay Round.61 The three countries struggled to get close to a final agreement on agriculture, intellectual property rights, financial services, accession, and investment.62 **Since the United States and Canada already had a free trade agreement, it was Mexico who wanted membership, and the United States was in a position to obtain concessions from Mexico** (Vaghefi 1993). **The Mexicans began by seeking protections typically desired by developing countries, but the United States would not budge for anything less than comprehensive liberalization**, specifically it opposed Mexico's wish to leave energy and financial services out of the agreement (Fox 1991; Cameron and Tomlin 2000). **Since the Mexicans believed in the philosophy of neoliberal economics, they quickly capitulated and abandoned their opening position on non-negotiable areas** (Marois 2008). The Dallas Jamboree, held from February 17 to 21, 1992, was a major round of negotiations that led to significant concessions, primarily by the Mexican team (Robert 2000). Erroneously, the Mexicans perceived the jamboree as the end game, but in retrospect, it was quite early in negotiations. Mexican negotiator Blanco wrote a memorandum that instructed his negotiators to "show your cards, get to the bottom, there is no tomorrow" (Cameron and Tomlin 2000:107). One of the most significant concessions was in agriculture that removed tariffs on corn, ultimately affecting the lives of millions of Mexican peasants and consumers, while this also came in the same year that Article 27 of the Mexican Constitution was amended (Long 2015). The United States argued that if Mexico did not endorse comprehensive free trade of all agricultural products, access to the major U.S. consumer market would not be made available for winter fruits and vegetables (Cameron and Tomlin 2000). **The decision to put corn on the table was unilaterally made by Salinas, as was the case for all major concessions, highlighting the centralized, authoritarian nature of Mexico's negotiation team**. Only the small details of the negotiations were left to the assigned negotiators. Canada was nonplussed by the concessions and refused to liberalize across the board, desiring protections for their dairy and poultry sectors.63 U.S. and Mexican negotiators used crafty language to allow Mexico to give concessions on investment that arguably did not violate the constitution.64 They avoided violation of Mexico's constitution by semantically rearranging the agreement rather than making any substantial changes.65 The Mexican negotiators also abandoned permanent caps on foreign investment in the banking sector, much to the dismay of the banking industry (Whyte 1992; Cameron and Tomlin 2000). **The Mexican secretary of finance desired to quickly wrap the agreement up, yet these concessions, rather than bringing the parties closer to an agreement, led to the U.S. team demanding more** (Cameron and Tomlin 2000).66 **Mexico's impatience resulted in many large concessions made too early in the game.** NAFTA was the goal with little emphasis on the terms of the agreement. Some of **Mexico's impatience was due to the volatility of the peso, and its strength appeared to be tied to the success of NAFTA**, as it fluctuated with the negotiation process.67 Mexico's authoritarian political structure littered with its *camarillas* weakened Mexico's negotiating power rather than strengthening it.68 **Mexican team members were heavily committed to trade liberalization, likely due to their similar educational backgrounds, and, according to one anonymous Mexican negotiating advisor, they had little understanding of the advantages of protectionism for the Mexican economy** (Cameron and Tomlin 2000). The fact that Mexico needed NAFTA more than the United States, with arguably no other viable options, created the most important power imbalance between these two negotiating countries (Blears 1993). After Dallas, Mexico reorganized its negotiation team given the performance at the Dallas Jamboree. In interviews with Cameron and Tomlin (2000), several Mexican negotiators expressed concern over the information flows among the various negotiators. Very few people actually knew what was going on in every sector of the negotiations, and the hierarchical structure of the Mexican team led to too many concessions early in the negotiations. Von Bertrab (1997) describes the differences between the U.S. and Mexican negotiation structure. For Mexico, its organization was very centralized where information was concentrated at the top and the various task groups knew very little about what was going on in the other groups. Furthermore, upper management kept most of the information about the negotiations concealed from the public. For the United States, management was much more decentralized with various experts responsible for different sectors of the trade deal. The United States was also much more open with its information, at least among the negotiators in the trade deal. Mexico's centralized style allowed them to make much quicker decisions since there were fewer people to consult. Although von Bertrab (1997) seemingly describes this as a strength, many of the Mexican negotiators interviewed found it to be more of a weakness (Cameron and Tomlin 2000). Mexico's reorganization focused on bringing in more people to negotiate and relieving many of the negotiators from handling large portions of the negotiations, rather than addressing the problems with information flow.

A2: IP Laws

Link Defense Rhetoric

1. Nonunique: Villareal writes for the Congressional Research Service in 2018 that in the absence of NAFTA, the same intellectual property protections would exist under the World Trade Organization, which was created a mere year after NAFTA was.

Cards

Villarreal, Angeles M. [Specialist in International Trade and Finance] “U.S.-Mexico Economic Relations: Trends, Issues and Implications.” Congressional Research Service. Congressional Research Service, 27 March 2018. Web. Accessed 14 June 2018. https://fas.org/sgp/crs/row/RL32934.pdf

Opponents of NAFTA argue that it has resulted in thousands of lost jobs to Mexico and has put downward pressure on U.S. wages. A study by the Economic Policy Institute estimates that, as of 2010, U.S. trade deficits with Mexico had displaced 682,900 U.S. jobs. Others contend that workers need more effective protections in trade agreements, with stronger enforcement mechanisms. For example, the AFL-CIO states that current U.S. FTAs have no deadlines or criteria for pursuing sanctions against a trade partner that is not enforcing its FTA commitments. The union contends that the language tabled by the United States in the renegotiations does nothing to improve long-standing shortcomings in NAFTA.

Canada and Mexico likely would maintain NAFTA between themselves if the United States were to withdraw. U.S.-Canada trade could be governed either by the Canada-U.S. free trade agreement (CUSFTA), which entered into force in 1989 (suspended since the advent of NAFTA), or by the baseline commitments common to both countries as members of the World Trade Organization. If CUSFTA remains in effect, the U.S. and Canada would continue to exchange goods duty free and would continue to adhere to many provisions of the agreement common to both CUSFTA and NAFTA. Some commitments not included in the CUSFTA, such as intellectual property rights, would continue as baseline obligations in the WTO. It is unclear whether CUSFTA would remain in effect as its continuance would require the assent of both parties.

The United States and Mexico have had a number of trade disputes over the years, many of which have been resolved. These issues have involved trade in sugar, country of origin labeling, tomato imports from Mexico, dolphin-safe tuna labeling, and NAFTA trucking provisions.

Heakal, Reem. “What is the World Trade Organization?” Investopedia. Investopedia, 31 January 2018. Web. Accessed 14 June 2018. <https://www.investopedia.com/investing/what-is-the-world-trade-organization/>

The WTO was born out of the General Agreement on Tariffs and Trade (GATT), which was established in 1947. GATT was part of the Bretton Woods-inspired family, including the International Monetary Fund (IMF) and World Bank. A series of trade negotiations, GATT rounds began at the end of World War II and were aimed at reducing tariffs for the facilitation of global trade. The rationale for GATT was based on the most favored nation (MFN) clause, which, when assigned to one country by another, gives the selected country privileged trading rights. As such, GATT aimed to help all countries obtain MFN-like status so no single country would hold a trading advantage over others.

The WTO replaced GATT as the world's global trading body in 1995, and the current set of governing rules stems from the Uruguay Round of GATT negotiations, which took place from 1986 to 1994. GATT trading regulations established between 1947 and 1994 (and in particular those negotiated during the Uruguay Round) remain the primary rule book for multilateral trade in goods. Specific sectors such as agriculture have been addressed, as well as issues dealing with anti-dumping.

The Uruguay Round also laid the foundations for regulating trade in services. The General Agreement on Trade in Services (GATS) is the guideline directing multilateral trade in services. Intellectual property rights were addressed in the establishment of regulations protecting the trade and investment of ideas, concepts, designs, patents and so forth.

If a company decides to invest in a foreign country by, for example, setting up an office in that country, the rules of the WTO (and hence, a country's local laws) will govern how that can be done. Theoretically, if a country is a member of the WTO, its local laws cannot contradict WTO rules and regulations, which currently govern approximately 97% of all world trade.

A2: Internet

Link Defense Rhetoric

1. Cisco Newsroom ‘16 writes that 95% of the world already has at minimum 2G coverage and connectivity.

Link Turn Rhetoric

1. Oxford University writes that 40% of investment in the IT industry comes from the public sector, being funded primarily by the government. Unfortunately, Ernst ‘05 of PSU writes that FDI often crowds out government expenditures on investment.

"IoT Unique Opportunity for Developing World." Cisco Newsroom. N.p., 29 Jan. 2016. Web. 04 Nov. 2016.

Availability: IoT devices are already common, affordable and easily replaceable in developing markets. **There is also a basic infrastructure in place (Wi-Fi, internet café's etc.) to launch IoT devices and associated technologies as well as a well-established mobile backbone: according to ITU, there is 95% 2G coverage / 65% 3G population coverage globally.** Meanwhile, IoT devices are increasingly being used in rugged and inhospitable environments, and extreme conditions operating parameters are now being built into new devices due to the evolving external requirements: more and more devices are required to operate outside, in varying conditions & climates.

Oxford, 2015, "Mexico's IT access expands," Oxford Business Group, https://oxfordbusinessgroup.com/overview/fully-connected-expanding-it-access-businesses-and-citizens-remains-key // JS

For 2015 the IDC expects the market to return to a more positive performance and see growth of 6.4%. About 55% of the Mexican IT market was made up of equipment sales in 2013, according to IT consultancy Select, while the second-biggest element is IT services with 27%. Software development, which has become a strategic segment for Mexican IT firms looking to enter new foreign markets, made up 12% of the sector, followed by consumer goods at 6%. **Government investment in the IT industry currently accounts for 40% of the market.** "**The public sector offers great opportunities for tech companies. Driven by a need to streamline its processes, the government's adoption of state-of-the-art technology is on the rise**," Vicente Salazar Gómez, vice-president and general manager of Unisys Mexico, told OBG. Of the total IT market value in 2014, $5bn resulted from IT exports. Crucially, business process outsourcing and software development, which are becoming important segments for the Mexican industry, have allowed the country to expand its presence internationally. "The most important part of our export business is software development, linked to a strong influx of human resources capabilities. Mexico is graduating just over 100,000 IT graduates at all levels of education, and these courses have a lot of quality people," said Javier Allard, managing director at the Mexican Association for the IT Industry (Asociación Mexicana de la Industria de Tecnologías de la Información, AMITI).

The FDI – employment link in a globalizing world: The case of Argentina, Brazil and Mexico By Christoph Ernst, Employment Analysis Unit Employment Strategy Department, 2005

http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.561.913&rep=rep1&type=pdf

Nevertheless, FDI contributed, to a certain extent, to the modernization of the economy, a rise in competitiveness and to a better integration of Argentina, Brazil and Mexico into the world economy. Only **Mexico experienced** strong **employment creation due to** a strong **FDI** inflow **into the maquiladora industry until 2000. The strong decline of this industry since then shows the fragility of its specialization**. Another worrying phenomenon is the **negative macroeconomic side effect of FDI inflows**. This **led to a slight crowding out effect of national investment,** in particular affecting SMEs, exchange rate appreciation and to increased external vulnerability. The study has shown that FDI is not a panacea for economic growth and employment creation. A country needs stable and productive investment inflows to ensure sustainable growth and employment creation. The question is how and to what extent a country can influence or steer investors' decisions to receive investment which promotes production and employment. In an increasingly globalized world a country can influence FDI only to a limited extent. Nevertheless, the State should ensure to consolidate the locational advantage of a country by creating a sound macroeconomic framework and by sustained public investment in physical and human infrastructure. The State could also have a more proactive role in promoting productive investment in promising productive activities and in discouraging volatile short-term investment through a mix of regulations and incentives. A new balance has to be found between foreign and domestic investment, which will also help reduce the external vulnerability.

*Pivots

A2: EU Pivot Bad

Link Defense Rhetoric

1. Nonunique - Brussels ‘18 explains that Mexico and the EU have already signed a trade deal, while NAFTA is still intact.

Impact Turn Rhetoric

1. Turn- NAFTA is bad for Mexico as it creates reliance on the United states. Swanson ‘17 of the Washington Post writes that NAFTA has put Mexico in a position of less power and a threat towards massive economic harm.

Cards

Brussels, Jon Stone. "EU Signs New Trade Deal With Mexico As Brexit Looms." The Independent. N. p., 2018

https://www.independent.co.uk/news/world/europe/eu-mexico-trade-deal-brexit-trump-uk-us-liam-fox-a8318536.html

Mexico and the European Union have agreed a new trade deal that virtually eliminates tariffs between the two blocs, as Europe forges ahead with setting up new trade links around the world ahead of Brexit. **The deal, inked at the weekend, took two years to negotiate and eliminates tariffs practically across the board**, including the agriculture

Ana Swanson, Washington Post, 11-15-2016, "Mexico's reliance on U.S. trade makes it vulnerable to Trump's tough tariff talk," Press Herald, https://www.pressherald.com/2016/11/15/mexicos-reliance-on-u-s-trade-makes-it-vulnerable-to-trumps-tough-tariff-talk/

The United States accounted for 73 percent of Mexico's exports and 51 percent of its imports in 2014, while Mexico accounted for only about 13 percent of U.S. exports and imports. For China, in comparison, the United States accounted for 18 percent of the country's exports and 8.8 percent of its imports in 2014. China accounted for 9.2 percent of U.S. exports and 20 percent of its total imports. Even the smallest of these percentages represent a massive volume of trade. But while **a dislocation from the U.S. export market** would highly damage the Chinese economy, it **could be catastrophic for Mexico**. "It's a question of your alternatives to negotiating," said Daniel Shapiro, head of Harvard International Negotiation Program. "**For Mexico, they arguably can't walk away without doing substantial damage to their economy …. They are in a less powerful position than the U.S.**," *Multilateralism

A2: Canada Relations Improved

Link Defense Rhetoric

1. Terminally Mitigate- Haar '18 of The Hill writes that US-Canada relations transcends commerce because of other cooperation that occurs outside of trade like security and defense cooperation. Canada's role in NATO and fighting ISIS make them an indispensable partner in the long run.

Link Defense Rhetoric (Pullout Spec)

1. Mitigate- President Trump's aides have reported that the sole reason that he is pulling out of NAFTA right now, is to seek separate trade deals with both Mexico and Canada. *This means that either way, relations don't get harmed in the long term.*

"Trump May Seek Separate Trade Deals With Canada, Mexico: U.S. Adviser." U.S., 2018, https://www.reuters.com/article/us-trade-nafta/trump-may-seek-separate-trade-deals-with-canada-mexico-us-adviser-idUSKCN1J11LW.

Trump may seek separate trade deals with Canada, Mexico "He is very seriously contemplating kind of a shift in the NAFTA negotiations. **His preference now, and he asked me to convey this, is to actually negotiate with Mexico and Canada separately,**" Kudlow said in an interview with Fox News. "He may be moving quickly toward these bilateral discussions instead of as a whole." The United States, Canada and Mexico have been in months of negotiations to rework the North American Free Trade Agreement, which Trump has long criticized as having harmed the United States economically.

Haar, Jerry, Thehill.Com, 2018, "Trade with Canada the apex of stupidity"

http://thehill.com/opinion/finance/391359-trade-war-with-canada-the-apex-of-stupidity

Our relationship with our northern neighbor transcends commerce. To decouple trade from our other relationships with Canada is naïve and foolhardy. Canada has been the most loyal of all U.S. allies. Defense and security relations between the two countries are longstanding, well-entrenched and highly successful. Canada's role in NATO, NORAD and the Global Coalition to Defeat ISIS, the blood it has shed in Afghanistan, its collaboration in the war on terrorism and transnational crime, as well as border and law enforcement cooperation, make our neighbor to the north an indispensable partner. Could anyone blame Canada if it decides to pull back from such cooperative arrangements? Almost 400,000 people and $2 billion worth of goods and services cross our border with Canada every day. As Steve Blank and I wrote in "Making NAFTA Work" 20 years ago, the North American business environment is one of continuous, dynamic integration of production, services, supply chains, talent and consumer markets. Canada, Mexico and the U.S. all produce components that cross borders multiple times to serve customers in all three markets. For example, over 67 percent of the components of a Ford Taurus assembled in Mexico are produced by American workers, with the final product shipped to the U.S. and booked as a Mexican export.

A2: Mexican Relations Improved

Link Defense Rhetoric

1. Alt Causes Overwhelm the link- Relations with Mexico are already so low right now. Robert of Newsweek '17 reports that 65% of Mexicans have a disfavorable view of the US, as opposed to only 29% in 2015. *This happened under NAFTA which disproves their argument.*

Link Defense Rhetoric (pullout spec)

1. Mitigate- President Trump's aides have reported that the sole reason that he is pulling out of NAFTA right now, is to seek separate trade deals with both Mexico and Canada. This means that either way, relations don't get harmed in the long term.

Cards

"Trump May Seek Separate Trade Deals With Canada, Mexico: U.S. Adviser." *U.S.*, 2018, https://www.reuters.com/article/us-trade-nafta/trump-may-seek-separate-trade-deals-with-canada-mexico-us-adviser-idUSKCN1J11LW.

Trump may seek separate trade deals with Canada, Mexico "He is very seriously contemplating kind of a shift in the NAFTA negotiations. **His preference now, and he asked me to convey this, is to actually negotiate with Mexico and Canada separately,**" Kudlow said in an interview with Fox News. "He may be moving quickly toward these bilateral discussions instead of as a whole." The United States, Canada and Mexico have been in months of negotiations to rework the North American Free Trade Agreement, which Trump has long criticized as having harmed the United States economically.

Valencia, Robert, "Mexicans hate America more under President Trump: poll", 9/04/17, Newsweek, http://www.newsweek.com/trump-mexico-pew-research-poll-border-wall-us-mexico-border-disapproval-665078

Donald Trump wants to make America great again — **but he's definitely making Mexico hate America again. Sixty-five percent of Mexicans now view the U.S. unfavorably — the highest disapproval rating from our neighbors to the south in 15 years, according to a new poll from the Pew Research Center. By comparison, only 29 percent of Mexicans disapproved of the United States in 2015.** The poll linked Mexican public opinion directly to President Trump's rhetoric and policies, with 94 percent of Mexicans opposing the president's proposed border wall, and just five percent believing that Trump will do a good job in world affairs, Pew Research indicated.

A2: Bilateralism Bad for Drug War

Militarism Disadvantage Rhetoric

1. Cameron ‘15 of the Council of Hemispheric Affairs writes that NAFTA pinned Mexico’s economy to the US economy, making Mexican policymakers susceptible to influence from Washington. He concludes that this has militarized and criminalized the war on drugs, massively increasing violence and the drug trade. Problematically, Lakhani ‘16 of the Guardian finds that the war on drugs has been characterized by corruption. Thus, Patten ‘17 of Western Michigan University writes that there is a positive correlation between militarization and higher rates of violence and human rights abuses, as 25% of those trained left to join drug cartels.

Cards

McKibben Cameron. "NAFTA and Drug Trafficking: Perpetuating Violence and the Illicit Supply Chain." Council Hemispheric Affairs. COHA. 20 March 2015. //AS <http://www.coha.org/nafta-and-drug-trafficking-perpetuating-violence-and-the-illicit-supply-chain/>

Whereas Mexico supplies the U.S. drug demand, the United States, with its comparatively lax gun laws, participates in the "smuggler relationship," providing the Mexican DTOs with the weapons used in plomo. DTO agents frequently travel across the U.S.-Mexican border on drug runs to satisfy the U.S. drug demand. The income generated from successful drug deliveries is often used to purchase weapons in southern U.S. border counties, but also Central America, which are then smuggled back into Mexico.The cycle of smuggling drugs into the U.S., using the profits to purchase weapons, and smuggling the weapons into Mexico is perpetuated by both the violence occurring in Mexico and the insatiable drug demand in the U.S. NAFTA has effectively increased the flow of goods and people across the border, not only enabling an influx of U.S. firearms into Mexico, but also exacerbating the violence there. This makes the DTOs' access to weapons critical to their survivability, perpetuating the cycle. **The 1994 Free Trade Agreement ushered in Mexico's single market development plan, which** essentially **pinned the Mexican economy to the U.S. market.** Nearly 80 percent of Mexican exports were destined for the United States and the U.S. in turn provides about half of Mexico's imports.[xi] **The Mexican economy's dependence on the U.S. market has political implications in Mexico, making Mexican policymakers susceptible to pressures from Washington.** Analysts suggest that **Mexican policies that militarize the drug war and criminalize drugs are an outcome of Washington's influence**.[xii] These policies **have contributed immensely to the prominence and violence of the drug trade today.** One constant geostrategic component of the U.S.-Mexico relationship is their shared border. Thus, the two countries are natural partners, which is the reason that the institution of NAFTA was practical. This geography also underlies why the United States is the primary market for Mexican drug exports. Since the United States is the hegemon of the international system, Mexico's policy options to tackle the drug problem are constrained by its neighbor. This is why Mexico has been unable to pursue policies such as drug legalization, which has been occurring elsewhere in the hemisphere. Washington is overwhelmingly more capable of influencing Mexican drug and, more generally, security policy (i.e. the Mérida Initiative) than Mexico is able to influence U.S. drug or gun control policies.

Impact Turn -- War on drugs bad

Patten, Daniel J. PHD, Western Michigan University, "Dangerous Deals: A Case Study of NAFTA as a Criminogenic Policy." (2017). //JN

https://scholarworks.wmich.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/scholar?start=20&q=+%22nafta%22+%22empirical%22&hl=en&as_sdt=0,5&as_ylo=2017&httpsredir=1&article=4173&context=dissertations

The ineffectiveness of the war on drugs in reducing the drug trade and violence likely has much to do with the corruption of the police, military, and political officials who are tasked with addressing the problem. The military and drug traffickers are often discussed as a binary of good versus evil, but more commonly, there is a deep overlapping, even cooperative, relationship between the two (Poppa 2010; Hernández 2013). This cooperative relationship tends to hold regardless of the political party in power (PRI or PAN). Police officers commonly work for drug traffickers (Reyes 2011). The Zetas are just one example of the intricate ties of a drug cartel to various government structures. **The Zetas largely consist of ex-military officials, many of whom were U.S. trained** (Paley 2012). They also have various police officers on their payroll. Some estimates suggest more than 60 percent of police officers received some kind of compensation for their work in the drug trade, and nearly 50 percent of drug cartel members had either a police or military background (Oppenheimer 1998). To complicate matters, several police factions exist, all notorious for their own crime specialization. Some of the most egregious acts were carried out by *madrinas*, or secret agents, paid discretely to perform the police's dirty work (Immigration and Refugee Board of Canada 2000). Police officers who speak out against corruption, such as Juan Carlos Valerio Roldan,195 typically do not make much progress and may face a similar fate of demotion or worse (Oppenheimer 1998). Despite the escalating violence, funds kept flowing, seemingly backing the violence. On average, the budgets for the four institutions196 dedicated to confronting drug trafficking grew by 77 percent from 2007 to 2011 at the height of the drug war (Watt and Zepeda 2012). Yet, a positive correlation exists over these years between funding and violence. More specifically, **a**

positive correlation has been recorded between military occupation/presence and violence (Human Rights Watch 2009). **Funding for police training also benefited drug traffickers, since about 25 percent of those trained left to join drug cartels** (Watt and Zepeda 2012). The violence committed by authorities, in the name of the drug war, was given near immunity. The Mexican government investigated less than 5 percent of drug-related murders, and not even 1 percent of criminal investigations involved the drug trade (Gibler 2011b). Only around 1 in 100 crimes actually result in punishment of offenders in Mexico (CNDH 2009). Since Article 57 of Mexico's military code stipulates that military human rights abuses are to be investigated by the military itself, it is not surprising that only one military official was convicted during the entire Calderón presidency (Amnesty International 2011). Moreover, the political corruption behind the drug war has been difficult to expose due to the harsh retaliation against those writing the exposés. Several individuals in high profile positions who investigated the politics of the drug trade were assassinated.

Nina Lakhani, The Guardian, 8 December 2016, Mexico's war on drugs: what has it achieved and how is the US involved? //JN https://www.theguardian.com/news/2016/dec/08/mexico-war-on-drugs-cost-achievements-us-billions

On 10 December 2006, the newly inaugurated president, Felipe Calderón, launched Mexico's war on drugs by sending 6,500 troops into his home state of Michoacán, where rival cartels were engaged in tit-for-tat massacres as they battled over lucrative territory. The surge in violence had started in 2005, and a string of police and military operations by his predecessor Vicente Fox had failed to stem the bloodshed. Calderón declared war eight days after taking power – a move widely seen as an attempt to boost his own legitimacy after a bitterly contested election victory. Within two months, around 20,000 troops were involved in operations across the country which initially attracted widespread support from communities tired of gun battles, gruesome execution-style murders and corrupt police. What has the war cost so far? **The US has donated at least $1.5bn through the Merida Initiative since 2008** (another $1bn has been agreed by Congress – PDF), **while Mexico has spent at least $54bn on security and defence since 2007. Critics say that this influx of cash has helped create an opaque security industry open to corruption at every level. But the biggest costs have been human: since 2007, almost 200,000 people have been murdered and more than 28,000 reported as disappeared.** In September 2014, 43 trainee teachers disappeared and are presumed to have been killed after they were attacked by corrupt police officers and handed over to drug gang members. The case **– in which the Mexican army as well as corrupt politicians were implicated – has become emblematic of the violence perpetrated in heavily militarized zones.** Human rights groups have detailed **a vast rise in human rights abuses by security forces who are under pressure to make arrests**, obtain confessions and justify the war. Reports of **torture by security forces increased by 600% between 2003 and 2013**, according to Amnesty International. **As the cartels have fractured and diversified, other violent crimes such as kidnapping and extortion have also surged**. In 2010**, the Los Zetas cartel – founded by a group of Special Forces deserters** – massacred 72 migrants who were kidnapped while trying to reach the US. Hundreds of thousands of people have been displaced by violence, and self-defence or vigilante groups have emerged in several states including Guerrero, Oaxaca and Michoacán, as communities have taken up arms in an attempt to protect themselves. Some of those militias have in turn been targeted by state forces or co-opted by organized crime. What has been achieved? 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 custody; again, not all the reported deaths and detentions have been independently corroborated. The biggest victory – and most embarrassing blunder – under Peña Nieto's leadership was the recapture, escape and another recapture of Joaquín "El Chapo" Guzmán, leader of the Sinaloa cartel. Guzmán is fighting extradition to the US, though this appears increasingly futile. Meanwhile, his rivals are making audacious moves to annex his lucrative routes, generating a new wave of violence in states such as Colima, Baja California and Sinaloa. The crackdown and capture of kingpins has won praise from the media and US, but it has done little to reduce the violence or establish the rule of law. How has the war evolved? Under pressure from the authorities, some crime factions have splintered – only to regroup and re-emerge as smaller, often more ruthless groups. Meanwhile, new battlegrounds have sprung up in previously peaceful states as military operations incited gangs to find new smuggling routes in rival territories. Calderon's policies have remained largely intact under Peña Ñieto – even though the rhetoric changed significantly in an attempt to rehabilitate Mexico's desperate image and attract foreign investment. "Whereas the Calderón administration was obsessed with security, President Peña Nieto has been obsessed with not being obsessed with security," the security expert David Shirk has said. Under the current government, the security and defense budget has continued to rise, and so has the bloodshed. About 63,000 people were murdered in the first half of Pena Nieto's term – 50% more than in Calderon's first three years. And huge quantities of drugs continue to make their way into the US. Drug consumption in the

US – the world's biggest market – continues to steadily rise with 24.6m recent users in 2013 – equating to 9.4% of the population over 12 years old, compared with 8.3% in 2002. Drug trends tend to wax and wane, in part reflecting the focus of law enforcement efforts, so while cocaine use has gone down slightly down, marijuana, heroin and methamphetamines are on the upswing. The legalization of marijuana in a growing number of US states will reduce demand from Mexico, but the rest of the market is booming. Mexican drug cartels are estimated to make between $19bn and $29bn annually from US drug sales. What role has the US played? The "war on drugs" doctrine is largely credited to President Richard Nixon, who created the Drug Enforcement Administration (DEA) in 1973 to declare "an all-out global war on the drug menace". Since then, the US has spent more than $2.5tn battling this indeterminate enemy through prohibition and militarization. Over the past four decades, the US model has been exported to Latin America – most notably Colombia and Mexico. **Mexico's decade-long war on drugs would never have been possible without the huge injection of American cash and military cooperation under the Merida Initiative. The funds have continued to flow despite growing evidence of serious human rights violations**.