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The fruits of NAFTA

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As I write these lines, the big black headline on Drudge reads, "Arizona Governor Orders Troops to Mexican Border."

Both Arizona Gov. Janet Napolitano and New Mexico's Bill Richardson have now declared a "state of emergency" on their border.

Why? Because our border is descending into a state of anarchy, as 5,000 illegal aliens daily attempt to cross our Mexican frontier and drug traffickers, with renegade Mexican army troops sometimes backing them up, attempt to run narcotics into the United States.

It is now a dozen years since NAFTA passed. We can measure its success in the clamor for fences and troops on the border, and in Mexico's having displaced Colombia as the primary source of the marijuana, meth and cocaine flowing into the United States.

But it was the economic argument that our elites – Bush I and James Baker, Dole and Gingrich, Clinton and Carter – used to sell NAFTA.

In one of the big propaganda pieces of that great debate, "NAFTA: An Assessment," an October 1993 paper published by the International Institute of Economics, Gary Hufbauer and Jeffrey Schott wrote: "Our job projections reflect a judgment that, with NAFTA, U.S. exports to Mexico will continue to outstrip Mexican exports to the United States, leading to a U.S. trade surplus with Mexico of about $7 to $9 billion annually by 1995."

The authors further predicted the U.S. trade surplus with Mexico would rise to $9 billion to $12 billion a year between 2000 and 2010.

And what happened? Charles McMillion of MGB Services, using Commerce Department data through 2005, has tallied the results.

A year after NAFTA passed, the U.S. trade surplus had vanished. From 1995 through 1998, we ran $20 billion trade deficits with Mexico. From 1999 through 2005, the U.S. trade deficit with Mexico grew every year, from $27 billion in 1999 to last year's $54 billion.

Where Hufbauer and Schott had predicted $100-plus billion in trade surpluses with Mexico from 1994 to today, NAFTA delivered some $400 billion in cumulative U.S. trade deficits. A $500 billion mistake by the crack Hufbauer-Schott team.

Is there a silver lining? Are we not selling Mexico high-value items, while she exports to us the products of her less-skilled labor?

Again, the opposite has occurred. When NAFTA passed in 1993, we imported some 225,000 cars and trucks from Mexico, but exported about 500,000 vehicles to the world. In 2005, our exports to the world were still a shade under 500,000 vehicles, but our auto and truck imports from Mexico had tripled to 700,000 vehicles.

As McMillion writes, Mexico now exports more cars and trucks to the United States than the United States exports to the whole world. A fine end, is it not, to the United States as "Auto Capital of the World"?

What happened? Post-NAFTA, the Big Three just picked up a huge slice of our auto industry and moved it, and the jobs, to Mexico.

Consider the range of items the most advanced nation on earth now sells to Mexico, and Mexico sells to us.

Mexico's leading exports to the United States in 2005 were autos, oil, electrical machinery, computers, furniture, textiles and apparel. The Made-in-the-USA goods that reaped us the greatest revenue in trade with Mexico were plastics, chemicals, cereals, cotton, meat, paper, oil seed, aluminum, copper and knitted or crocheted fabrics.

U.S.-Mexico trade calls to mind the trade relationship between Betsy Ross' America and the England of the Industrial Revolution, with Mexico in the role of England. Our exports to Mexico read like a ship's manifest from Bangladesh.

The American people were had. NAFTA was never a trade deal. NAFTA was always an enabling act – to enable U.S. corporations to dump their American workers and move their factories to Mexico.

For U.S. companies, it was one sweet deal. At zero cost, they were allowed to rid themselves of their American workers; get out from under contributing to Social Security and Medicare; and slough off the burden of environmental, health-and-safety, wage-and-hour and civil-rights laws – and were liberated to go abroad and hire Mexicans who would work for one-fifth to one-tenth of what their unwanted American workers cost.

What NAFTA, GATT, Davos and the WTO have always been about is freeing up transnationals to get rid of First World workers, while assuring them they could hold on, at no cost, to their First World customers.

When one considers who finances the Republican Party, funds its candidates, and hires its former congressmen, senators and Cabinet officers at six- and seven-figure retainers to lobby, it is understandable that the GOP went into the tank.

But why did the liberals, who paid the price of mandating all those benefits for American workers and imposing all those regulations on U.S. corporations, go along? That's the mystery. About NAFTA there is no mystery. There never really was.