

# **NAFTA's Impact on Florida**

## **Job Loss Has Led To Downward Pressure on Wages and Living Standards**

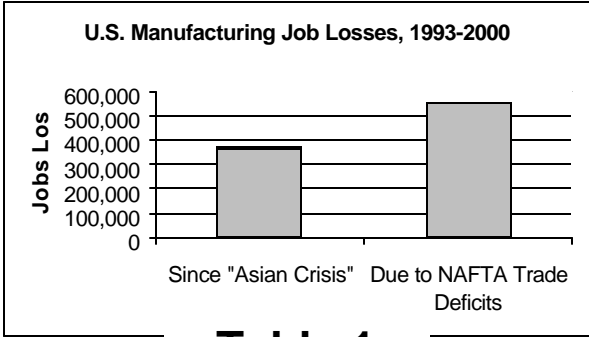
**New Reports Show 27,000 Jobs Lost in Florida;  
766,000 Jobs Lost Nationwide**



**Jobs with Justice**  
501 3<sup>rd</sup> St. NW  
Washington, DC 20001  
(202) 434-1106  
info@jwj.org  
www.jwj.org

**Citizens Trade Campaign**  
PO Box 77077  
Washington, DC 20013  
(202) 624-8136  
ctc@fairtradenow.org  
www.fairtradenow.org

to lead to a different result.



**Table 1**

Thus, a central claim of proponents of NAFTA in 1993, that NAFTA would create jobs in the United States, has been refuted by actual experience. The failure of NAFTA to achieve this central claim made for it by its proponents justifies skepticism in evaluating present claims of benefits from expanding NAFTA through the FTAA.

Given NAFTA's failure to create jobs in the United States, it is now common for proponents of NAFTA and of NAFTA expansion to concede that the purpose of NAFTA was never to create jobs. Now it is claimed that NAFTA has nothing to do with job creation, that the real significance of NAFTA is in promoting economic efficiency and therefore economic growth through increased international competition, and it is pointed out that the number of jobs lost due to NAFTA is small compared with the number of jobs created during the last expansion of the business cycle.

But the fact that more jobs were created by the economic expansion than were lost due to NAFTA does not imply that NAFTA job losses were inconsequential, because not all jobs are equal. As we would expect, NAFTA job losses have overwhelmingly occurred in manufacturing, since it is mostly the products of the manufacturing sector that are traded internationally. But average wages in the manufacturing sector are higher than in the rest of the economy. While the overall level of unemployment is determined more by the interest rate policy of the Federal Reserve than by trade policy, trade policy is reshaping the distribution of employment.

Surveys indicate that when workers displaced by trade do find new jobs, their wages fall, with earnings declining by an average of over 13%.<sup>v</sup> These displaced workers' new jobs are likely to be in the service industry, the source of the overwhelming majority of new jobs created in the last decade. Average compensation in the service sector is only 77% of that in the manufacturing sector.<sup>vi</sup> With the current business cycle expansion ending, displaced workers will find even fewer opportunities.

Moreover, both the theoretical and empirical evidence for significant gains in economic growth from NAFTA-type trade and investment liberalization is extremely weak.

In a recent paper, economist Dean Baker of the Center for Economic and Policy Research estimated what the direct gains to the U.S. economy would be of removing all tariffs on imports. He found that the gain would be roughly \$10 billion a year, a mere 0.1 percent increase in the size of the economy. If such a gain were distributed evenly to all households, it would add about \$45 a year to an average family income, less than \$1 a week.<sup>vii</sup> By comparison, this is about a quarter of what even lower-income households can expect to get from the tax cuts currently being considered by the Congress.

The empirical evidence that NAFTA-type trade and investment liberalization leads to higher growth is no stronger. In a recent study using World Bank data, the Center for Economic Policy Research compared economic growth rates for 116 countries in the last two decades – a period of NAFTA-style trade and investment liberalization promoted by the International Monetary Fund, the World Bank, and the World Trade Organization – with the previous two decades, when national barriers to trade and investment flows were higher. The CEPR study found that three-quarters of the countries had significantly higher growth rates in the earlier period – exactly the opposite of what one would expect if trade liberalization had led to higher growth.<sup>viii</sup>

In particular, neither Mexico nor Canada has seen broad economic benefits for the majority of working families under NAFTA. In Mexico, between 1991 and 1998, the share of workers in salaried jobs with benefits fell sharply. By 1998, the incomes of salaried workers had fallen 25%. Under NAFTA, manufacturing wages in Mexico fell 21%.<sup>ix</sup> In Canada, real incomes declined for the majority of the population in the 1990s, as unemployment averaged near 10% of the workforce.<sup>x</sup>

There is little evidence that NAFTA has generated broad economic benefits. The costs of NAFTA to working families in Florida and the rest of the United States – lost jobs and wages, weakened environmental laws, restrictions on democratic decision-making – have not been offset by economic gains for the majority of working families, in the United States, Mexico, or Canada.

**Table 2**  
**Florida NAFTA-TAA Certifications**  
**as of April, 2001**

<b>Company</b>	<b>City</b>	<b>What They Produced</b>	<b>Petitioners</b>	<b>Cause</b>	<b>Estimated Workers</b>
Maxxim Medical	Clearwater	vinyl examination gloves	Workers	Moved to Canada	150
Hickory Hills Industries	Fort Lauderdale	childrens sportswear	Company	Moved to Mexico	12
Tyler Farms	Balrn	yellow crook-neck squash and zucchini	Workers	NAFTA Imports	22
S & H Fabricating and Engineering	Sarford	air conditioners for automobiles	GMP	Moved to Mexico	65
Maidenform	Jacksonville	intimate apparel	UNITE	Moved to Mexico	30
Square D	Clearwater	low/high voltage instrument transformers	Workers	Moved to Mexico	100
Gargiulo Parking House	Immokalee	bell peppers, tomatoes	Company	NAFTA Imports	90
Iori Farm	Homestead	tomatoes, pickles, squash	Workers	NAFTA Imports	628
Editorial America	Virginia Gardens	magazines	Workers	Moved to Mexico	4
Bonita Packing	Bonita Springs	tomatoes	Workers	NAFTA Imports	102
Cornelius Farms	Florida City	green beans	Company	NAFTA Imports	5
Tyco International	Ocala	disposable medical devices	Company	Moved to Mexico	30
Jam Enterprises	El Paso	ladies', children's & men's jeans	Company	NAFTA Imports	50
Essilor Lenses	St. Petersburg	plastic lenses for eyeglasses	Co	Moved to Mexico	188
Viti Fashion	Hialeah	children's and ladies' sportswear	Workers	Mexican Imports	125

Gambro Healthcare	Deland	on-off dialysis kits	Company	Moved to Mexico	62
Regency Packing	Naples	tomatoes (fresh)	Workers	Mexican Imports	1334
Russell Corporation	Milton	sweatshirts	Company	Moved to Mexico	220
National Environmental Products	Pompano Beach	climate control actuators	Company	Moved to Canada	41
Jasper Textile	Jasper	ladies sportswear	Company	Moved to Mexico	90
Russell Corporation	Marianna	men's and women's activewear	Company	Moved to Mexico	140
Standard Manufacturing	Orlando	automotive axles	Company	Canadian Imports	8
Cord's Johnson and Johnson	Miami Lakes	diagnostic catheters & guiding catheters	Company	Moved to Mexico	215
Continental Apparel Manufacturing	DeFuniak Springs	jeans	Company	Moved to Mexico	80
Westinghouse Electric	Pensacola	air cooled electric generators	Workers	Moved to Mexico	170
Mishy Sportswear	Opalocka	women's skirts, pants & blouses	Company	NAFTA Imports	7
Vanity Fair Intimates	Milton	ladies' intimate apparel	Company	Moved to Mexico	500
Motorola	Boynton Beach	electronic paging equipment	Workers	Moved to Mexico	375
Filko Automotive	Bradenton	ignition wire sets	Workers	Moved to Canada	56
Russell Corporation	Crestview	sweatshirts and t-shirts	Company	Moved to Mexico	185
Essilor of America	St. Petersburg	optical lenses	Workers	Moved to Mexico	125
Sony Professional	Boca Raton	airline video screen	Workers	Moved to Mexico	3

<http://www.tradewatch.org/taa97acs/KEYTAA.html>, which explains some of the reasons NAFTA-TAA numbers do not capture all NAFTA job losses. In addition, NAFTA-TAA does not reflect jobs that would have been created in the U.S. had the U.S. trade deficit not increased.

---

<sup>v</sup> *State of Working America: 2000-01*, Lawrence Mishel, Jared Bernstein, and John Schmitt, 2001, p. 24

<sup>vi</sup> *State of Working America: 2000-01*, Lawrence Mishel, Jared Bernstein, and John Schmitt, 2001, p. 169.

<sup>vii</sup> “Gaining With Trade?” Dean Baker, Center for Economic and Policy Research, April 2001, <http://www.cepr.net>.

<sup>viii</sup> “The Emperor Has No Growth: Declining Economic Growth Rates in the Era of Globalization,” Mark Weisbrot, Robert Naiman, and Joyce Kim, Center for Economic and Policy Research, September 2000, <http://www.cepr.net>.

<sup>ix</sup> “The Impact of NAFTA on Wages and Incomes in Mexico,” Carlos Salas, La Red de Investigadores y Sindicalistas Para Estudios Laborales (RISEL), in “NAFTA at Seven: Its Impact on Workers in All Three Nations,” Economic Policy Institute, April 2001, <http://www.epinet.org>.

<sup>x</sup> “False Promise: Canada in the Free Trade Era,” Bruce Campbell, Canadian Centre for Policy Alternatives, in “NAFTA at Seven: Its Impact on Workers in All Three Nations,” Economic Policy Institute, April 2001, <http://www.epinet.org>.