

# **NAFTA's Impact on New York**

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

**New Reports Show 46,000 Jobs Lost in New York;  
766,000 Jobs Lost Nationwide**



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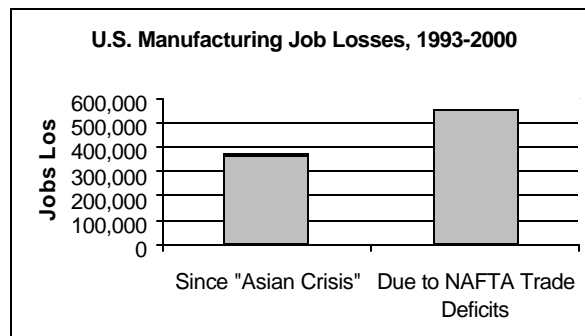
## NAFTA's Impact on New York: Job Loss Has Led to Downward Pressure on Wages and Living Standards

### New Reports Show 46,000 Jobs Lost in New York; 766,000 Jobs Lost Nationwide

When the North American Free Trade Agreement was being debated by the United States Congress in 1993, proponents argued that the passage of NAFTA would lead to increased job opportunities and rising living standards in the United States, Canada, and Mexico. Seven years later, evidence of economic gains for the majority of the population has failed to materialize in New York and the rest of the United States. Nor are the majority of people in Canada or Mexico better off as a result of NAFTA.

In New York and the United States overall, NAFTA has been a **net** destroyer of jobs, as a result of increased trade deficits. Nationally, a recent report from the Economic Policy Institute (EPI) shows, **more than three-quarters of a million** jobs and job opportunities were eliminated in the United States by increased trade deficits with Canada and Mexico during the operation of NAFTA.<sup>i</sup> **More than half a million** of these job losses were direct job losses in manufacturing, the sector principally affected by trade. By comparison, the net job loss in U.S. manufacturing since the 1998 "Asian financial crisis" largely induced by the International Monetary Fund and the World Bank's financial liberalization and austerity policies, which also caused huge job losses through increased U.S. trade deficits, was 368,000 jobs<sup>ii</sup> (Table 1.) A state-by-state analysis by EPI shows that **more than 46,000 of NAFTA's lost jobs and job opportunities were in New York**, with 33,000 direct job losses in manufacturing. The manufacturing job loss in New York included 7,000 jobs lost in apparel, 6,200 jobs lost in the production of electronic and electrical machinery, and 3,200 jobs lost in the production of motor vehicles and other transportation equipment.<sup>iii</sup> By April 2001, the government's NAFTA -Transitional Adjustment Assistance program (NAFTA-TAA), which only counts some NAFTA job losses, had certified 18,786 workers in New York as having lost their jobs due to NAFTA (Table 2.)<sup>iv</sup> The distribution of these job losses has led to downward pressure on living standards and a weakening of workers' bargaining power. There is little reason to expect negotiations underway to extend the NAFTA model of economic integration to the rest of the Western Hemisphere – the proposed "Free Trade Area of the Americas" [FTAA] – 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 New York 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.

<b>Table 2 New York NAFTA-TAA Certifications as of April, 2001</b>					
<b>Company</b>	<b>City</b>	<b>What They Produced</b>	<b>Petitioners</b>	<b>Cause</b>	<b>Estimated Workers</b>
Bay Club Sportswear	Copiapue	ladies swimwear	Workers	NAFTA Imports	41
Amscan	Brookly	wedding accessories	Workers	Moved to Mexico	45
Alcatel Wire and Cable	Chester	wire and cable	Workers	Moved to Canada	58
Kaufman Footwear	Batavia	felt liners for soles (shoes/boots)	Workers	Canadian Imports	11
Hickory Hills Industries	New York	children sportswear	Company	Moved to Mexico	3
Truck-Lite	Falconer	vehicular lighting fixtures	IAM	NAFTA Imports	100
J.E. Morgan Knitting Mills	Ilion	thermal underwear	Workers	Mexican Imports	
Redpath Apparel Group	New York	children's and infants clothing	Workers	Mexican Imports	1

Syborn International	Massena	dental drills bits	Workers	Moved to Canada	10
Otari Manufacturing	Hauppauge	audio recording consoles	Workers	Moved to Canada	30
California Fashion Industries	New York	ladies garments	Company	NAFTA Imports	5
Blue Bird Fabrics	New York	fabric	UNITE	NAFTA Imports	
Mallinckrodt Medical	Argyle	medical devices	Workers	Moved to Mexico	450
Amphenol	Sidney	electrical connectors & components	IAM	Moved to Mexico	104
Imperial Wallcovering	Plattsburgh	wallcoverings and borders	UPIJ	Moved to Canada	172
Kaufman Footwear	Batavia	footwear	Workers	Canadian Imports	4
Standard Products	Schenectady	automotive body side molding	IUE	Canadian Imports	264
M and W Sewing	Brooklyn	blouses, dresses, skirts	Workers	NAFTA Imports	50
AI Tech Specialty Steel	Dunkirk	stainless steel products	USWA	Moved to Canada	150
AI Tech Specialty Steel	Watervliet	stainless steel products	USWA	Moved to Canada	80
Jos J. Pietrafesa	Liverpool	men' and women's tailored clothing	Workers	Moved to Mexico	35
Champion Products	Perry	athletic apparel	Workers	Moved to Mexico	200

Guardian Industries	Falconer	stock sheet float glass mirrors	ABCW	Canadian Imports	19
Nu-Kote International	Rochester	inked ribbons	Company	Moved to Mexico	100
American Cyanamid	Pearl River	bulk biochemical	ICW	Moved to Mexico	78
ACCO USA	Long Island	staples and staplers	IBT	Moved to Mexico	437
Bausch and Lomb	Rochester	sunglass frames	Company	Moved to Mexico	378
Norton Coated Abrasives	Watervliet	paper	UPIJ	Moved to Canada	43
Ramsay Fabrics	New York	greige goods	Company	NAFTA Imports	1
SL Auburn	Auburn	industrial ignitions	UPIJ	Moved to Mexico	105
Malone Manufacturing	Malone	t-shirts and sweat pants	Workers	Mexican Imports	26
Heinz Bakery Products	Buffalo	frozen unbaked sweet goods	BCW	Moved to Canada	100
Ace Metal Fabricators	Bronx	alarm boxes, door covers, brackets	IBT	Mexican Imports	32
Ace Sprayfinishing	Bronx	alarm boxes, door covers, brackets	IBT	Mexican Imports	15
Graham Chemical	Jamaica	dental anesthetics	Workers	NAFTA Imports	45
Fedco Automotive Components	Buffalo	heater cores for automobile industry	Workers	NAFTA Imports	60

Carrier Technology	Syracuse	engineering drawings & technical design	Workers	Moved to Mexico	3
TRW/Auto Electronics Group of North Amer	Auburn	switches for auto heaters, vents, etc..	ICWUC	Moved to Mexico	81
Smith Corona	Cortland	typewriters and wordprocessors	Workers	Moved to Mexico	874
Corning	Big Flats	glass products	AFGWU	Moved to Mexico	12
Glit Gemtex	Buffalo	vulcanized fibre blanks	Company	Moved to Canada	4
Pro-Am	Long Island City	women's jacket and coats	Workers	NAFTA Imports	65
Superior Design	Liverpool	technical drawings and blueprints	Workers	Moved to Mexico	7
TRW Steering Wheel Systems	Yaphank	steering wheels and airbag covers	Company	Moved to Mexico	820
Eastman Kodak	Rochester	CD writable disks	Workers	Moved to Mexico	87
Escalator Handrail USA	Orchard Park	escalator handrails	Workers	Moved to Canada	27
Rotadyne	Lancaster	recovering of print rollers	Workers	Moved to Canada	6
Sinclair Technologies	Tonawanda	communications base station equipment	CWA	Moved to Canada	26

Jostens Photography	Webster	school photographs	Company	Moved to Canada	474
Praxair	Tonawanda	air separation equipment	OCAW	Canadian Imports	57
Eastman Kodak	Rochester	film, black & white photographic paper	Company	Moved to Mexico	7
Sivaco New York	Tonawanda	steel wire	USWA	Moved to Canada	72
Therm-O-Disc	Honeoye Falls	water flow products	Company	Moved to Canada	80
Industrial Ceramics	Lima	electrical porcelain insulators	Workers	Mexican Imports	163
ADEMCO Group	Syosset	commercial/residential security products	IUW	Moved to Mexico	196
Native Textiles	Glens Falls	lace and tricot fabric	CWA	Moved to Mexico	132
Interfrost	Holley	packaging frozen fruits and vegetables	Workers	Moved to Canada	35
IMC Magnetics	Hauppauge	electric motors and fans	IAE	Moved to Mexico	45
M. Wile and	Buffalo	men's suits and sportcoats	Company	NAFTA Imports	67
Eastman Kodak	Rochester	health imaging film processors	Company	Moved to Mexico	54
Todd Products Corporation	Brentwood	engineered electronic semiconductor	Company	Moved to Mexico	300

NETP	Niagara Falls	electrical wire harnesses	Workers	Moved to Mexico	25
AI Tech Specialty Steel	Watervliet	steel mfg. rolling, forging, melting	USIWA	Moved to Canada	1100
Sonoco Products	Amsterdam	paperboard	Company	Moved to Canada	38
Niagara Mohawk Power	Syracuse	electric (hydro) power	IBEW	Canadian Imports	2600
Niagara Mohawk Power	All other sites	electric (Hydro) power	IBEW	Canadian Imports	
Kaufman Footwear	Batavia	footwear (sorel boots)	Workers	Moved to Canada	160
Amphenol	Sidney	electrical connectors	IAWAW	Moved to Mexico	326
Imperial Home Decor Group	Plattsburgh	Wallpapers	UPIJ	Moved to Canada	291
Mitel	various locations in	technical computer services	Company	Moved to Mexico	
Hospitak	Lindenhurst	disposable respiratory medical devices	Workers	Moved to Mexico	180
International Paper	Corinth	coated paper	PACE	NAFTA Imports	91
E.I. DuPont De Nemours	Rochester	photographic chemistry for x-ray films	Workers	Moved to Canada	22
Eutectic	Flushing	spray powders, fluxes, and trodes	Workers	Moved to Canada	44

Mobil Chemical	Maccoon	PXS film	Workers	Moved to Canada	165
Mitel	Ogdensburg	SX50 PBX Systems & cards	Company	Moved to Canada	20
Philips Electronics North America	Saugerties	electronic transformers	Company	Moved to Mexico	64
Perfection Pad Consolidated Contractors	Buffalo	shoulder pads & sleeve ends	Workers	Canadian Imports	33
Niagara Frontier Tariff Bureau	Buffalo	motor carrier rate tariffs	Company	Moved to Canada	8
Super Steel Schenectady	Glenville	locomotives	Workers	Moved to Canada	93
Salant	Long Island City	suspenders, tires and belts	Workers	Moved to Mexico	256
Stuffed Shirt	New York	women's denim apparel	Workers	Moved to Mexico	33
Mallinckrodt Medical	Argyle	airway management products	Workers	Moved to Mexico	400
Brake Parts	Amherst	brake drums and rotors	IAM	Moved to Canada	267
Rolls Royce Industries	Dunkirk	small to medium power transformers	Workers	Moved to Canada	74
Kanthal Globar	Niagara Falls	axial leaded bulk ceramic resistors	Company	Moved to Mexico	16
Rama Group of Companies	Cheektowaga	grocery ads	Workers	Canadian Imports	35

Fargo Manufacturing	Poughkeepsie	devices, connectors, splicers, etc.	Workers	Moved to Mexico	210
Workpros	Maspeth	picture frames	Workers	Moved to Mexico	135
Porta Systems Corporation	Glen Cove	transformers	Company	Moved to Mexico	13
Trico Products Division Headquarters	Buffalo	windshield wipers	Workers	Moved to Mexico	25
Glit Gemtex	Buffalo	vulcanized fibre blanks	Company	Moved to Canada	4
Fisher-Price	Medina	toys	Workers	Mexican Imports	520
Thomas and Betts	Horseheads	electrical connectors	Workers	Moved to Mexico	160
AMSCO	Wilson	industrial washing equipment	Company	Moved to Canada	100
Link Door Controls	Ronkonkoma	commercial gate operators	Company	Moved to Mexico	48
Universal Medical Instrument	Ballston Spa	spring guides and catheters	Workers	NAFTA Imports	14
Pro-Am	Long Island City	women's jacket and	Workers	NAFTA Imports	65
Superior Design	Liverpool	technical drawings and	Workers	Moved to Mexico	7
Voyager Emblems	Sanborn	embroidered emblems and caps	USCA	Moved to Canada	66
Collins Pine	Clayton	snow removal equipment	IAMI/AW	Moved to Mexico	62
Occidental Chemical	Malta	industrial dehumidifiers	Workers	Moved to Canada	25

Astro Design	Holbrook	sculptural & museum reproductions	Company	Moved to Mexico	113
Philips Consumer Electronics	Liverpool	men's and ladies' apparel	Workers	NAFTA Imports	350
Eastman Kodak	Rochester	molding for single use cameras	Company	Moved to Mexico	69
Planergy New York	East Syracuse	electricity	Workers	Canadian Imports	8
Esselte Pendaflex	Syracuse	printed products	GLIJ	Moved to Mexico	19
Occidental Chemical	North Tonawanda	molding compounds	IAM	Moved to Canada	175
Fulton Brewery	Fulton	beer	IAM	NAFTA Imports	900
Leslie Fay	New York	apparel	Workers	NAFTA Imports	100
Fairfax Photographic	Buffalo	photographic materials	Workers	Moved to Canada	17
I. Appell	New York	underwear and daywear	Workers	Moved to Mexico	3
Pacemaker Togs	New York	clothing	Workers	Mexican Imports	
Lockheed Martin	Utica	circuit boards	IAM	Moved to Mexico	384
Twinpak	Plattsburgh	plastic bottles and tubes	Workers	NAFTA Imports	86
Rome Cable	Rome	insulated copper wire	Workers	Mexican Imports	72
ITT	Tonawanda	brake drums and rotors	IAM	Moved to Canada	50
Standard Products	Schenectady	automotive body side molding	IUE	Canadian Imports	89

Bausch and Lomb	Rochester	personal dental accessories	Workers	Moved to Mexico	76
M. Wile and	Buffalo	men's suits	UNITE	Canadian Imports	
M. Wile and	Dunkirk	men's suits	UNITE	Canadian Imports	
Zena Enterprises	New York	denim jeans and shorts	Workers	Mexican Imports	
USA Enterprises	New York	men's dress pants and jeans	Company	Mexican Imports	
G.N. Nettetst	Utica	circuit boards	Workers	Moved to Canada	7
TRW	Union Springs	switches	ICW	Moved to Mexico	420
Daniel Greene	Dolgeville	casual footwear	Workers	Canadian Imports	140
Neles-Jamesbury	Glen Falls	industrial valves	Workers	Mexican Imports	70
Stone Ridge Farm	Livingston Manor	beef	Company	Canadian Imports	2
Ogden Atlantic Design	Poughkeepsie	printed circuit boards	Workers	NAFTA Imports	120
Elf Atochem	Town on Tonawonda	alperox-f decanox-f	OCAW	Moved to Mexico	14
Shorewood Packaging	Farmingdale	folding carton mfg.; record jackets etc.	Workers	Moved to Canada	104
Elmer's Products	Bainbridge	adhesive products	IAV/AM	Moved to Canada	40

Xerox	Webster	copiers	UNITE	Moved to Mexico	450
Davidson Cotton	New York	embroidered & embelished towels	UNITE	Moved to Mexico	107
Axiohm Transaction Solutions	Ithaca	receipt printers	IAMAW	Moved to Mexico	60
				<b>Total</b>	<b>18786</b>

<sup>i</sup> "NAFTA's Hidden Costs – Trade Agreement Results in Job Losses, Growing Inequality, and Wage Suppression for the United States," Robert E. Scott, Economic Policy Institute, April 2001, <http://www.epinet.org>

<sup>ii</sup> "National Employment, Hours, and Earnings," Bureau of Labor Statistics, <http://www.bls.gov>.

<sup>iii</sup> "NAFTA'S Impact on the States--The Industries and States That Suffered the Most in the Agreement's First Seven Years," Robert E. Scott and Jana Shannon, Economic Policy Institute, April 2001, <http://www.epinet.org>.

<sup>iv</sup> As of April, 2001, the Department of Labor had certified more than 328,798 U.S. workers as having lost their jobs directly due to NAFTA. See "A Sampling of NAFTA Related Job Loss... NAFTA Transitional Adjustment Assistance (NAFTA TAA)," web site of Public Citizen's Global Trade Watch, <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>.