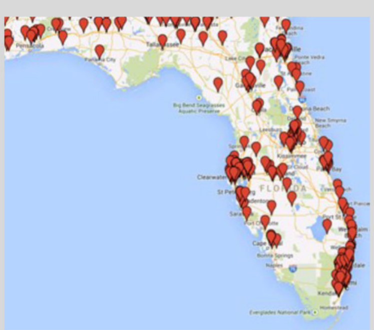
Florida: Lost Jobs, Rising Deficits and Stagnant Wages Under NAFTA

The North American Free Trade Agreement (NAFTA) was negotiated behind closed doors with hundreds of official corporate advisors. NAFTA's proponents promised it would create 200,000 American jobs per year in its first five years by improving the U.S. trade balance with Mexico and Canada, and raise wages here and in Mexico. Twenty five years later, the new jobs never materialized. But there are nearly 1 million U.S. jobs certified as lost to NAFTA under just one narrow government program, while U.S. wages have stagnated. Every month more jobs are outsourced to Mexico, where industrial workers make less than $2 per hour. A small trade surplus with Mexico and small deficit with Canada have become a large and persistent NAFTA trade deficit. Meanwhile, corporations have collected $400 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 in claims that our laws violate the corporations' NAFTA rights. NAFTA must be replaced just to stop its ongoing damage, much less to actually benefit working people in the NAFTA countries. While some important changes were included in the revised NAFTA signed in late 2018, more improvements are needed to meet that test.

Large Trade-related Job Loss in Florida

Florida has lost 69,192 of its manufacturing jobs -- nearly one in five -- since the 1994 NAFTA and 1995 World Trade Organization (WTO) agreements went into effect. More than 48,000 specific Florida jobs have been certified under one narrow government program, Trade Adjustment Assistance (TAA), as lost to outsourcing or imports since NAFTA. The TAA figure is a significant undercount because the program's scope excluded many types of jobs lost to trade. According to the Department of Labor, manufacturing workers who lose jobs to trade and find reemployment are typically forced to take pay cuts. Two of every five rehired in 2018 were paid less in their new jobs. One in six lost greater than 20 percent of their income. That means a $8,200 pay cut for the median manufacturing worker earning $41,360. With displaced manufacturing workers competing for jobs not exposed to trade competition, wages in fast-growing service sectors are kept down. The resulting middle-class wage stagnation has contributed significantly to growing inequality.

48,284 Florida Trade-related Job Losses Certified Under Just One Dept. of Labor Program Since NAFTA



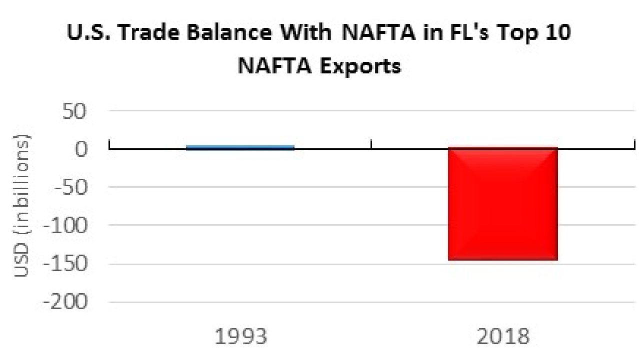
FL workplaces with trade-related job losses
For a full list see www.citizen.org/taadatabase

Florida's Trade Deficit Up 263 Percent Since 2008

A small U.S. trade surplus with Mexico and small deficit with Canada before NAFTA became a large deficit by 2018. Florida's trade deficit in goods with Mexico and Canada has surged 263 percent since 2008 alone. Nationwide, under NAFTA, imports from Mexico and Canada soared while the growth of U.S. manufacturing and services exports slowed. Our combined goods and services trade deficit with Mexico and Canada rose (in inflation-adjusted terms) from $10.5 billion before NAFTA in 1993 to $179.9 billion in 2018.

For Florida's Top 10 Exports, U.S. Trade Deficit With Mexico and Canada Expands Under NAFTA

Before NAFTA, the United States had a small trade surplus with Mexico and Canada in the top 10 products that Florida exports to the NAFTA nations. That has turned into a massive $144 billion deficit as the increase in NAFTA imports swamped the increase in U.S. exports to Mexico and Canada.



Florida Needs a Complete Replacement of "Trade" Deals Like NAFTA

Net Loss: Trade-related Wage Losses Outweigh Gain From Cheaper Imports

The Center for Economic and Policy Research (CEPR) revealed that when comparing the lower prices of cheaper imported goods to the income American workers lost from low-wage competition under current trade policy, by 2001 the trade-related wage losses were larger than gains from access to cheaper goods for the majority of U.S. workers. CEPR found that those without college degrees (66 percent of the workforce) had likely lost an amount equal to 12.2 percent of their wages under NAFTA-style trade, even after accounting for the benefits of cheaper imports. That meant a net loss of more than $4,714 per year for a worker earning the median wage.

A net loss of nearly 4.1 million American manufacturing jobs in the NAFTA/WTO era also eroded tax bases. The loss of nearly 45,000 manufacturing facilities in the NAFTA/WTO era has meant less tax revenue for infrastructure projects as well as for schools and social services. This resulted in the virtual collapse of some local governments in areas hardest hit.

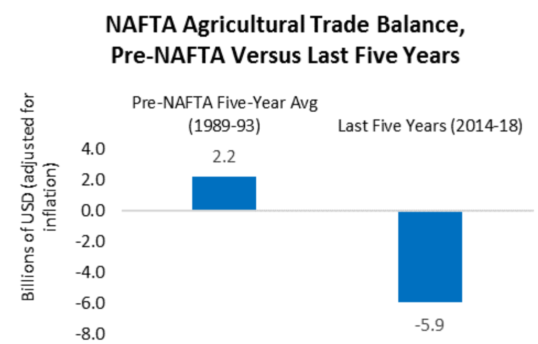
NAFTA's Damaging Trade Trends

Since NAFTA, the annual growth rate of the U.S. goods trade deficit has been 42 percent higher with Mexico and Canada than with nations that do not have U.S. "free trade" deals – a group that includes China.

Growth in U.S. manufacturing *and services* exports to NAFTA partners has slowed since NAFTA went into effect. Annual growth in U.S. manufacturing exports to Canada and Mexico has fallen 72 percent below the annual rate in the pre-NAFTA years. Annual U.S. services exports growth has fallen to less than half the pre-NAFTA rate. The goods deficit is not in fossil fuels, as the share of the U.S. NAFTA goods trade deficit that is comprised of fossil fuels has declined under NAFTA (from 85 percent before NAFTA in 1993 to 19 percent in 2018). The deficit with Mexico and Canada is largely comprised of manufactured and agricultural goods.

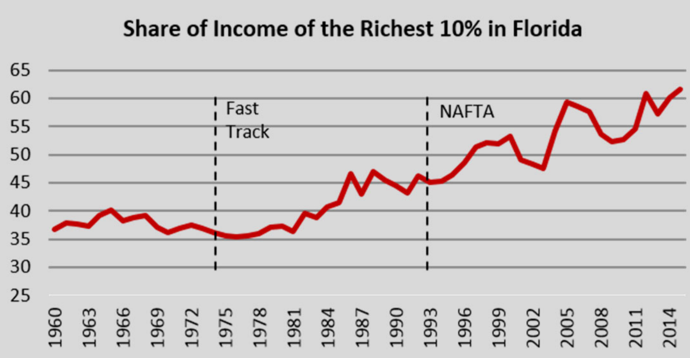
FTAs Fail to Boost U.S. Agriculture

Nationwide, the U.S. agricultural trade balance with NAFTA partners has fallen from a $2.7 billion trade surplus in the year before NAFTA to a $9.3 billion trade deficit in 2018 – the largest NAFTA agricultural trade deficit to date. The average U.S. agricultural trade balance with NAFTA countries *over the last five years* was $8.1 billion below the average balance in the five years before NAFTA.



Florida Income Inequality Soars During Era of NAFTA-style Deals

Study after study reflects an academic consensus that the status quo trade model has contributed significantly to the historic rise in income inequality. Florida's richest 10 percent now capture 62 percent of the state's income, compared to 45 percent before NAFTA.



All Data Sources: Int'l Trade Admin., U.S. International Trade Commission, U.S. Census Bureau, U.S. Bureau of Labor Statistics, U.S. Dept. of Agriculture, Office of Trade Adjustment Assistance, Prof. Mark W. Frank, Uniworld, Center for Economic and Policy Research, Economic Policy Institute.

For more information visit www.tradewatch.org