

# What is NAFTA?

In the early 1990s, the U.S. government decided that it wanted to make trade between Mexico, Canada, and the U.S. easier. It proposed the North American Free Trade Agreement (NAFTA). NAFTA is a trade agreement between Mexico, Canada, and the U.S. that went into effect in 1994.

**What are the reasons for NAFTA?** The purpose of NAFTA is to make trade between the U.S., Mexico, and Canada easier by getting rid of restrictions. These countries can trade freely without paying tariffs or taxes on imports and exports.

NAFTA also protects the interests of global corporations so they can set up companies in Mexico and Canada. Within the free trade areas, corporations, not governments, make rules about labor and environment.

## What was NAFTA supposed to do? What did NAFTA supporters promise?

The supporters of NAFTA promised that it would be good for the people of all three countries:

- It would mean more jobs in the U.S. and Canada.
- It would mean more exports from the U.S. to Mexico and Canada.
- It would be good for the economy of Mexico.
- It would be good for the workers of Mexico. It would mean more jobs.
- It would support environmental projects.
- Displaced workers would get retraining and benefits so they could go back to work.

## What was the effect of NAFTA in Canada and the U.S.?

None of the promises came true.

- The trade balance between the U.S. and Canada and Mexico got worse, not better.
- The U.S. imported more than it exported and U.S. workers lost jobs.
- Many companies left the U.S. and Canada for Mexico where there were cheaper wages, fewer protections for workers, and weaker environmental laws.
- Government subsidies for farmers were cut. Family farmers lost their farms while giant agricultural corporations exporting corn and grain to Mexico made big profits.
- Whole communities in the U.S. have been destroyed by factories closing.
- Retraining and benefits did not result in family-sustaining jobs for tens of thousands of displaced workers.

**Based on the article, *How To Make Money from a Border* on pages 19-20, what do you think the effects have been in Mexico?**

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