

# *Did NAFTA do its job?*



Shipping containers with the flags of Mexico, Canada, and the United States, Getty Images.

## Supporting Questions

1. What was the intent of NAFTA when it was created?
2. What do experts say about NAFTA today?

Did NAFTA Do Its Job?	
<b>C3 Framework Indicator</b>	<b>D2.Eco.7.9-12.</b> Use benefits and costs to evaluate the effectiveness of government policies to improve market outcomes.
<b>Staging the Compelling Question</b>	Show a short video that explains the broad impact of NAFTA using avocados and shoes as examples. Discuss as a class what questions students have at this point about NAFTA.

Supporting Question 1
What was the intent of NAFTA when it was created?
Formative Performance Task
Write a paragraph that describes the intended purpose of NAFTA.
Featured Sources
<b>Source A:</b> Selected remarks by President Clinton on the signing of the NAFTA side agreements.

Supporting Question 2
What do experts say about NAFTA today?
Formative Performance Task
Sort evidence from experts on NAFTA today between opposing perspectives:
<ul style="list-style-type: none"> <li>- NAFTA was more beneficial than harmful.</li> <li>- The costs of NAFTA do not outweigh its benefits.</li> </ul>
Featured Sources
<b>Source A:</b> Curated collection of quotes from economic experts that represent both positive and negative effects of NAFTA.

<b>Summative Performance Task</b>	<b>ARGUMENT:</b> Did NAFTA do its job? Construct a claim and counterclaim that addresses the compelling question using specific and relevant evidence from the provided sources.
	<b>EXTENSION:</b> Research and explore data that shows how NAFTA has impacted your state.

### Inquiry Description

This inquiry leads students through an investigation of the intended outcomes and realities of NAFTA . By exploring the compelling question “Did NAFTA do its job?” students learn about the multi-faceted impacts of regional trade deals. It is important to note that this inquiry requires a prerequisite knowledge of the basic concepts of free trade such as tariffs, imports, exports, goods, services, and balance of trade.

This inquiry highlights the following C3 Framework Indicator:

- D2.Eco.7.9-12. Use benefits and costs to evaluate the effectiveness of government policies to improve market outcomes.

Note: This inquiry is expected to take approximately two 50-minute class periods. The inquiry time frame could expand if teachers think their students need additional instructional experiences (e.g., supporting questions, formative performance tasks, featured sources, writing). Teachers are encouraged to adapt the inquiry to meet the needs and interests of their students. This inquiry lends itself to differentiation and modeling of historical and economic thinking skills while assisting students in reading the variety of sources.

### Structure of the Inquiry

In addressing the compelling question, “Did NAFTA do its job?” students work through a series of supporting questions, formative tasks, and featured sources in order to construct a claim and counterclaim supported by evidence.

## Staging the Compelling Question

To stage the compelling question, “Did NAFTA do its job?” teachers can have students watch the six minute video “NAFTA explained by avocados. And shoes.”

This video features an introduction to NAFTA and models the complexity of assessing the success of economic policies. It presents students with an underlying dilemma of judging the effectiveness of NAFTA: benefits were often small and widely dispersed as shown by the example of avocados, while the negative consequences were often dramatic yet geographically concentrated as shown by the example of shoes. While watching the video, teachers may have students answer viewing comprehension questions that can be accessed at: <https://econedlink.org/wp-content/uploads/2019/04/NAFTA-Video-Questions-.pdf>.

After showing the video, discuss as a class what questions students have at this point about NAFTA.

## Supporting Question 1

The first supporting question— “What was the intent of NAFTA when it was created?” — provides students with a foundational understanding of the goals of NAFTA at its signing. When the trade deal went into effect, it had broad bipartisan support. President Clinton outlined the expected benefits of the deal in his remarks on the signing of NAFTA.

In evaluating the effectiveness of NAFTA, students will first consider the intended effects of NAFTA by reading Featured Source A. As a formative task, students will write a paragraph that describes the intended purpose of NAFTA based on President Clinton’s argument in Featured Source A.

**Featured Source A** is a highly modified and excerpted version of President Clinton’s remarks on the signing of NAFTA on December 8, 1993. The full transcript of the speech can be accessed at: <https://clintonwhitehouse6.archives.gov/1993/09/1993-09-14-remarks-by-clinton-and-former-presidents-on-nafta.html>

While the full text of President Clinton’s speech is available online, it is suggested that teachers use the excerpted and modified version below makes the text accessible to high school students.

## Supporting Question 2

The second supporting question— “What do experts say about NAFTA today?” — asks students to consider the actual impact of NAFTA. To do so, students will analyze quotes from economic experts that represent a range of perspectives on the issue. Understanding that all economic decisions come with trade-offs and costs, as a formative task students will sort the evidence from experts on the reality of NAFTA between two opposing perspectives: Claim 1 - NAFTA was more beneficial than harmful and Claim 2 - The costs of NAFTA do not outweigh its benefits.

Teachers may implement this task by cutting out the perspectives and having students physically sort the strips into two groups, one for each opposing perspective. Teachers could also have students imply label each source as either perspective one or perspective two.

**Featured Source A** is a curated collection of quotes from economic experts that represents both positive and negative effects of NAFTA, which allows students to consider the impact of NAFTA from a variety of perspectives.

## Summative Performance Task

At this point in the inquiry, students have examined the intended expectations for NAFTA and the real-life outcome of the trade deal from a variety of perspectives. Students should be expected to demonstrate the breadth of their understanding and their abilities to use evidence from multiple sources to support their claims. In this task, students will construct a claim and counterclaim that addresses the compelling question using specific and relevant evidence from the provided sources.

Students’ arguments will likely vary, but could include any of the following:

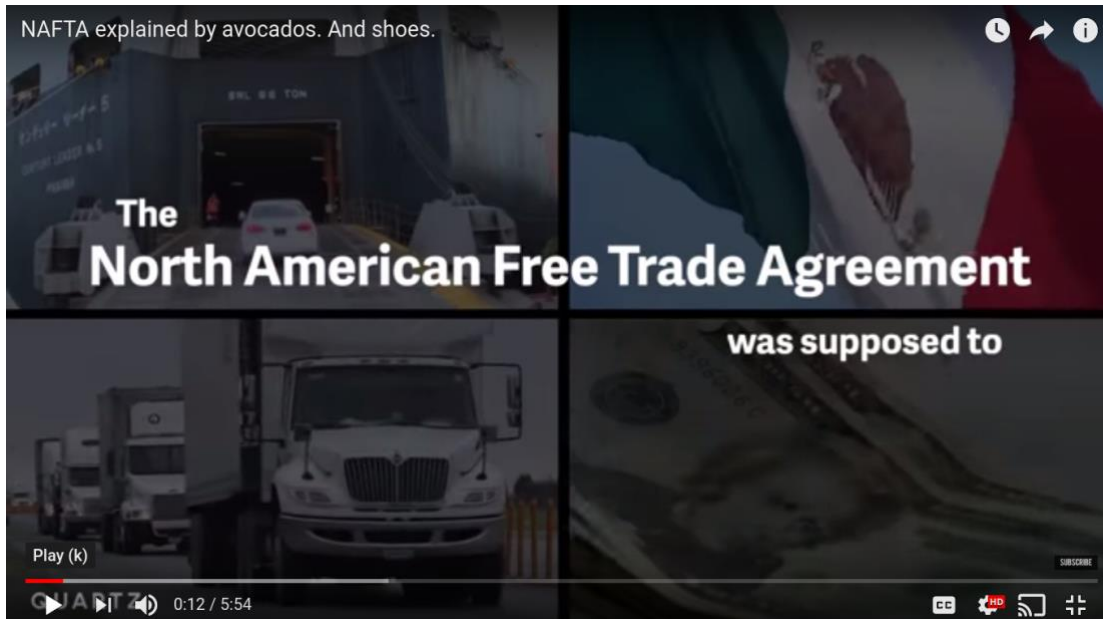
- *NAFTA did its job in that it successfully accomplished the goals communicated at its creation.*
- *NAFTA did not do its job since the economic and human costs of NAFTA did not outweigh the intended benefits.*
- *Although NAFTA resulted in a more complex series of costs and benefits than intended, the trade deal ultimately did its job.*

To extend their arguments, students can research and explore data that shows how NAFTA has impacted their state. The US Chamber of Commerce features a breakdown of NAFTA's impact on a state-by-state basis and could serve as a starting point for such research. The site can be accessed at: <https://www.uschamber.com/series/modernizing-nafta/which-states-would-be-hit-hardest-withdrawing-nafta>.

## Staging the Compelling Question

Featured Source

**Source A:** President Bill Clinton, transcript of remarks from the press conference in signing of NAFTA Side Agreements (modified excerpts), September 14, 1993.



Accessed at: <https://www.youtube.com/watch?reload=9&v=DwKR08t5BGA>.

## Supporting Question 1

### Featured Source

**Source A:** President Bill Clinton, transcript of remarks from the press conference in signing of NAFTA Side Agreements (modified excerpts), September 14, 1993.

I believe that NAFTA will create a million jobs in the first five years of its impact. And I believe that that is many more jobs than will be lost, as inevitably some will be as always happens when you open up the mix to a new range of competition. NAFTA will generate these jobs by fostering an export boom to Mexico...

So when people say that this trade agreement is just about how to move jobs to Mexico so nobody can make a living, how do they explain the fact that Mexicans keep buying more products made in America every year? Go out and tell the American people that. Mexican citizens with lower incomes spend more money—real dollars, not percentage of their income—more money on American products than Germans, Japanese, Canadians. That is a fact. And there will be more if they have more money to spend...

Businesses do not choose to locate based solely on wages. If they did, Haiti and Bangladesh would have the largest number of manufacturing jobs in the world. Businesses do choose to locate based on the skills and productivity of the workforce, the attitude of the government, the roads and railroads to deliver products, the availability of a market close enough to make the transportation costs meaningful, the communications networks necessary to support the enterprise. That is our strength, and it will continue to be our strength. As it becomes Mexico's strength and they generate more jobs, they will have higher incomes and they will buy more American products.

In a few moments, I will sign side agreements to NAFTA that will make it harder than it is today for businesses to relocate solely because of very low wages or lax environmental rules. The environmental agreement will, for the first time ever, apply trade sanctions against any of the countries that fails to enforce its own environmental laws. This ground-breaking agreement is one of the reasons why major environmental groups are supporting NAFTA.

The second agreement ensures the Mexico enforces its laws in areas that include worker health and safety, child labor and the minimum wage. And as the benefits of economic growth are spread in Mexico to working people, what will happen? They'll have more disposable income to buy more American products and there will be less illegal immigration because more Mexicans will be able to support their children by staying home. This is a very important thing.

This agreement will create jobs, thanks to trade with our neighbors. That's reason enough to support it. But I must close with a couple of other points. NAFTA is essential to our long-term ability to compete with Asia and Europe. Across the globe our competitors are consolidating, creating huge trading blocks. This pact will create a free trade zone stretching from the Arctic to the tropics, the largest in the world—a \$6.5 billion market, with 370 million people. It will help our businesses to be both more efficient and to better compete with our rivals in other parts of the world.

This is also essential to our leadership in this hemisphere and the world. Having won the Cold War, we face the more subtle challenge of consolidating the victory of democracy and opportunity and freedom.

(NAFTA side agreements are signed.) (Applause.)

Public domain. Available from the Clinton Presidential Materials Project, National Archives, <https://clintonwhitehouse6.archives.gov/1993/09/1993-09-14-remarks-by-clinton-and-former-presidents-on-nafta.html>.



## Supporting Question 2

Featured Source

**Source A:** Curated collection of quotes from economists on the impact of NAFTA.

- A. "NAFTA did not cause the huge job losses feared by the critics or the large economic gains predicted by supporters. The net overall effect of NAFTA on the U.S. economy appears to have been relatively modest." - the [Congressional Research Service](#), a nonpartisan government agency that does research for Congress (2017)
- B. "Real (inflation-adjusted) wages for Mexico were almost the same in 2012 as in 1994, up just 2.3 percent over 18 years, and barely above their level of 1980. Unemployment in Mexico is 5.0 percent in 2014, as compared to an average of 3.1 percent for 1990-1994; these numbers seriously understate the true lack of jobs, but they show a significant deterioration in the labor market during the NAFTA years." - [Center for Economic and Policy Research](#), a left-leaning economic policy think tank (2014)
- C. "The United States ran a cumulative trade surplus in manufactured goods with Canada and Mexico of more than \$79 billion over the past seven years (2008-2014). For services, the U.S. surplus was \$41.8 billion in 2014 alone. With new market access and clearer rules afforded by NAFTA, U.S. services exports to Canada and Mexico have tripled, rising from \$27 billion in 1993 to \$92 billion in 2014." - [US Chamber of Commerce](#) (2017)
- D. "In 1993, before NAFTA, the U.S. had a small, job-supporting trade surplus with Mexico. By 2010, the U.S. had a trade deficit with Mexico that displaced 682,900 jobs, with jobs lost or displaced in every state, as shown on the map. Exports to Mexico supported nearly 800,000 U.S. jobs in 2010, but imports displaced 1.5 million jobs for a net loss of nearly 700,000 jobs. Jobs displaced by growing imports from Mexico far exceeded any jobs gained through increased exports." - [Economic Policy Institute](#), a non-partisan think tank (2011)
- E. "The environmental and labor standards are essentially non-existent in the current NAFTA..." - [US Trade Representative Robert Lighthizer](#) (2019)
- F. "NAFTA initiated a new generation of trade agreements in the Western Hemisphere and other parts of the world, influencing negotiations in areas such as market access, rules of origin, intellectual property rights, foreign investment, dispute resolution, worker rights, and environmental protection." - the [Congressional Research Service](#), a nonpartisan government agency that does research for Congress (2017)
- G. NAFTA gave a major boost to Mexican farm exports to the United States, which have tripled since NAFTA's implementation. Hundreds of thousands of auto manufacturing jobs have also been created in the country, and most studies have found that the pact had a positive impact on Mexican productivity and consumer prices." - [Council on Foreign](#)

[Relations](#), an independent, nonpartisan research organization (2018)

- H. “Neither the worst fears of Canada’s trade opponents—that opening to trade would gut the country’s manufacturing sector—nor its highest hopes—that it would spark a rapid increase in productivity—came to pass. Canadian manufacturing employment held steady, but the “productivity gap” between the Canadian and U.S. economies wasn’t closed: Canada’s labor productivity remains at 72 percent of U.S. levels.” - [Council on Foreign Relations](#), an independent, nonpartisan research organization (2018)
  
- I. Between 1993 and 2013, Mexico’s economy grew at an average rate of just 1.3 percent a year during a period when Latin America was undergoing a major expansion. Poverty remains at the same levels as in 1994. And the expected “wage convergence” between U.S. and Mexican wages didn’t happen, with Mexico’s per capita income rising at an annual average of just 1.2 percent in that period—far slower than Latin American countries such as Brazil, Chile, and Peru. - [Council on Foreign Relations](#), an independent, nonpartisan research organization (2018)
  
- J. “NAFTA also had a severe impact on agricultural employment, as U.S. subsidized corn and other products wiped out family farmers in Mexico. From 1991-2007, there were 4.9 million Mexican family farmers displaced; while seasonal labor in agro-export industries increased by about 3 million. This meant a net loss of 1.9 million jobs.” - [Center for Economic and Policy Research](#), a left-leaning economic policy think tank (2014)
  
- K. “ Many US industries, especially automobiles, depend on either Mexico and/or Canada for components in their final products, strengthening their global competitiveness and lowering prices for consumers. 40% of US imports from Mexico are parts used to produce final goods. 75% of US exports to Mexico are parts used to produce final goods. - [Peterson Institute for International Economics](#), a nonpartisan think tank (2017)