

U.S.-Mexico-Canada Agreement—Weak Tea, at Best

By [Thea M. Lee](#) and [Robert Scott](#)

Global Research, December 11, 2019

[Economic Policy Institute](#) 10 December
2019

Region: [Canada](#), [Latin America & Caribbean](#), [USA](#)

Theme: [Global Economy](#)

*The [revised U.S.—Mexico—Canada Agreement \(USMCA\)](#), announced today by **House Speaker Nancy Pelosi** and [endorsed by the AFL-CIO](#), represents a significant improvement on the draft agreement first released in 2017. Negotiators for labor and House Democrats strengthened the provisions on labor rights, environmental standards, and the enforcement of these rules, and also removed costly and egregious new protections for corporations, including giveaways by the Trump administration to pharmaceutical companies.*

But the changes embodied in the USMCA still constitute Band-Aids on a fundamentally flawed agreement and process. Powerful multinational corporations have used and controlled the negotiation of trade and investment deals to facilitate offshoring and the deregulation of the U.S. and global economy, as noted by the [Machinists Union](#), which has announced its opposition to the USMCA. The original North American Free Trade Agreement (NAFTA) resulted in the loss of [at least 680,000 U.S. jobs](#) due to growing trade deficits with Mexico alone. It also caused [downward pressure](#) on the wages of [nearly 100 million U.S. workers](#) and the devastation of manufacturing communities across the United States, especially in the industrial Midwest and battleground states—with far-reaching social and electoral consequences.

The USMCA will result, at best, in roughly 51,000 new manufacturing, mining, and farming jobs over the next six years, according to the [U.S. International Trade Commission](#), and it will add a [few tenths of one percent](#) to gross domestic product (GDP) growth over this period. On the other hand, the [International Monetary Fund \(IMF\) predicts](#) that the United States, and the auto sector in particular, will be a net loser from this agreement. Thus, these projections are not at all robust. The benefits are tiny, and it's highly uncertain whether the deal will be a net winner or loser, in the end.

As a result, the USMCA will in no way offset or reverse the massive devastation caused by the original NAFTA agreement. Nor is the deal a “model for future trade agreements.” The United States should pursue a [freeze on all trade negotiations](#) until strategies and policies are put in place to raise living standards, especially for working Americans, as proposed by former EPI President **Jeff Faux**.

Despite these concerns, the USMCA may yield benefits for workers in a few industries, such as glass and steel. And it may result in significant improvements in labor rights for Mexican workers, which could help them in the long-run. But those changes will have virtually no measurable impacts on wages or incomes for U.S. workers, as shown (unintentionally) by the [United States International Trade Commission's USMCA report](#). Supporting the USMCA is better than having President Trump withdraw from NAFTA, which would pitch North America

into economic turmoil, especially for Mexico and Canada. At the end of the day, the USMCA is the best of a set of bad choices. And only concessions obtained through tough negotiations by labor, environment, and consumer activists made it any better than the status quo. As a result, it is better than the alternatives.

*

Note to readers: please click the share buttons above or below. Forward this article to your email lists. Crosspost on your blog site, internet forums. etc.

Featured image is from The Bullet

The original source of this article is [Economic Policy Institute](#)
Copyright © [Thea M. Lee](#) and [Robert Scott](#), [Economic Policy Institute](#), 2019

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Thea M. Lee](#) and
[Robert Scott](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca