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As the U.S.-Canada-Mexico Free Trade Agreement talks continue on the fast-track, the labor movement — and in particular its left wing — is mobilizing its efforts in a last-ditch effort to block an agreement they say will devastate the U.S. and Canadian economies. The Canadian Labor Congress estimates that 260,000 jobs have already been lost as a result of the U.S.-Canada Free Trade Agreement (though they clearly didn't find their way down to the States, as is evidenced by the continuing recession), and the AFL- CIO expects that two and a half million jobs would go to Mexico if the Free Trade Agreement goes through.

The government has been relatively open about the rationale for a Free Trade Agreement: "By lowering overall costs of U.S. manufacturing firms, a free trade agreement would make U.S. firms more competitive…" (1991 Economic Report of the President) This competitiveness might be realized by moving production to Mexico or by driving U.S. wages closer to Mexican levels. Either approach makes U.S. firms "more competitive" entirely at the expense of their workers.

Mexican workers are clearly cheaper than their North American counterparts, and getting cheaper all the time. High inflation and a rapidly devaluing Peso have resulted in average Mexican labor costs (wages and benefits) dropping from $3.71 in 1981 to $1.57 in 1987, and the Mexican economy is in free-fall. The Mexican government tightly controls the major labor federation, and forcefully intervenes against militant unions and unionists.

The result has been a cheap, relatively disciplined (though not always docile) workforce conveniently located to manufacture products for North American markets. Many firms have moved their manufacturing operations to Mexico, in particular to low-wage "maquiladora" districts near the U.S. border. U.S.-based companies have long had extensive investments in Mexico, dominating its auto, rubber, mining and chemical industries even before the maquiladora program began in 1965. The maquiladoras manufacture products almost entirely for U.S. and other foreign markets, and are largely exempted from U.S. import duties. Last year, about 500,000 workers were employed in 2007 maquiladoras, almost all of them owned by U.S. companies.

U.S.-based companies have proven eager to expand operations in Mexico (just as in other low-wage economies). Two years ago, Levi- Strauss shut down a San Antonio plant, throwing more than 1,000 workers out of their jobs. Last year, Pillsbury-Green Giant laid off nearly 400 workers from its frozen food plant in Watsonville, California, to shift their unionized jobs to a non-union plant in Mexico which pays workers only $4 per day. Louisiana-Pacific has closed a California plant and built a state-of-the-art sawmill in Suarez, where it has already successfully broken the longshore union by shutting down production for several days and threatening to close the plant altogether. And Procter-Silex (a manufacturer of irons, coffee makers, and similar items) recently closed two profitable North Carolina plants to shift production to Juarez.

Already, corporations are blackmailing workers and governments in towns, states and entire countries — using their mobility (made possible by improved communication and transportation networks, and by the increasingly global economy) to pit us against our fellow workers around the world. Each concession we make to save our jobs is then used as leverage to force concessions somewhere else, and the cycle soon returns to slash our wages and/or working conditions again. The record clearly demonstrates that companies do not use their savings from concessions or tax breaks to modernize, they take the money and run. As a result, what happens to our $1-a-day Vietnamese fellow workers affects us as directly as what happens to our fellow workers in Alabama.

(Environmentalists, too, oppose the Free Trade Agreement, arguing that it will result in environmental safeguards being abandoned as impediments to "competitiveness" or as illegal restraints on trade. However, the U.S. has long attacked environmental standards on such grounds, as in the recent decision to resume clear-cutting in public forests in Oregon even though this will likely result in the extinction of the spotted owl.)

As we noted in LLR 2 ("What's To Protect?"), however, maintaining existing trade barriers or building new ones is not an effective response. The American economy died long ago, and had been replaced by a global economy in which most products long ago ceased to have any meaningful country of origin. The 1992 Ford Crown Victoria, for example, is assembled in Canada using parts from Britain, Germany, Japan, Mexico, Spain and the U.S., while Toyota Corollas are assembled by a jointly owned GM-Toyota plant in California. Harvard economist Robert Reich notes that "almost any product weighing more than 10 pounds and costing more than $10 is a global composite, combining parts or services from many different nations."

As long as our present economic system continues, the bosses will shift manufacturing — and, increasingly, even service industries — around the world to wherever they make the most money. Governments that obstruct this process will quickly be brought to heel through the enormous economic pressures transnational capital can bring to bear.

We can't hope to gain anything by supporting "our" bosses against the other guys, whether across the border or across the sea. Free trade or no free trade, the bosses will always go where the money's best, where unions are weak, where they can maim workers and pollute the environment to their heart's content. They won't be stopped by legislation (the Free Trade Agreement isn't even drafted yet, but employers have been setting up shop in Mexico for decades) or by patriotic sentiment.

But that doesn't mean that they can't be stopped. The flow of low-paid jobs to South Korea is slowing and employers are fleeing their increasingly militant Korean workers in search of new low- wage production sites. Rather than trying to make common cause with our exploiters against our fellow workers abroad, we would do far better to assist our fellow workers in their struggles to build militant, independent unions and to win better working and living conditions. As long as workers anywhere are repressed and poverty- stricken, the bosses will find a way to exploit their misery — and to spread that misery, as best they can, to the rest of us. But if we are organized internationally to fight for our own interests, we can put the bosses on the run.