

In praise of NAFTA

By Tim Wohlforth

American labor was wrong to invest so much of its political clout in attempting to defeat the North American Free Trade Agreement (NAFTA). This is true not simply because labor lost the battle and thereby weakened its potential influence, but also because its position was fundamentally wrongheaded. A victory would only have propelled labor further down a dead-end road.

NAFTA was negotiated by the Bush administration in the interest of American corporations, and Clinton's side agreements did not change its essentially corporatist character. Both Mexico and the United States are governed by parties that represent the interests of capital, not labor. World trade is conducted on the basis of capitalism. Labor needs to defend its members within this framework.

The heart of the NAFTA debate was the question of free trade vs. tariffs. It is difficult to believe that those who argued "Not *this* NAFTA" would find satisfaction in any NAFTA negotiated within a capitalist framework. So the question boils down to this: Given the nature of the world economic system, are workers as a whole helped or hurt by tariff barriers? I would argue that the working-class cause is significantly set back by protectionism.

It is unfashionable on the left these

days to read Marx. This fact is regrettable, because Marx's thinking offers valuable lessons for today. Marx believed that capitalism was historically progressive because it expanded the productive forces of humankind. This process was in the interests of working people. It created the productive infrastructure needed for a more humane socialist society and at the same time created, educated and trained a working class capable of overthrowing the capitalist system. Marx strongly favored free trade as well as the development of capitalist relations throughout the world.

Were Marx alive today, I envision the following alignment: Bill Clinton, Newt Gingrich and Karl Marx on one side of the NAFTA debate, with Lane Kirkland, Jesse Jackson, Ralph Nader, Ross Perot and Pat Buchanan on the other side.

There were many workers in Marx's day who opposed industrial development, seeking to defend their increasingly outdated craftsman way of life. These workers sought to destroy the new machines of the industrial era. Their ideological descendants today seek to resist the technological transformation of the smokestack manufacturing industries as well as the internationalization of the labor process. Their efforts will be as futile as those of the Silesian

weavers and the hand glass blowers of more than a century ago.

Free trade is progressive because it encourages industrial growth, innovation and productivity. It leads to greater economic integration of the world. This, in turn, sets the stage for political integration and could reduce the danger of world war. Of course, a more peaceful world will not come automatically. It will require the intervention of labor and the left to oppose nationalism and militarism.

Protectionism discourages innovation and productivity growth and slows worldwide trade. It leads to international conflict, raising the danger of war, while encouraging chauvinism among workers. Consider the current spate of Japan-bashing, crude comments about the Mexican people and anti-immigrant prejudices in the labor movement.

Popular opposition to NAFTA stems from the threat of losing jobs to Mexico, a process that would continue with or without NAFTA. With the shrinkage of jobs in many American industries, particularly union-represented low-skilled ones, this fear must be addressed. But job loss is the result of more than runaway shops. The productive process itself is being transformed. This is not a matter of "deindustrialization," as some claim, but of the development of new methods of production that require much less labor.

This means a net job loss *unless* there is a large expansion in the market for the end product. Since the economies of countries like Mexico are growing more rapidly than that of our own country, free trade with them should open more markets for our high-technology products. The tendency for lower-skilled labor-intensive tasks to shift to low-wage countries, both in Asia and Mexico, is irreversible under capitalism—short of adopting a policy of complete autarchy. So what can labor do to defend itself? It can adopt a different

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Oct. 18, 1993.) However, that was a defensive campaign. We need to go on the offensive to improve our educational system.

◦International solidarity: The general trend within the world capitalist system is toward the equalization of wages. Right now American and European workers feel the pressure of low wages in developing countries upon their own jobs, working conditions and wages. However, the industrialization of developing countries in Latin America and the Pacific Rim creates the conditions for the upward movement of wages in those countries. A growth in industry will lead to a

strategy based upon a realistic acceptance of the changes taking place throughout the world. I would suggest the following:

•**Job retraining:** Some job dislocation due to free trade is inevitable, but government has a responsibility to train displaced workers and to find or create jobs for them. The companies that seek to move production abroad also have a responsibility, and should be required to pay for retraining and job-placement efforts. Job retraining should be required by law as well as enforced by union con-

tract. (See story on page 19.)

•**Education:** American workers need to be educated so that their skills are more marketable in the changing world economy. The trade unions need to place education reform at the top of their political agenda, rather than leaving the matter to the teacher unions. The recent successful campaign of the teacher unions against vouchers in California is a model for what can be accomplished. (See *In These Times*,

growth in the power of the labor movement and, through struggle, a rise in wages. We can expect major struggles in the near future in Mexico as its labor movement wrests itself free from government domination. American labor needs to support the labor movement in other countries, especially Mexico.

Tim Wohlforth is the author of *The Prophet's Children*, a memoir of life on the left published by Humanities Press.

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Give 'em health

By Vicente Navarro

Polls show that the majority of Americans resent the enormous privileges of the insurance companies and the other components of the medical-industrial complex, privileges obtained at an enormous cost to the U.S. population. These companies have been among the most profitable enterprises in the United States during the last two decades, at the same time that health care costs and the percentage of the population without coverage or with limited coverage have increased. Today, not surprisingly, the insurance salesman is the second most unpopular professional, after the used-car salesman. When Hillary Rodham Clinton says she is "tired of insurance companies running our health care system," most Americans would agree.

Yet the implementation of the Clinton "managed competition" proposal will put large insurance companies in command of the health care system.

The insurance companies operate in the health sector with one objective: to increase their profits. Making the insurance companies the managers of health care, as the Clinton proposal does, is to put the search for profits in command of the health care sector. In so doing, this proposal, along with those put forward by Rep. Jim Cooper (D-TN), Sen. John Chafee (R-RI) and Sen. Phil Gramm (R-TX), will strengthen the profit-seeking behavior in the health sector, one of the major reasons for our present predicament of

high costs and limited coverage.

The profitability of the insurance industry is based not only on selecting and screening patients but on favoring those providers who consume the fewest resources, a strategy that frequently interferes with the quality of care. The current level of micro-management of the patient-provider relationship by the insurance companies in the United States is overwhelming—and unknown in any other developed country.

Contrary to general perception, it is not the physician but the insurance officer who finally decides on the course of the patient's treatment, and who has to approve any requests for tests, interventions and prescriptions above an arbitrary level. More than 50 percent of these requests are rejected.

In all of the current proposals—except the Wellstone-McDermott-Conyers bill—insurance-controlled plans will reduce services to optimize

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profits. And this is why managed competition is favored by large insurance companies. None other than Bill Link, vice president of Prudential Insurance, has indicated that "for Prudential, the best-case scenario for reform—preferable even to the status quo—would be enactment of a managed-competition proposal."

What we need is a single-payer system that, as in Canada, provides comprehensive and universal coverage without co-payments and deductibles, and also allows people to choose their providers. The accommodation of the Clinton proposal to the large insurance interests is vitiating Clinton's commitment to universal coverage and comprehensive benefits. The reduction in the choice of providers imposed by the large insurance-controlled plans; the multi-tier types of benefits whose distribution will depend on the ability to pay rather than on people's needs; the high deductibles, co-payments and fees: all are concessions made to large insurance companies and allied forces in the medical-industrial complex.

The single-payer proposal would eliminate these concessions. Clinton cannot pass his proposal without the support of single-payer advocates. To gain their support he has made some concessions, such as allowing states to choose a single-payer option. The insurance companies and the other components of the medical-industrial complex, however, are even more influential at the state level than at the federal level. Moreover, the pull by the U.S. Congress to move the Clinton proposal further to the right is powerful. There is an urgent need to mobilize support for the single-payer proposal, both to move the debate to the left and to expand and strengthen the single-payer elements in the legislation that Congress may finally approve. ◀

Vicente Navarro is a professor of health policy at Johns Hopkins University and the author of *Dangerous to Your Health: Capitalism in Health Care* (Monthly Review Press).