
Lower Pay and Lost Jobs

Since NAFTA went into effect in 1994, almost one million U.S. jobs have been certified as lost to NAFTA, by just one narrow government program.

Nearly five million U.S. manufacturing jobs – one out of every four – have been lost, with 60,000 U.S. manufacturing facilities closed in the era of NAFTA and other corporate-rigged deals.

NAFTA includes extreme privileges for multinational corporations that help them offshore U.S. jobs to low-wage countries. These terms provide special benefits to firms that relocate and eliminate many of the usual risks that make corporations think twice about moving production to another country.

With Mexican manufacturing workers paid a fraction of what U.S. workers earn, some U.S. companies had begun to relocate production to Mexico before NAFTA. Many of these jobs were in industries, such as apparel, that did not require major investments to open a factory. But NAFTA's investor protections made it safer for U.S. firms to relocate high-end manufacturing jobs. And because Mexico did not have independent unions, the U.S. corporations could rely on wages staying low.

U.S. auto, electronics, appliance, heavy equipment and other manufacturers built high-tech, multi-million dollar plants in Mexico. There, Mexican workers earning less money in a day than their U.S. counterparts earned each hour, toiled to make products that were then sent back to the United States for sale. The Mexican workers were not paid enough to buy the cars, televisions, computers and other goods they produced. And in the United States, many of the workers who used to make these goods – many in union factories – could only find new jobs that paid much less. The companies' profits exploded.

So did the U.S. trade deficit. A flood of new imports transformed a small U.S. trade surplus with Mexico before NAFTA to a \$115 billion deficit today. More than 910,000 U.S. jobs have been certified as lost to NAFTA just under one narrow government program that NAFTA proponents admit only covers perhaps 10 percent of the U.S. jobs that were lost. Under this corporate race-to-the-bottom model of NAFTA and other similar deals, imports into the United States of manufactured goods have soared while growth of U.S. manufacturing exports has slowed – resulting in enormous, job-killing trade deficits. The U.S. trade deficit has grown 418 percent with the group of countries with which we have “free trade” agreements, but dropped six percent with the rest of the world. And perversely, growth of U.S. exports to those trade agreement partner countries has been 29 percent lower than U.S. export growth to the rest of the world over the last decade.

But we have also lost many service sector jobs to outsourcing – call centers, computer programming, engineering and more.

Trade-related job loss affects all of us, because it drives down wages, erodes the tax base and heightens inequality. With those who lost jobs to trade joining the glut of workers seeking jobs that cannot be offshored, wages are pushed down even in growing sectors. Despite major gains in American worker productivity, real median wages hover at 1979 levels. Government data show that two out of every five displaced manufacturing workers who were rehired in 2016 experienced a wage reduction. With the loss of manufacturing, tax revenue that could have funded social services or local infrastructure projects has declined, while displaced workers have turned to ever-shrinking welfare programs. This has resulted in the virtual collapse of some local governments in areas hardest hit.

Workers of color have the most difficult time finding a new job with comparable pay, benefits and work conditions. When searching for a replacement job, workers of color who have lost their jobs due to trade had re-employment rates 11 percent (for men) and 10 percent (for women) less than white workers, meaning the burden of bad trade policy falls disproportionately on communities of color.

Featured Resources:

- [Resource Guide: How to Track Trade-Related Job Loss in Your State/District](#)
- [Prosperity Undermined: Fast-Tracked Trade Agreements' 20-Year Record of Massive U.S. Trade Deficits, American Job Loss and Wage Suppression](#)
- [Studies Reveal Consensus: Trade Flows during "Free Trade" Era Have Exacerbated U.S. Income Inequality](#)