Rust Belt Politics: The national NAFTA debate during recent US presidential election cycles

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Abstract: The North American Free Trade Agreement (NAFTA) once again became a newsworthy topic in the US media, this time during the contested Spring 2008 Democratic primary for the US presidency, particularly from campaign talking-points originating within Midwestern Rust-Belt states. Although the merits of NAFTA were central to the dialogue during this campaign season, similar debate did not warrant deliberation during the time of the general election in the Fall of 2008. An examination of media coverage dedicated to NAFTA in the lead-up to the past three American general elections confirmed these tendencies. Even though the Rust Belt, which is considered the key political toss-up region in the for the US presidency, has the most at stake concerning NAFTA’s effects, it remains to be seen if the trade pact will elicit debate from the presidential candidates during the Fall election in 2012.

Keywords: deindustrialization, free trade, human rights, international industry investment, labor unions, NAFTA, nationalism, protectionism, Ricardian Model, Rust Belt

JEL codes: A10, A13, B10, B22, D23, D78, E20, E60, F23, F40, G18, G28, H20, H50, H60, H77, I25, J18, J51, J61, J64, J83, K32, L50, L52, L60, M20, M54, N60, N90, O20, O40, P16, Q50, Q58, R11, R50

1. Introduction

NAFTA, the North American Free Trade Agreement, created the largest free trade zone in the world. Implemented in January 1994, it eliminated most tariffs and allowed capital to flow more easily between the US, Canada, and Mexico (Johnson & Beaulieu, 1996). The economic boom that followed for the three countries was attributed to the nineteenth-century Ricardian Model which maintains that manufacturers are able to assemble better quality and less expensive products more efficiently if they are able to specialize in the assembly where they can produce most effectively (Chase, 2003). Ricardo’s ideal vision of un-restricted flow of resources was fully embraced in North America when taxes on trade were banned as a result of NAFTA. Friedman (2007) advocated the NAFTA philosophy:

There will be an overall gain in trade and overall income levels should rise in each trading country. I come down where the great majority of economist come down...That Ricardo is still right and that more American individuals will be better off if we do not erect barriers to outsourcing, supply chaining, and off shoring than if we do (p. 264).

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However, not everyone was positive that NAFTA would be beneficial. 1992 presidential candidate Ross Perot described the negative effects of NAFTA as a “giant sucking sound.” He used this phrase to explain the belief that American manufacturing jobs, particularly those in traditional industry such as steel, would be lost to Mexico and elsewhere overseas if the free-trade agreement was passed (Greenwald & Kahn, 2009). The American debate over the merits of NAFTA typically has centered on the deindustrialization of the domestic economy (Weir, 2007).

The structure of the US economy has changed dramatically during the past 50 years, and the change was accelerated due to the passage of NAFTA. Fifty years ago, a third of all Americans were employed in manufacturing, whereas currently only about one-tenth of American workers are employed in factories (Hagenbaugh, 2002).

Multiple factors can be attributed to the shift of manufacturing operations to underdeveloped countries over the last generation. For example, American companies are typically saddled with strict overtime payment laws and environmental regulations, both of which increase the cost to make an item (Pan & Chi, 1999). Also, the exodus of American factory jobs that followed the implementation of NAFTA was anticipated because corporations are able to pay their employees much lower rates abroad than in the US, where employees are increasingly demanding health care, pensions, and flextime (Duesterberg & Preeg 2003). In addition, if American industry is able to assemble goods in Mexico and ship them to the US with no tariffs, their operations become more efficient and profitable.

Free trade supporters argue that if American companies can make a profit by improving their supply-chains and producing low-cost, basic goods in another country, then the company and all stakeholders will benefit, especially American consumers (Friedman, 2007). Companies such as Nike have consistently increased shareholder value and have become world leaders of athletic goods by using this strategy (Harrington, 2005).

Historically, corporate America has staunchly advocated the efficient flow of resources and has been too influential for the federal government to create a policy outlawing American plant closings in order to stem losses in industry-based employment (Bacon, 2004). The passage of NAFTA was seen as the advent of unrestricted flow of capital and as a result, debate has raged regarding NAFTA, the related merits of nationalism versus protectionism, and subsequent solutions to domestic factory closings (Bell, 2009; Hufbauer & Schott, 2005). By 2004, a poll indicated that 51% of Americans believed NAFTA had been bad for the US economy because cheap imports from abroad have cost jobs at home (Americans and the World, 2004), while Scott (2003) reported that 78% of the net job losses under NAFTA were high-paying American manufacturing jobs. Many cheaper, low-cost products such as toys and textiles are now made in China or in another lesser-developed country, and an increasing number of citizens are worried of the short term and long term implications (Harney, 2009). Therefore, the anti-NAFTA side continues to argue that US manufacturing jobs have been lost and that factory closings have occurred as a result of the implementation of the agreement, in addition to the degradation of global environmental conditions and human rights (Cameron, & Tomlin, 2002).

2. The Rust Belt

The Rust Belt, also referred to as the Manufacturing Belt, consists of Northern Midwestern and Northeastern US states, generally from Iowa to Pennsylvania (Lopez, 2004). The economies of these states traditionally have relied heavily on manufacturing and industry, including steel production (Chase, 2003). The economic health of these states has coincided with the strength of these sectors, and for the past generation, the decline of US manufacturing has been specifically intertwined with job loss attributed to plant closings in these communities (Deakin & Edwards, 1993). The loss in manufacturing jobs has been especially prevalent in these traditionally manufacturing-heavy areas of the country (Brady & Wallace, 2001). The Rust Belt economies were based on manufacturing and were built up during the peak of industry. With the shift in jobs to the service and high-tech industries, the Rust Belt faces big challenges in attempting
to reshape its economies and to retrain its workforces to better handle the challenges of the global marketplace (Eisinger, 1990).

The Rust Belt witnessed signs of economic decline well before the recession that began in 2008. America saw over three million manufacturing jobs disappear between 1995 and 2005, and 37.5% of that job loss was concentrated in seven Northern states: Illinois, Indiana, Michigan, New York, Ohio, Pennsylvania, and Wisconsin. During that time, 24 out of 25 of the largest Great Lake-region cities lost manufacturing jobs (Cohen, 2009). The layoffs and plant closings have devastated entire economies of towns and have taken a heavy toll on many working families, some of which made their living from the same factory for generations.

Before the recession, from 2000-2008, Indiana, Ohio, and Pennsylvania lost a total of 37,300 jobs, gaining service jobs but seeing 609,200 manufacturing jobs disappear (Wallison, 2008). Although 7.2 million jobs were created in the United States between January 2000 and January 2008, an increase of approximately 5.5%, these three states did not benefit from the pre-recession economic boom. These three states had 371 pledged delegates during the 2008 presidential election, nearly 10% of all delegates (NY Times, 2008). That year, when the Democratic presidential candidates campaigned in these areas during the contested primary season, they focused on NAFTA-related plant closings and the subsequent job loss because of the importance and sensitivity that the electorate placed on the issue (Demersseman, 2010). The '08 Democratic presidential primary also included Indiana, which became a contested state for the first time in over a generation.

3. Presidential campaign of 2008

Concerns over the post-NAFTA trend of offshoring have led many in the Democratic constituency to conclude that if specific actions are not taken, they will not be better off than their parents’ generation and will not have access to the “American Dream” (Wysong & Perrucci, 2007). Public pressure in Democratic circles is now being directed at politicians to remedy the deindustrialization of the country (Hines, 1996).

Even though NAFTA was passed during a Democratic administration, the concept of free trade still has been highlighted in a negative fashion among key factions in the Democratic Party (Weintraub, 2010; Doran & Marchildon, 1994). For instance, during stump speeches in Rust Belt states during the 2008 Democratic presidential primary, both Senators Hillary Clinton and Barack Obama both pointed to NAFTA as the culprit for job losses related to companies outsourcing factory jobs to Mexico. The candidates attempted to tap into the electorate’s fear that more jobs would be shipped overseas, and the topic of NAFTA, including manufacturing job losses as a result of its flawed provisions, became common dialogue at the campaign speeches of Senators Clinton and Obama (Bell, 2009). At this time, Obama’s Senior Economic Policy advisor stated that a “protectionist sentiment…has emerged, particularly in the Midwest…during the primary campaign (Demersseman, 2010).

Historically, labor unions constitute a sizeable faction of the Democratic Party, both as voters and as contributors (O’Connor, 2001). Based on a pre-NAFTA report from the Economic Policy Institute in 1992, labor PACs donated 20.7% of total Democrat campaign receipts. Since 1990, labor unions have contributed over $667 million in election campaigns, or 92%, to Democrat candidates (Beling, 2009). Demersseman (2010) stated that NAFTA is still an anathema to union members. Therefore, it was no surprise then that the candidates attempted to tap into this segment of the party base in these particular more traditional Rust Belt states in the primary of 2008.

Ohio, the state which essentially decided the previous presidential election in 2004, was also seen as a vital state during the ’08 Democratic primary campaign, when it looked like whoever won Ohio would build momentum to win the primary (Box-Steefensmeier & Schier, 2009). Ohio is a Manufacturing Belt state that has seen its own share of factory closings (Easterbrook, 2009), and the blue-collar wing of the Democratic voters was a main target of the Obama and Clinton talking points around the state.

In February of 2008, as Obama was campaigning in Lorain, Ohio for the Ohio primary, he presented his stance on NAFTA:
We can't keep passing unfair trade deals like NAFTA that put special interests over workers' interests. Now, Senator Clinton has been going to great lengths on the campaign trail to distance herself from NAFTA. Yesterday, she said NAFTA was "negotiated" by the first President Bush, not by her husband. But let's be clear: it was her husband who got NAFTA passed. In her own book, Senator Clinton called NAFTA one of "Bill's successes" and "legislative victories."

And yesterday, Senator Clinton also said I'm wrong to point out that she once supported NAFTA. But the fact is, she was saying great things about NAFTA until she started running for President. A couple years after it passed, she said NAFTA was a "free and fair trade agreement" and that it was "proving its worth." And in 2004, she said, "I think, on balance, NAFTA has been good for New York and America." One million jobs have been lost because of NAFTA, including nearly 50,000 jobs here in Ohio. And yet, ten years after NAFTA passed, Senator Clinton said it was good for America. Well, I don't think NAFTA has been good for America - and I never have. I didn't just start criticizing unfair trade deals like NAFTA because I started running for office (Politifact, 2008).

On April 14, 2008, Obama made a speech to the Alliance for American Manufacturing. This time, he took a more hardline tact when discussing NAFTA:

I've traveled across Pennsylvania, and West Virginia, and Ohio, and all across this country, I'm still seeing too many places where plants have closed down and where folks are feeling like they're not getting a fair shot at life. That's why I opposed NAFTA, it's why I opposed CAFTA, and it's why I said any trade agreement I would support had to contain real, enforceable standards for workers (RCP, 2008).

These and other criticisms of NAFTA during this time prompted many to believe that Obama would renegotiate or try to repeal NAFTA if he won the Democratic nomination (Weintraub, 2010; Jones & Vassallo, 2009). However, his rhetoric was turned into ammunition for Senator Clinton when rumors circulated that while Obama was being critical of NAFTA in public to garner support from factions in his party, in private he had assured the Canadian government that he had no plans to truly fight any NAFTA provisions (Pickler, 2008). This misstep was cited as Obama's biggest gaffe of the entire campaign (Casser-Jayne, 2008).

On the other hand, Senator, John McCain, the Republican presidential candidate, communicated a different view of the issue. After being questioned about NAFTA on June 3, 2008, he elaborated upon his stance regarding manufacturing and free trade in America more than he had in the past, and more than he would for the remainder of the presidential campaign. Instead of framing manufacturing and trade through the lens of NAFTA, he instead advocated the Ricardian stance:

Senator Obama pretends we can address the loss of manufacturing jobs by repealing trade agreements and refusing to sign new ones...Lowering trade barriers to American goods and services creates more and better jobs (CFR, 2008).

While the Democratic candidates referred to NAFTA quite often in their speeches, Senator McCain did not address the issue as much, and his focus was to simply offer across the board tax breaks to manufacturers and to all companies (Bell, 2009). Daniel T. Griswold, a trade expert at the conservative Cato Institute, agreed with this stance and stated "U.S. manufacturing just needs what every other sector needs--an improved environment for doing business."

In general, the primary campaign of 2008 seemed to have focused more on manufacturing policies as compared to past elections, and many claim that manufacturing and NAFTA became hot-button topics in the 2008 presidential election because many Rust Belt states were also considered swing states (Watts, 2010).
4. NAFTA dialogue leading up to recent US presidency general elections

The increased focus on NAFTA during the 2008 Democratic primary season would lead to the conclusion that this issue would spark additional debate during the general election in November, particularly given the stark contrast of the Republican candidate’s policy views on the same topic. An observation of the media coverage of both parties’ NAFTA stances would shed some light on the likelihood of a revision or even a repeal of the trade pact. Furthermore, an assessment of the merits of both national candidates’ contrasting stances on manufacturing job loss associated with NAFTA might provide real solutions that could stem the tide of American deindustrialization.

A measurement of the salience of NAFTA during the lead up to recent presidential elections was a central goal of this study. After an inquiry into national media stories discussing NAFTA, coverage was found to have peaked during the primary seasons of the past presidential elections but subsequently to have dropped off considerably during the general elections. There appeared to be a lack of national coverage dedicated to manufacturing job loss and to NAFTA-related dialogue in the immediate lead up to presidential elections.

The table below details the US print press coverage of stories that included NAFTA in the months preceding the past three US presidential election years of 2000, 2004, and 2008. While some NAFTA stories did appear in the early part of the national election year or during the primary season, there were fewer in the months leading up to November. Judging by the lack of coverage from the national print media, it appears as if the NAFTA issue and any coinciding debate did not merit any national dialogue in November, when the most public focus ensued. The table below depicts the number of newspaper, print, and wire stories mentioning NAFTA during the months leading up to the most recent presidential elections.

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<td>2000-Gore/Bush</td>
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<td>17</td>
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<td>151</td>
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<td>2004-Kerry/Bush</td>
<td>261</td>
<td>605</td>
<td>247</td>
<td>71</td>
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<td>144</td>
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<td>2008-Obama/McCain</td>
<td>98</td>
<td>453</td>
<td>733</td>
<td>429</td>
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<td>189</td>
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Source: Lexis Nexis

The figure below illustrates the precipitous drop in media attention devoted to NAFTA during the past three general elections.
Although the two presidential candidates’ stances on international trade and manufacturing employment were quite different during the time of the primaries, by the time of the general election, neither candidate focused on manufacturing job loss and NAFTA, and if they did, their respective policy stances did not seem to garner media attention.

5. Reactions and implications

One would think that as a national presidential election drew nearer, every issue would see an increase in media coverage, be it terrorism, health care, or taxes. In fact, more and more articles in mainstream magazines and newspapers such as the Los Angeles Times and Newsweek were devoted to election issues as November approached (Dye & Zeigler, 2008). However, during the past three national elections, NAFTA and related topics including free trade and deindustrialization became complete nonissues, and the contrasting primary policy stances of the candidates were not mentioned by newspapers and print media during the Fall campaign. The lack of national NAFTA dialogue might be interpreted as a status-quo, hands-off approach taken by national politicians. As such, a consensus regarding the acceptance of NAFTA appears to have formed, as seen by the lack of any NAFTA dialogue during each of the past three presidential elections.

This dearth of attention on NAFTA in recent national presidential campaigns tends to coincide with the notion that a collective consensus eventually tends to develop among the American public about a divisive issue (Page & Shapiro, 1992). Without any attention devoted to either national candidate’s stance, the status quo has prevailed. Although the Democratic candidates in the primary tended to take a policy stance that was on the left of NAFTA (Halloran, 2008), entailing either scrapping the trade pact all together or at least renegotiating the human rights and environmental aspects of it (Hussain, 2009), this approach did not seem to warrant deliberation after the primary. Although the two presidential candidates’ stances and communication on international trade and manufacturing employment were quite dissimilar during the primaries, by the time the general election occurred, neither candidate challenged the other regarding manufacturing job loss and NAFTA; if they did, their respective policy stances did not seem to garner media attention. The collective mindset of the American public regarding NAFTA essentially has become the norm, and there has been little if any debate or divergence of political philosophy regarding this issue.
Whatever the reason, it is clear that NAFTA and manufacturing job loss have not yet sparked a broad division in consensus or a reexamination of current policy. Duesterberg & Preeg (2003) reported that no broad political agenda has yet been attempted that would stimulate political perusal of a national, uniform policy to address manufacturing growth.

Overall, the passing of NAFTA served to facilitate an easier flow of capital and IFDI to the US (Globerman & Shapiro, 1999). Subsequently, discourse addressing NAFTA and its effects on IFDI have been disregarded by national lawmakers and, along with economic development initiatives, have been shifted to the state level (Cassey, 2007). Because of the increased ease of capital mobility as a result of NAFTA, the swell in international industry investment, and the general lack of attention from national politicians, state leaders have been more actively engaged in promotion efforts designed to entice these transportable resources to their areas (Fox, 1996).

Tolbert and McNeal (2003) pointed out that access to online election news significantly increased the probability of voting by 7.5%. However, voters who might have an opinion on a NAFTA-related issue might try to use the internet to out recent news and election coverage, but would not find any significant reporting. Those groups that might vote one way or another based on this singular issue, namely union members or displaced workers from factories, would not find any specific differences in the two national candidates’ stances due to the lack of coverage.

The debate (or lack thereof) of NAFTA-related issues during recent presidential contests might have followed the pattern of “Issue Evolution” (Carmines and Stimson, 1989), wherein a consensus of the American public, brought on by the mainstreams of both parties, creates a mass alignment on the issue. The figure below illustrates the pattern of issue evolution through which NAFTA appears to have gone. Initially, both parties contained large factions which were opposed to NAFTA. Democrat elite positions were against NAFTA due to human rights and environmental concerns, and Republican elite positions were against NAFTA due to protectionist and nationalistic sentiments. However, economic arguments eventually swayed the mainstreams of both parties to be proponents of NAFTA, after which the majority of both parties changed their stances and ultimately aligned by a Senate vote of 61-38, where 34 Republicans and 27 Democrats joined to pass it in 1993 (Gerstenzang, 1993).

Figure 2.
*Pattern of Issue Evolution Applicable to NAFTA*
Source: Carmines and Stimson, 1989
Although NAFTA was heavily debated in the recent Democratic primaries (and was represented by the pro-union factions of the party or the elite positions), the merits of this debate fell off the radar thereafter as both parties embraced the mainstream status quo, which was indicative of their failure to provide dialogue during the general election.

It may take some sort of national stimulus to spark a NAFTA divide in the US. The lack of attention to NAFTA in recent national presidential campaigns tends to coincide with the political phenomenon wherein an initial divide exists over a controversial issue or bill, but eventually a mainstream collective consensus develops among the American public regarding that singular issue (Page & Shapiro, 1992). For instance, this has been the case in the US with Civil Rights, but not with Abortion rights. Page and Shapiro (1992) also report that historically, some sort of political trigger point may be necessary to force a change in attitude or belief of Americans on an issue. For example, the fire hoses and beatings by Southern police against minorities during the Civil Rights movement were filmed and televised on national evening news and this helped further a national change in attitude. For the Vietnam War, the trigger was the ongoing public protests. More recently, the comparatively high NAFTA stories during the past two primary elections in 2004 and 2008 seem to indicate the possibility of the issue being on the precipice of meriting mainstream dialogue and criticism. However, no stimulus existed during the most recent elections, which might have provided an impetus to provoke a national divide.

One potential trigger point prompting possible shifts in 2012 NAFTA attitudes includes the results of the 2010 Census figures, which indicated that many Rust Belt areas saw drops or stagnated population as well as bleak economic figures. Experts indicate that decreases in population were directly caused by the deindustrialization of these areas (AP, 2010). Much of the manufacturing job loss and coinciding economic plight in these areas have centered around downturns in the traditional stronghold of the automobile industry, which are also the supposed Rust Belt swing states of the 2012 election. The Washington Post reported that turning around public opinion on the government’s role in saving the auto industry “is almost important as the turnaround itself…which are at the core of the president’s electoral base, and two- Michigan and Ohio- are must-wins in the re-election of 2012” (Rubin, 2011).

The lack of deliberation regarding NAFTA in recent general presidential elections indicates that an overall acceptance of the trade pact has been adopted by mainstream media. Thus far, there has been no impetus that has served as a spark which would prompt a shift in national attitudes on this issue. However, the prolonged US recession starting in 2008 could very well function as a possible trigger which induces a divide on this issue. With unemployment rates staying high and more polarization of political thought regarding solutions to the soaring national debt, it remains to be seen if the merits of NAFTA will warrant debate during the general US presidential election of 2012.

6. References


