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Clinton wins a great victory on NAFTA

The US Congress, largely because of bipartisan support, has voted to ratify the North American Free Trade Agreement and thereby enhanced the status of US President Bill Clinton in the international arena.

ALL across North America last week, ordinary citizens in the United States, Canada and Mexico joined in a debate about the pros and cons of the North American Free Trade Agreement (NAFTA) that was up for a vote on 17 November by the US House of Representatives. The treaty was strongly backed by President Bill Clinton, who put the prestige of the presidency on the line to win an astounding victory with a vote of 234:200. The US Senate on 20 November voted overwhelmingly (61:38) to ratify the treaty, making Clinton's victory complete.

It is unusual to hear trade and tariffs debated with equal vigour in the bars and board rooms of the United States, but a massive display of journalistic overkill made the treaty the topic of the week. Much of it was egged on by billionaire Ross Perot who on radio and television gave it as his opinion that passage of NAFTA would lead to a "great sucking sound" as American jobs moved south to Mexico, and hyperbolically turned the debate into a class war, pitting anti-NAFTA blue-collar workers and unions as the good guys against the pro-NAFTA élite.

The basic shape of NAFTA has been around since former US president George Bush backed the free-trade agreement late in his administration. But it was Clinton who took it on as a serious job. In so doing he roused the anger of labour unions and other significant elements in the Democratic party who seemed to accept Perot's diagnosis. To win in the House, Clinton had to win the support of a majority of Republicans and will, therefore, have to mend some Democratic fences as he takes on his next great challenge — health-care reform.

But overall it was worth the fight. Passage of the treaty will, over time, be good for the workers and economies of all three North American countries as tariffs on virtually all goods are gradually eliminated during a period of 15 years. As has already been noted (see *Nature* **365**, 1; 1993), NAFTA is not as sweeping an agreement as those that created the European Economic Community, which permits the free exchange of people as well as goods. NAFTA is limited to eliminating tariffs that have hampered free trade in North America, but that is no small matter.

Technology and manufacturing companies, agricultural producers and others will now be able to do business with an eye to efficiency, quality and scientific enhancement of the workplace. Automobile manufacturers, for instance, will no longer need to produce cars in Mexico, the United States and Canada in order to sell in all three markets.

This is not a treaty that will revolutionize economies overnight, but its significance as an indication that the United States is open to free trade is good for the whole world. In Europe, the chances that the General Agreement on Tariffs and Trade will succeed increased when the United States said "yes" to NAFTA. And it made possible Clinton's symbolic success at this week's Pacific economic summit in Seattle with leaders from Asia's economically strongest nations, including Japan, Indonesia, Taiwan and South Korea.

The Pacific summit has not led to any concrete proposals; it was not meant to. What it has achieved is a general sense of potential cooperation that was not there before — again, no small matter. Clinton's emergence as an international leader bodes well for an improvement of sagging economies around the world. Certainly, his stature in Seattle is tied to his success on NAFTA, which showed solid influence over Congress. □

The world's money

Industrialized countries still in recession would be helped by their own version of NAFTA for Europe.

How will we all pay our bills? That, on behalf of British taxpayers, is the question the British Chancellor of the Exchequer, Mr Kenneth Clarke, will attempt to answer next Tuesday (30 November). He has a particular problem — a budget deficit of £50 billion a year — but he is not the only one in that predicament. Most governments in other industrial countries have gone as far as they dare in putting off paying their bills. The big spenders, notably the United States and Germany, are in similar case. It will be interesting to see how far the US Congress's recent carefulness with cash has been offset by the promises to spend more that President Bill Clinton has had to make to get the North American Free Trade Agreement (NAFTA) legislation through the House of Representatives. Germany meanwhile is having to tax and borrow to pay for the rehabilitation of the eastern *Länder*. Where will it all end?

In the short run, in Britain, there will be higher taxes. Some tax increases, equivalent to 6 per cent of the annual deficit, are already written into law. More are needed if the long-term risks of a huge accumulating deficit are to be