since becoming part of the United States, as have the French Canadian communities in New England and across the Great Lakes states. Recognizable border cultures have flourished, with families that have connections in both societies. However, passport controls arising out of security considerations following the terrorist attacks of 9/11, and border restrictions stemming from fears of immigration violations, may infringe on these easy movements and informal borderland cultures.

SEE ALSO *Atlantic Ocean; Borderlands; Canada; Caribbean; Mexican-American War; Mexico; Monroe Doctrine (1823); Pacific Ocean; South America; War of 1812*

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NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

The North American Free Trade Agreement (NAFTA) created a free-trade area between the United States, Canada, and Mexico. NAFTA took effect on January 1, 1994. It was the first regional economic integration agreement between developed and underdeveloped countries and has since become the world's largest trading bloc.

Ideologically motivated by the principles of neoliberalism, its aims are to facilitate the free movement of capital in North America by eliminating tariff barriers and import and export quotas in a similar way to the World Trade Organization (WTO). However, more controversially, NAFTA's core provisions also grant foreign corporations and investors the right to sue a government over laws and policies that they allege reduce their profits and promote the privatization and deregulation of essential services, such as water, energy, and health care.

Despite significant social and environmental consequences resulting from the agreement's implementation, judged on its own criteria these aims have largely been achieved. In the first few years, tariff and nontariff barriers were removed on 65 percent of goods, although the 1988 Canada-US Free Trade Agreement (CUFTA) had already abolished most tariffs between those two countries. Although some sensitive industries like agriculture, energy, and car production were initially exempted from NAFTA, since 2009 many of these restrictions have been lifted. The value of regional trade has trebled from $341 billion to $1.1 trillion between 1993 and 2013, and inward foreign direct investment flows have increased by five times over the same period and by ten times in Mexico (Wise 2010).

RATIFICATION

Following several years of negotiations, NAFTA was signed by the leaders of the three respective nations on December 17, 1992. Although it then needed to be authorized by each nation's legislative or parliamentary branch, the proposals were strongly opposed by labor unions, environmental groups, and social movements. Opposition was especially strong in the United States and Canada, where following CUFTA, sensitivity to any further transfer of national sovereignty, which would weaken domestic labor or environmental standards, was heightened. The Alliance for Responsible Trade (ART), Common Frontiers, and the Mexican Action Network Against Free Trade (RMALC) are examples of coalitions that emerged in opposition to the agreement in the United States, Canada, and Mexico respectively (Crow and Albo 2005, 12–22). Indeed, many American and Canadian policy makers, businesspeople, and politicians were concerned that corporations would relocate their plants to Mexico, where production costs were cheaper, damaging their own economies and creating unemployment.

In order to prevent this possibility and also to secure enough Democrat votes for NAFTA to obtain congressional assent, incoming US president Bill Clinton added two side agreements: the North American Agreement on Environmental Cooperation (NAAEC) and the North American Agreement on Labor Cooperation (NAALC), which provided a baseline for labor costs by reinforcing a

Mexican farmers block the El Paso, TX, to Ciudad Juárez, Mexico, bridge, in a 20th-anniversary protest against the North American Free Trade Agreement (NAFTA), January 2014. *After implementation of NAFTA, Mexico struggled with declining or barely increasing GDP and wages. Mexican president Carlos Salinas's policies in compliance with NAFTA requirements led to evictions of millions of small farmers from their land.* AP IMAGES/RAYMUNDO RUIZ

minimum level of industrial protection for Mexican workers. These were administered by NAFTA's Commission for Labor Cooperation and the Commission for Environmental Cooperation, respectively, and consisted of a council of ministers and a trinational secretariat. Although they did not establish harmonized labor and environmental standards, they did incorporate citizen-participation mechanisms that enable activists, trade unions, legal experts, and civil society groups to mount legal challenges to a third-party adjudicating state's national administrative office in cases where the petitioners believe that domestic labor or environmental laws are being violated.

The NAALC and NAAEC have been dismissed as ineffective tools for achieving labor and environmental protection due to their complicated adjudication processes, which are open to political manipulation (Adams and Singh 1997, 161–181). In the case of the NAALC, the right of assembly, strike, and collective bargaining are not even subject to binding arbitration, and only child labor, minimum wage, and health and safety issues are fully sanctionable. Furthermore, very few cases have been filed under either NAALC or NAAEC since 1994.

However, in contrast, some of the greatest achievements that workers and activists have gained have been through coordinated transnational campaigns that leveraged the side agreements. In view of the initial suspicion and historically protectionist outlooks of the respective national labor confederations—the AFL-CIO, the Canadian Labour Confederation, and the Mexican Workers Confederation, which was tied in to a corporatist relationship with Mexico's pro-agreement governments during the 1990s—these transnational campaigns tended to be spearheaded by individual unions with more internationalist perspectives, such as United Electrical in the United States, the Authentic Workers' Front in Mexico, and the Canadian Steelworkers Union. However, trinational opposition has since expanded as the broader labor movements in each country were hit by job losses and falling wages through vehicles like the Tri-National Solidarity Alliance (Ozarow 2013, 518–520).

IMPACT AND CONTROVERSIES

Most analysts agree that it is difficult to accurately quantify the changes in trade, investment growth, unemployment, and wages that are directly attributable to NAFTA. Since the agreement came into effect, the Organization for Economic Cooperation and Development (OECD) estimates that economic growth in the United States, Canada, and Mexico has increased by two-thirds. However, the US trade gap with Mexico has also risen dramatically since NAFTA took effect—from a $4 billion surplus in 1993 to a deficit of $54 billion in 2012 (Glassman 2013). Although corporate profit margins rose in most industries during that period, NAFTA also generated adverse effects on employment, wages, and bargaining power in all three countries by promoting unrestricted competition between workers.

The agreement's tariff elimination stipulations have facilitated the ability of US and Canadian corporations to shift production and investment to Mexico, a move further encouraged by weak enforcement of environmental regulations and labor costs that are ten times lower in Mexico. Consequently, some 5 million manufacturing jobs in the United States and Canada have been lost to Mexico, although the Economic Policy Institute and the AFL-CIO estimate the number of lost jobs directly attributable to NAFTA to be approximately 700,000.

Mexican workers were also negatively affected. Despite promises from the agreement's architects that foreign investment would bring unprecedented growth, Mexico's per capita gross domestic product (GDP) declined in 1995 and barely increased during the first decade of the twenty-first century. It remained six times lower than that of the United States in 2010. According to the International Labour Organization, real Mexican wages fell by approximately 24 percent between 1995 and 1999, and only returned to pre-NAFTA levels in 2006. Although NAFTA was expected to deliver "convergence effects," Mexican wage levels using purchasing power parity indices have remained several times lower than US equivalents, undermining the bargaining position of Canadian and American labor. Further, when Mexican president Carlos Salinas's neoliberal administration abolished the *ejido* communal land-holding system (previously enshrined in the 1917 constitution) in 1991 as part of pre-NAFTA entry requirements, millions of small farmers were evicted from their land and forced to migrate to Mexico's urban centers. This led to an armed uprising in the Chiapas region by the Zapatista Army of National Liberation against the Mexican state on the day that NAFTA came into force. Import tariffs and subsidies to domestic enterprises were also removed, leading many small and medium-sized firms to go bankrupt.

One of the agreement's main impacts has been the establishment of thousands of maquiladora factories by American and Canadian multinationals along Mexico's border with the United States (MacDonald 2003, 173), leading to the creation of export-processing zones. These multinationals take advantage of Mexico's lower wage costs, tax advantages, and lax environmental and labor regulation to produce goods on a tariff-free basis in low-skilled plants for assembly, processing, or manufacturing. They then export the products, sometimes back to the country of origin of the raw materials. However, there are major concerns about employment standards in maquiladoras, which mostly employ women.

While it is true that North American governments' environmental policies have sometimes been neglected in the wake of trade liberalization, serious NAFTA-related environmental threats have generally been confined to border areas like Tijuana, where industrialization has been most rapid, and to certain sectors, such as metals, petroleum, and transportation.

As globalization deepens, NAFTA has been used as a model for subsequent bilateral and multilateral free-trade agreements, including the proposed Regional Comprehensive Economic Partnership in Asia and the Transatlantic Trade and Investment Partnership between the United States and the European Union.

SEE ALSO *Clinton, William Jefferson; Globalization; Neoliberalism; World Trade Organization*

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