In the Wake of NAFTA: Economic and Social Outcomes of Free Trade

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Abstract

This paper examines NAFTA from an international perspective, considering its diverse effects in each of its three member countries. The agreement has altered both economic and social outcomes in each country: Mexico, the United States, and Canada. Accordingly, the paper examines the key social justice effects of NAFTA, particularly: 1) issues of labor and migration; 2) effects on income distribution; 3) outcomes related to agriculture and the environment; and 4) implications for citizen's health and health services. These dimensions are then considered within the broader context of globalization, and recommendations are made for social work response.

Resumen

Este trabajo examina el TLCAN desde una perspectiva internacional, considerando los efectos diversos en cada uno de los tres países miembros. El Tratado ha tenido consecuencias económicas y sociales en México, Estados Unidos y Canadá. Por tanto, este artículo analiza los efectos en materia de justicia social con la entrada del TLCAN, específicamente: 1) temas de trabajo y migración; 2) los efectos en la distribución de ingreso; 3) los efectos a la agricultura y al medio ambiente; y 4) las repercusiones en la salud de la población y en los servicios de salud. Estas dimensiones son consideradas dentro de un contexto más amplio, el de la globalización, se presentan recomendaciones hechas desde el ámbito del trabajo social.

Key words/Palabras clave

Nafta, socio-economic effects, social work

TLCAN, consecuencias socioeconómicas, trabajo social.

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Introduction

The North America Free Trade (NAFTA) agreement was initiated with negotiations between Canada, the U.S. and Mexico in June, 1991. Eighteen months later a formal trade agreement was signed by Prime Minister Brian Mulroney of Canada, President Carlos Salinas de Gortari of Mexico, and President George Bush of the U.S.A. On January 1, 1994 the NAFTA agreement was implemented, with accompanying side agreements that dealt with labor and environmental issues.

On a general level NAFTA was meant to liberalize trade between the three countries, encourage economic co-operation, and enhance investment opportunities among the countries (http://www.maeci-dfait.gc.ca/nafta-alena/agree-en.asp). It is a comprehensive and complex set of agreements, however, consisting of over two thousand pages of content. There are eight parts to the agreement that deal with specific provisions on topics such as: 1) rules of origin, treatment and access across a wide range of goods; 2) eliminating trade barriers between countries; 3) rules of competition and strategies for enhancing competition in the free trade area; 5) protecting intellectual property rights across borders; and 5) establishing a working framework for further trade agreements.

The implementation of NAFTA generated heated controversy in all three countries (Hufbauer & Jones, 2006; Cavanagh, Anderson, Serra & Espinosa, 2002; Skonieczny, 2001). Advocates of NAFTA argued that NAFTA would boost trade, promote economic growth, and stimulate capital investment in each country. Moreover, they argued that NAFTA would increase and stabilize labor markets and promote significant growth in job opportunities for workers across a wide range of business sectors. Conversely, critics argued that NAFTA would decimate labor standards and restrict wage improvements, grant large corporations privileged trading status, and threaten public institutions.

Over a decade after its implementation the debates regarding NAFTA's impact continue. There is considerable analysis and discussion of the economic impacts of NAFTA. From an economic perspective, there have certainly been beneficiaries of the agreement.

Overall, the economies of all three countries have in fact grown over the last decade. However, there are also those who have been disadvantaged by NAFTA. These include, for example, the poor, blue collar workers, and farmers. Relatively little discussion has focused on the social implications and outcomes of NAFTA, particularly for such disadvantaged peoples.

This paper presents a discussion of NAFTA from a social work perspective. NAFTA has altered *both* economic and social outcomes in each NAFTA country. We will examine key social justice elements of NAFTA, including: 1) labor and migration issues; 2) income distribution; 3) agriculture and the environment; and 4) implications for citizen's health and health services. These outcomes are then placed into the broader context of globalization, and recommendations are made for social work responses to NAFTA's social outcomes.

Labour and Migration

After more than a decade the impact of NAFTA on labor remains both controversial and among the most difficult aspects of NAFTA to isolate. Some authors, such as Thorbecke & Eigen-Zucchi (2002) suggest that NAFTA has had a negligible effect on labor in the United States because the size of the U.S. economy shields it from the Mexican and Canadian influences. Lederman, Maloney & Servén (2003) concur and state that there is little ground for concerns that NAFTA is likely to have created a detrimental effect on the availability and/or quality of jobs, or that it led to higher unemployment and increased labor volatility. More recently, Hufbauer & Jones (2006) point to fears that the trade agreement would see manufacturing plants leave the United States and Canada, and that low-wage Mexican jobs would displace US workers. They suggest that critics have grossly exaggerated the magnitude of these impacts. Despite this, Hufbauer & Jones argue, tales of lost jobs still resonate in public debate regarding NAFTA.

Still, there are others who argue strongly that NAFTA has led to job losses in each of the countries, and that those already at risk — low skill, low wage workers– have been placed at risk by changes associated with NAFTA.

Scott (2006) suggests that advocates predicted NAFTA would lead to job creation and higher wages on the assumption that U.S. exports would grow faster than imports. He adds that U.S. exports to Mexico and Canada did increase by $104 billion between 1993-2004. Yet, during the same period U.S. imports increased $211.3 billion, resulting in a trade *deficit of* $107.3 billion. Scott (2006) argues that this growth of imports displaced U.S. domestic production that supported 1,956,750 jobs. The total net displacement of U.S. jobs, he states, was 1,015,290 job opportunities between 1993 and 2004, including 560,000 due to growing trade deficits with Mexico, and 456,000 with Canada.

The debate about labor impacts is no less difficult in Canada. Singh (2002) argued that it is almost impossible to isolate the impact of NAFTA on Canadian jobs. However, in examining fears that the trade agreement would lead to manufacturing plant closings, job losses and loss of investments, Singh (2002) concluded that these fears were largely unsubstantiated. Instead, the overall effect of NAFTA on employment, labor standards and wages was considered to be relatively benign. At the same time, however, Singh (2002) recognized that NAFTA did created competitive pressures within the country to reduce wages and cut jobs in order to avoid relocation of jobs to Mexico.

There are suggestions, however, that labor impacts within Canada have been sector-specific. Durán (2003) suggests that between 1994-2002 Canada did create 2.4 million new jobs (compared to 16 million in the U.S. and 3.4 million in Mexico). However, most of those new jobs were not in positions that relate to trade goods, as one might expect if NAFTA were benefiting the country. Instead, jobs in industries that produced traded goods actually fell during this period, with a corresponding increase in *service*-related jobs. Recent data from the 2006 Canadian Census partially support this premise. The census shows that between 2001-2006 manufacturing shed 136,700 jobs during the five-year period, equivalent to a 1.4 percent decline per year (Statistics Canada, 2008). This shift has been attributed to the rapidly appreciating Canadian dollar and shifts in production from Canada to other countries. During the same period, the fastest growth in employment could be found in industries such as construction and oil and gas (largely in Canada's western provinces).

Campbell (2006) takes an even stronger position, arguing that in the first four years of NAFTA Canada witnessed the loss of 400,000 manufacturing jobs. While these were recovered by 2001, the rising Canadian dollar in this decade saw another loss of 198,000 jobs by 2006. Moreover, Scott (2006) also suggests that job quality is important, as unemployed trade workers have increasingly been moved to low-skill, low-wage jobs in the service sector.

It is in Mexico that one can see the most dramatic influences of the trade agreement on labor. During the NAFTA years a key issue for Mexico has been its inability to create paid employment (Durán, 2003). During the period from 1994 to 2002, the labor force increased by 1.3 million a year, while total remunerated employment growth averaged only 533,000 per year. Blecker (2003) argues that this is an insufficient number of jobs created in a country that needs to create nearly 1 million jobs per year just to keep up with the growth of its labor force. To date, this huge gap between labor growth and the need for jobs has been filled by informal markets and migration, resulting in a deteriorating social environment (Durán, 2003).

Delgado-Wise & Covarrubius (2007) state that inadequate job creation is only one aspect of the labor challenges facing Mexico. They point out that the jobs created over the last decade suffer from low levels of unionization, high turnover, a lack of job security, and low wages. Rather than substantial increases in formal jobs, Mexico has instead seen the creation of jobs within the informal sector. By the year 2000, a total of 15 million people from the 40 million strong Mexican labor force workforce had employment in the formal sector (Martin, 2004).

Advocates of NAFTA argued that a strengthened Mexico economy would stem migration from that country to the U.S. However, that has certainly not been the case. Migration has turned out to be the main mechanism for adjusting to labor changes in Mexico (Durán, 2003), with an estimated 4 to 5 million Mexicans migrating to the United States during the 1990s (Blecker, 2003). While Blecker (2003) recognizes that NAFTA did not cause this massive migration, he also notes that it failed to boost employment or wages sufficiently in Mexico enough to prevent record migration.

The unprecedented influx of Mexican workers into the U.S. during the NAFTA period was fueled by a 15.6 percent drop in manufacturing wages in Mexico between 1980-2004, an increase of 3 million poor households over the same period, and the rapid growth of informal jobs as formal sector positions decline (Delgado-Wise and Corrubius, 2007).

By 2000 there were 6 million Mexican workers in the U.S., representing about 29 percent of Mexicans with formal sector jobs (Martin, 2004). In 2005 it was estimated that 9.4 percent of all persons born in Mexico now lived in the U.S and that Mexican-born workers made up almost 5 percent of the total civilian labor force in the United States (Migration Policy Institute, 2008). A factor adding both complexity and controversy to these figures is the number of undocumented Mexican workers who live in the U.S. Passel (2004) estimated that in 2002 there were 5.3 million undocumented Mexicans in the U.S., representing approximately 60 percent of the Mexican-born immigrant population.

A final issue related to labor migration is the fact that restrictive and militarized U.S. border policies have proven ineffective and counterproductive (Fernández-Kelly & Massey, 2007). These restrictive policies are increasingly leading fewer migrants to go back within one year of their original entry for fear of harsh penalties associated with immigration policies. They have also grown the "business" of smuggling and manufacturing counterfeit documents (Fernández-Kelly & Massey, 2007). These circumstances cause many undocumented Mexicans to risk personal harm and death to enter the U.S., and once there many also choose to stay in the U.S. to avoid risks associated with border restrictions.

Income Distribution

Advocates of NAFTA argued that the trade agreement would create economic prosperity that would improve the lives of all citizens in the participating countries. Economic prosperity would translate into more jobs, higher wages, and improved standards of living.

For example, within Mexico “advocates used arguments about increased competitiveness to convince businesspeople that, in the context, of an integrated North American market, Mexican business would become more capable of competing against foreign businesses (Fairbrother, 2007). Furthermore, “one Mexican official argued that “free trade will create jobs in all three countries by allowing us all to export our goods and services freely within North America, and to export our goods in the world market because of our enhanced competitive position.” (Fairbrother, 2007, p.287).

Indeed, there has been considerable economic growth in all three NAFTA countries. Cavanagh, Anderson, Serra & Espinosa (2002) reported that between 1993-2001 Canadian merchandise exports to Mexico and the U.S. grew from $117 billion to $229 billion. During the same period Mexican exports to its NAFTA partners grew 225 percent, reaching $139 billion by 2001. U.S. merchandise exports to Canada and Mexico grew from $142 billion in 1993 to $265 billion in 2001 (Cavanagh et al., 2002).

It must be recognized, however, that a number of studies have documented a trend in which the economic interdependence and movement of capital inherent in trade agreements favor the wealthier citizens of nations, while worsening the income distribution among and within countries involved (Wade, 2001). Fernández-Kelly & Massey, 2007 argue that large corporations in all three countries experienced an unprecedented economic bonanza as a result of NAFTA. At the same time, they also suggest that the period coinciding with NAFTA’s implementation has witnessed “significant growth in class inequality in two countries” (Fernández-Kelly & Massey, 2007, p. 115).

Due to the size of the U.S. economy and its own domestic markets, the impact of NAFTA on employment, and income distribution in the United States has been limited and difficult to ascertain (Polaski, 2004). This cannot be said of the situations in Mexico and Canada.

Looking at Mexico, income inequality has been on the rise since NAFTA took effect. Compared to the period before NAFTA, the top 10 percent of households have increased their share of national income, while the other 90 percent have lost income share or seen no change (Polaski, 2004).

Regional inequality within Mexico has also increased during this period, requiring extensive monetary transfers in particular to support the rural poor of that country. Between 1992 and 2000, the proportion of monetary transfers in the income of rural zones increased from 10 percent to 18 percent (Salas, 2006). By 2002, transfers had increased to 19.4 percent of total income, and the percentage of dependent homes rose to almost 70 percent. At this point the majority of homes among Mexico's rural poor received 38 percent of their income from monetary transfers from government (Salas, 2006).

In Canada there is relatively more equality in incomes than in either Mexico or the United States. However, the richest 20 percent of Canadian households have increased their share of national income during the period of NAFTA, while all others have experienced declines. After four decades of declining inequality, after-tax-and-transfer family income inequality widened during the free trade era. The bottom 20 percent of families saw their incomes fall by 7.6 percent during 1989-2004, while the incomes of the top 20 percent of families rose 16.8 percent (Statistics Canada, 2006).

Saez and Veall (2003) argue that between 1990-2000 the top 1 percent of Canadian taxpayers increased their share of total taxable income from 9.3 percent to 13.6 percent. And while the average Canadian wage increased 8 percent between 1990-2000, the average wage of the top 1 percent of wage earners jumped 64 percent. Wages of the top 0.1 percent of Canadian earners soared by 100 percent. This latter group's wages — which were 23 times greater than those of the average wage earner in 1990 — had almost doubled to 43 times greater by the end of the first free trade decade (Saez & Veall, 2003).

Saez & Veall (2005) later suggest that there is of course a strong relationship between income distribution and wages within a country. This is clearly evident in Mexico. In 1991, the average hourly compensation in Mexican manufacturing was only about 14 percent of the U.S. figure — $2.17 per hour in Mexico versus $15.45 per hour in the United States (U.S. Bureau of Labor Statistics, 2000 as cited in Wise & Waters, 2001, p.5). In 2000 the average manufacturing wages in Mexico were at $2.12 per hour, just 11 percent of comparable U.S. wages.

This placed these wages among the lowest in the group of newly industrializing countries (U.S. Bureau of Labor Statistics, 2000 as cited in Wise & Waters, 2001, p.5). Just as importantly, the hourly wages in the maquiladora (export) plants that evolved during NAFTA are lower than in other parts of Mexico's manufacturing industry, due in part to the lower skill levels required there (Serra & Espinosa, 2001). It is this wage differential that helps to keep many in the Mexican labor force poor, and to help fuel migration toward the higher wages available in the U.S.

Agriculture and the Environment

The business of agriculture has changed significantly under the influence of NAFTA. For example, since 1994 U.S. agricultural exports to Canada and Mexico have risen from $10.1 billion to a predicted $28 billion in 2008 (United States Department of Agriculture, 2008). In that time two-way agricultural trade between Canada and the U.S. rose form $10.4 billion to $30 billion, and from $5.9 billion to $24 billion between the U.S. and Mexico (U.S. Department of Agriculture, 2008). In this sense the agricultural sectors in the U.S., Mexico and Canada have clearly benefited from NAFTA (Loyns, Meilke, Knutson & Yunez-Naude, 2001). The export-focused components of the agriculture sectors in each country have prospered under NAFTA. This is particularly true for processors of high value products in all three countries, who have been the greatest beneficiaries of economic integration.

The net impacts of NAFTA upon agriculture are still a focus of much debate however. The trade agreement has created a structural shift in agriculture, encouraging the growth of large and commercially viable, export-oriented farms in each country (Vaughan, 2003). In Canada the number of farms declined 7.1 percent between 2001 and 2006, while the average size of these farms increased significantly (Statistics Canada, 2007). And even though farms in the United States have not grown in size, they have increasingly focused on high-value products such as vegetables, fruit, poultry and hogs (United States Department of Agriculture, 2007). Over the last decade this has significantly increased the number of farms that can be considered large scale, export-oriented enterprises.

In Mexico the influence of NAFTA's agricultural provisions can be seen much more clearly. The trade agreement was instrumental in boosting Mexican agricultural exports to the U.S. and Canada, which have outpaced imports from those countries (Public Citizen's Global Trade Watch, 2001). As in the other countries, the trade agreement has encouraged significantly increased production in large scale farms that focus on high value export crops. Consumer-oriented production of fresh garden vegetables and fruit such as tomatoes, peppers and grapes have increased significantly since NAFTA was implemented (Yunez-Naude & Paredes, 2003).

At the same time the last decade has seen increased imports of subsidized staple crops, such as corn and beans to Mexico. This challenges the production of Mexico's most critical staple crops, crops that also serve as a symbolic cornerstone of Mexican culture. Some estimates indicate that heavily subsidized corn from the U.S. has been sold in Mexico at discounts up to 30 percent or more below the actual cost of production in the U.S. (Minneapolis Institute for Agriculture and Trade Policy, 2003). As a result, prices on these crops have declined dramatically, and many small farmers have abandoned their traditional crops. Between 1991 and 2000, for example, Mexico witnessed a decline of over 1 million jobs among corn producers (Salas, 2006). This situation may be expected to worsen, as the last remaining tariffs on U.S. corn and beans were removed as of January 1, 2008.

In particular, it has been Mexico's poor farmers who have been most impacted by the trade liberalization and trade growth in the agricultural sector (Winters, 2003). They have had insufficient time to adjust to the structural changes imposed upon farming, and are facing severe strains as they strive to maintain an adequate standard of living (Winters, 2003). Polaski (2003) suggests that many rural households have adopted complex strategies to survive. These strategies include increased cultivation of staple crops for their personal use, increased day labor, and working in non-agricultural jobs (Polaski, 2003). Vaughan (2003) adds that low commodity prices have encouraged many farmers to till marginal lands (Vaughan, 2003). At the same time, they have increased their use of chemicals to improve yields, thereby increasing environmental risks to this land.

Barndt (2002) states that poor indigenous Mexican farm workers are increasingly salaried labor, serving both the wealthier population in their own country and consumers in Canada and the United States. These workers are often young and female, working in growing numbers of greenhouses built upon an industrial model that favors a non-union orientation, skills-segmented organization, and controls on real wages (Barndt, 2002). It is no surprise, therefore, that Polaski (2003) argues Mexican agriculture has been a net loser in agricultural trade, and that the rural poor have borne the brunt of adjustment to NAFTA.

It is also important to recognize that the agriculturally-based impacts of NAFTA are environmental impacts as well. NAFTA was the first trade agreement that incorporated explicit environmental provisions. However, the environmental record of NAFTA is mixed (Vaughan, 2003). Residents on both sides of the U.S.-Mexico border increasingly face environmental hazards related to NAFTA-inducted industrial development, a process that has far outstripped investment in infrastructure to protect the environment (Cavanagh et al., 2002).

Environmental concerns are perhaps a particular challenge in Mexico, as the country struggles to adapt to NAFTA-related changes. As the rural poor have increased tilling of marginal lands, they have also been forced to clear millions of acres of forest. Large farms and greenhouse operations that focus on high-value export crops typically require additional irrigation and use of both pesticides and herbicides (Vaughan, 2003). This is placing tremendous pressure on the water resources and soils of Mexico. It is also important to note that the production of imported corn and beans with controlled genetic characteristics poses tremendous risks for the historically rich and genetically diverse range of crops in Mexico.

Environmental risks associated with NAFTA have been highlighted with successful cases of private corporations seeking and receiving compensation for environmental policies established by NAFTA governments. This was not to be the case. In addition to the primary goals of NAFTA there was the establishment of an environmental side accord in 1994 known as the North American Agreement on Environmental Cooperation (NAACE).

This accord was intended to address the concerns brought about from a coalition of environmental interest groups in the U.S. and it was directed toward creating broad improvements in the conservation, protection, and enhancement of the environment (Prussia, 2006). Essentially, the NAACE allows citizens (individual resident or non-governmental organization of a member state) to file a claim that "a Party is failing to effectively enforce its environmental law" (Prussia, 2006 p.383).

Indeed, Chapter 11 of the NAFTA agreement allows multinational corporations to challenge health and safety regulations which may pose barriers to trade, seeking cash compensation when their business interests have been harmed. On a conceptual level Chapter 11 is a protection against government expropriation via arbitration procedures built into the agreement. On a practical level, however, Chapter 11 has effectively negated any ability of NAFTA stated to protect the environment and public health from NAFTA investors (Prussia 2006, p. 385-386).

To date there have been several specific claims against NAFTA under Chapter 11. As of 2006, $28 billion in claims has been filed against NAFTA governments, with 26 of the 42 claims filed from 2002-2004 (Prussia, 2006). Some of these claims occurred when governments attempted to stop corporate business practices that posed environmental risks associated with toxic/hazardous waste. In some cases the corporations have been awarded multi-million dollar settlements as they were able to claim interference of free trade by government oversight. On this basis one might conclude that even though NAFTA has created one of the world's largest trading blocks, it may not be able to protect the environmental and health costs of citizens in the NAFTA countries.

Citizen's Health and Health Services

The structure for providing health & social services differs in each country participating in NAFTA. In the United States the health care system is predominantly financed through the private sector. Employment is the primary source of health care coverage.

In contrast, Mexico's constitution explicitly identifies citizens' right to health protection, There the Secretaria de Salud (Ministry of Health) is in charge of providing health care services to all citizens of the country through government hospitals and public clinics (Ruiz-Beltran & Kamau, 2001). Canada's health system incorporates core services that are publicly funded, private insurance for a range of additional services, and a complex range of public/private service delivery organizations. Because the three health systems are so different, it might be easy to conclude that NAFTA has little relevance to the future of health care in each country.

However, NAFTA is an agreement that extends to all sectors of the economy in the partner countries, including health, unless the respective governments have made reservations for sectors or parts thereof that they explicitly wished to have excluded. There are two provisions of NAFTA that most directly relate to health care: 1) national treatment provisions; and 2) expropriation (Epps & Schneiderman, 2005). The former requires each country to treat investors, goods and services from the other countries no less favorably than it treats its own. In contracting public services out to private providers, for example, the private providers from the other countries must in principle not be placed at a disadvantage (Epps & Flood, 2002).

The second provision – expropriation – is considered by critics to be a higher risk for the national identity of health care (Epps & Flood, 2002). The expropriation provision requires that a country pay compensation if it nationalizes any component of a health system that has been previously opened to private enterprise. Doing so would create a situation in which those private enterprises could seek compensation for the potential loss of business or market opportunities.

While there is limited evidence suggesting that comprehensive privatization of these public services is immanent, the provisions of NAFTA's dispute resolution process do create openings to challenge the supremacy of public base for health & social services. This is a particular concern for critics in Canada.

Over the last decade provincial governments in Canada have sought to reduce expenditures by restricting public insurance for benefits such as prescription drugs, home care and vision care. Some provincial governments, most notably Alberta, have also started to experiment with contracts for private health facilities to conduct some public services such as elective surgeries (Caulfield, Flood & von Tigerstrom, 2003).

This shift toward private insurance and health services undermines the public base of Canadian health care. More importantly, it opens the health market to businesses from the U.S. and Mexico. If governments later move to re-establish the public base for such services, this action might be considered equivalent to expropriation by depriving private investors of markets to which they have gained access. In fact, there are indications that U.S. trade representatives believe that expropriation provisions likely apply in these areas that are not fully government funded *and* publicly delivered (Epps, 2003).

It is in Mexico, however, that the health impacts of NAFTA have emerged most dramatically to date. Since the implementation of NAFTA, Mexico has experienced a rapid growth of U.S. companies entering the country to provide medical equipment supplies, home health care, and health maintenance services (Homedes & Ugalde, 2003).

For United States investors one of the major benefits of doing business in Mexico is the low cost of health care associated with labor in the *maquiladoras* or factories (Poole, 1996). Because health care is paid according to the country of origin of the employee, such expenses are significantly reduced by doing business in Mexico. Mexican social security covers an employee's medical expenses, workman's compensation, and age and disability pensions (Homedes & Ugalde, 2003).

In addition, both the Mexican and U. S. health systems are characterized by large gaps in health care coverage and accessibility, and the border states strongly reflect these factors. Economic development along the border has stimulated a series of problems including occupational injuries (often associated with the *maquiladoras*),, communicable diseases and illness due to lack of potable water and air pollution (Collins-Dogrul, 2006).

Putting NAFTA's Social Outcomes Into Perspective

Trade agreements such as NAFTA revolve around the use of capital, flow of investments, regulatory regimes, control of resources, labor markets and economic debt. As such they are an integral component in the process of globalization, a movement to create economic interdependence among nation states. In order to make such agreements work, governments use strategies such as opening local economies to imports from large transnational corporations, controlling wages, and loosening environmental & labor standards. In this sense trade agreements such as NAFTA are primarily economic mechanisms that facilitate the opening of new markets to capitalistic enterprise.

From that narrow perspective, it is clear that there have been economic gains for all three countries in NAFTA. Between 1994-2004 real GDP growth averaged 3.6 percent for Canada, 3.3 percent for the United States and 2.7 percent for Mexico (Hufbauer, 2006). This decade also saw significantly increased levels of trade and investment between the three countries (Hufbauer & Schott, 2005). United States exports to Mexico and Canada grew from $134.3 billion in 1993 to $2,364.6 trillion in 2006 (United States Trade Representative, 2007). Together the three NAFTA countries expanded their trade from $293 billion in 1993 to $865 billion in 2006, an increase of 196 percent (United States Trade Representative, 2007). Each day the NAFTA partners conduct $1.7 billion in trade with each other (United States Trade Representative, 2007). Advocates of the trade agreement therefore argue, with some evidence, that NAFTA has indeed been a boon to the economies of all three countries.

However, the legacy of NAFTA is much more complicated than a narrow economic analysis would indicate. More than a decade after its implementation, NAFTA's legacy is not the "giant sucking sound of jobs being pulled out" of the United States, as argued by Presidential candidate Ross Perot. Neither, however, has it turned out to be the "rising tide" that would "lift all boats" to benefit everyone in the three countries, as President Bill Clinton argued. Instead, the legacy of NAFTA is at best mixed.

A critical assessment of any fundamental shift in public policy is to ask "Who benefits"? The trade agreement did create certain winners in North America. Foremost among these are the transnational corporations that gained access to new markets, and were able to cut labor costs by shifting production to lower cost factories (particularly in Mexico). As well, improved trade created a new generation of wealthy businessmen in each of the partner countries as profits rose along with economic growth. On a national scale, there were also benefits that might be associated with NAFTA, such as low unemployment rates in the U.S. and Canada, and the positive impact of trade in helping Mexico recover from its peso crisis in 1994.

However, the benefits of NAFTA are not equally distributed among all citizens of its partner countries. Economic growth tends to benefit the wealthy of a country, while creating income gaps for the poor (Weisbrot, Baker, Kraev & Chen, 2001). We have witnessed this process in the three partner countries since the implementation of NAFTA. In each of the partner countries there has been very disappointing progress in reducing poverty, if not a total disregard for addressing this social issue with substantial public policy. Evidence of this exists in terms of the increasing income disparities that have continued to rise during NAFTA's term.

Growing inequities in income distribution also relate to the other social impacts of NAFTA. Real wages for workers in the NAFTA countries have lagged, if not declined over the last decade. Concessions to investors and corporations ensured that systems of labor control were instituted, effectively controlling wages. The early promises of jobs for workers in sectors such as manufacturing have faded, particularly in Canada and Mexico. This comes as a result of broader trade expansion, with global competition with countries such as China. In the face of poor economic prospects, the pressures of Mexican migration to the United States have increased, not decreased at President Carlos Carlos Salinas de Gortari promised. Farmers in each country have struggled against the practices of large-scale agriculture and practices such as the dumping of highly subsidized crops into other countries.

NAFTA is similar to other trade agreements in its creation of structural gaps that place disadvantaged peoples – the poor, low skilled workers, rural farmers – into a position that precludes the benefits of a trade agreement. Restricted wages and threats to local economies have placed marginalized peoples into a position where they lack the means to purchase basic necessities. Such trade agreements also place publicly-based services and benefits at risk by creating opportunities to challenge public "monopolies" on such services through dispute resolution mechanisms. These inequalities challenge the core policies of welfare states and institutions, and leave at-risk populations to the vagaries of market forces.

It can be argued that NAFTA was intended as a geopolitical tool as much as an economic one. Yes, it did focus on trade and enshrining rights that business demanded as part of any agreement. However, these rights have compromised the ability of sovereign nations to determine and shape their own public policies. More importantly, hidden in NAFTA's detailed provisions was a broader goal. This was to promote economic, social and political liberalization in ways that support and enhance capitalism. The intent, conscious or not, was to institutionalize a particular model of decentralized capitalism across borders.

In this sense NAFTA poses risks to the very foundations of civil society established in the three countries. Berger, Neuhaus & Novak (1996) argued that in democratic societies public policy should nurture and protect institutions that achieve social goals. That is, there is a broader common good that public policy serves in civil societies. Economic growth, enhanced trade, and changing political structures are not the goal. Public policy is not about geopolitical aspirations across borders. Rather, effective development through public policy includes social development that parallels economic development. Public policy should improve the general well-being and health of all citizens in a country, regardless of external geopolitical pressures. It is here – in the realm of social justice – that NAFTA has failed.

The Role of Social Work

The NAFTA trade agreement is one component in a larger movement toward globalization of the world's economies. Increasingly people around the world are connected by trade and economic initiatives. North Americans enjoy low cost clothing and manufactured goods imported from Asia, and daily eat inexpensive fruits and vegetables that are shipped thousands of miles to local markets. At the same time, though, we must recognize that these goods and services often hide real, social costs of globalization. These hidden costs can be found in exploitation of workers and the poor, at the expense of public services that protect citizens, and in the loss of local cultures and values.

The social work profession has a clear obligation to respond in ways that support the populations most at risk under NAFTA, and in supporting public policies that protect these populations from harm. The NASW Code of Ethics (2000) states that social workers have an obligation to "promote the general welfare of society, from local to global levels". The code goes on to also say that this obligation includes "social economic, political, and cultural values and institutions that are compatible with the realization of social justice" (pp. 22-27). This principle clearly states the imperative that all social workers have to develop perspectives and strategies that mitigate the social impacts of NAFTA and similar trade agreements.

So, what are social workers supposed to do? The first answer is obviously to develop an awareness of globalization's impacts, particularly in terms of its social justice impacts. This requires an understanding of both the economics of trade agreements, and the world-wide consequences of liberalized trade policies.

The second is for social workers need to return to their advocacy roots, becoming involved in activism and policy change that targets exploitation and structural inequities created by NAFTA and similar agreements. Returning to advocacy necessitates involvement in grassroots organizations that support local economies, and joining organizations that support fair labor practices.

Of course, it also includes becoming vocal advocates that help shape public legislation through engagement of political representatives in the policy-making process. This latter point is particularly true for social workers in North America – the centre of the globalization movement. It is we who enjoy freedoms and privilege that are absent for many other professionals around the world.

Finally, those schools and professionals who teach the new generation of social workers must also return to their advocacy roots. Curricula must be developed to incorporate concepts of international development, globalization, and marginalization. Graduates must be able to connect local social issues with broader economic and social movements around the world.

None of this requires extensive reworking of the ways in which social work professionals are educated and practice. It does require that concern and attention for global social work issues be re-awakened for our profession. North America's marginalized peoples sit in the wake of NAFTA, waiting for this to happen.

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