

Forschungsgruppe Europäische Gemeinschaften (FEG)

Arbeitspapier Nr. 16

Dieter Boris, Kristine Hirschhorn

**The
North American Free Trade
Agreement (NAFTA)**

**Consequences of Neoliberal Market
Strategies for Mexico and Canada**



FEG am Institut für Politikwissenschaft des Fachbereichs Gesellschaftswissenschaften
und Philosophie der Philipps-Universität Marburg

FEG Arbeitspapiere

- Nr. 1:** Frank Deppe, Zur Diskussion über die Entwicklung der Arbeitgeber-Arbeitnehmerbeziehungen in der EG unter dem Einfluß des "Binnenmarktes '92". Vorläufige Informationen und Überlegungen, (Februar 1990) UKB 10 DM (vergriffen)
- Nr. 2:** Hans-Ulrich Deppe/Uwe Lehnhardt, Gesundheitswesen zwischen supranationalen Politikstrukturen und einzelstaatlicher Regelungskompetenz. Zu einigen gesundheitspolitischen Aspekten der westeuropäischen Integration, (Mai 1990) UKB 6 DM (vergriffen)
- Nr. 3:** Peter Imbusch, 1992. Die Folgen der Vollendung des EG-Binnenmarktes für europäische und außereuropäische Migranten, (Januar 1991) UKB 7 DM (vergriffen)
- Nr. 4:** Frank Deppe/Klaus-Peter Weiner (Hrsg.), Die Perspektive der Arbeitsbeziehungen in der EG und die soziale Dimension des Binnenmarktes '92, (März 1991) UKB 10 DM
- Nr. 5:** Robin Jacobitz, Antonio Gramsci - Hegemonie, historischer Block und intellektuelle Führung in der internationalen Politik, (August 1991) UKB 7 DM (vergriffen)
- Nr. 6:** Europa im Umbruch - Neue Dimensionen der Politik, (März 1992) UKB 12 DM (vergriffen)
- Nr. 7:** Hans-Jürgen Bieling, Brita Bock, Frank Deppe, Karen Schönwälder, Migration, Arbeitsmarkt, Regulation - unter besonderer Berücksichtigung des Arbeitsmarktes in Hessen, (Januar 1993) UKB 15 DM
- Nr. 8:** Michael Felder, Die Problematik europäischer Industriepolitik am Beispiel JESSI, (Januar 1993) UKB 13 DM
- Nr. 9:** Frank Deppe/Klaus Peter Weiner, The "1992 Single Market" - National Labour Relations and Trade Unions in Western Europe, (Marburg/Lahn 1992)
- Nr. 10:** Frank Deppe/Michael Felder, Zur Post-Maastricht-Krise der Europäischen Gemeinschaft (EG), (September 1993) UKB 15 DM
- Nr. 11:** Ho Geun Lee, Regulationstheoretische Überlegungen zur Krise der EG, (Januar 1994) UKB 13 DM (vergriffen)
- Nr. 12:** Gudrun Hentges/Karen Schönwälder (Hrsg.), Zukunftsprojekt Europa: Die abgeschottete Union?, (Januar 1994) UKB 15 DM (vergriffen)
- Nr. 13:** Dorothee Bohle, Europäische Integration und Frauenforschung in Deutschland. Eine kommentierte Literaturübersicht, (September 1994) UKB 10 DM (vergriffen)
- Nr. 14:** Thorsten Schulten, "European Works Councils" - New Forms of European Labour Relations Regulation?, (März 1996) UKB 10 DM
- Nr. 15:** Hans-Jürgen Bieling, Frank Deppe, Bernd Röttger, Weltmarkt, Hegemonie und europäische Integration - Kritische Beiträge zur Theorie der internationalen Beziehungen, (April 1996) UKB 15 DM
- Nr. 16:** Dieter Boris, Kristine Hirschhorn, The North American Free Trade Agreement (NAFTA) - Consequences of Neoliberal Market Strategies for Mexico and Canada, (August 1996), UKB 10 DM

Forschungsgruppe Europäische Gemeinschaften (FEG)

Arbeitspapiere
der Forschungsgruppe Europäische Gemeinschaften (FEG)

Nr. 16

Dieter Boris, Kristine Hirschhorn

**The North American Free Trade Agreement (NAFTA)
Consequences of Neoliberal Market Strategies for Mexico
and Canada**

Marburg 1996

ISBN 3-8185-0207-2

Redaktionelle Bearbeitung: Jochen Steinhilber

FEG am Institut für Politikwissenschaft

Fachbereich Gesellschaftswissenschaften und Philosophie der

Philipps-Universität Marburg

Wilhelm-Röpke-Str. 6

35032 Marburg

Mexico and the North American Free Trade Agreement (NAFTA)

1. Introduction

The current creation and formation of regional trading and economic blocks falls into a time period which is characterised not only by the disintegration of "real socialism" ["Real-Sozialismus"] and the decline of the hegemonic role of the USA, but by the quickly growing processes of internationalisation and globalisation of products, and the flow of capital and finances. Various tendencies overlap one another, although the assertion of one over the other is not discernible. Globalisation and the stretching out of free trade (GATT, WTO) run parallel to transcontinental block-building (EU, NAFTA, ASEAN, etc.). "The world economic order is (...) characterised by a dual process of protectionism and free trade, or rather, by regionalism and multilateralism" (Lavon 1994, 20). Since the second half of the 80s, in Latin America also, the revitalisation or inauguration of cases of economic integration can be observed: MERCOSUR (Brazil, Argentina, Uruguay, Paraguay), the "Group of the three" (Mexico, Venezuela, Colombia), the "Andean Pact", including Peru, Bolivia, Ecuador, Colombia and Venezuela and the signing of many bilateral trade agreements (Fritsch 1994, 4ff).

Accordingly, NAFTA can be understood as an expression of a changing world economic order and likewise be analysed as an especially interesting example of world economic regionalisation. From numerous problems connected with the NAFTA process, only few shall be selected and discussed in this short paper. The motives and goals of the NAFTA formation, looked at from the US and Canadian perspective, are object of study in other contributions (see for example Lavon 1994 for USA and Hirschhorn 1996 in this volume). In this paper I will refer to the conditions, motives and goals from the Mexican perspective; the main content of the agreement will be sketched very briefly; also the new social and economic actors, who exerted pressure in favour of the agreement will be briefly analysed. Finally, the political and economic implications of NAFTA on Mexico will be examined.

2. Conditions, Motives, Goal-Setting

A general and historical condition for Mexico's rapprochement to the NAFTA is the highly interwoven trade of the two countries, although the nature and magnitude of Mexico's trade relations with the USA is notably and unequally more important than the reverse case. As is well known, Mexico carries out more than two thirds of its exports and imports with its northern neighbour. On the other hand, the USA's trade with Mexico represents only

approximately 4% of its trade volume. The capital mobility - in both directions - represents both a partly-lamented as well as a partly-welcomed phenomena which influences, above all, the Mexican economy. Due to this clearly asymmetrical relation between the two countries and due to other large differences (wage rates, productivity levels, education and health systems) it was nearly unforeseeable in the early 1980s that these "distant neighbours" (A. Riding) could willingly approve a regional integration project. Many factors are responsible for this far-reaching change of mind. For one, with the failure and subsequent abandonment of a version of Import Substitution Industrialisation, the country's increasing openness appeared imminent. The manifested weaknesses arising from the debt crisis and additional pronounced foreign dependency, as well as internal societal and economic regrouping, made the change of course, which was already made clear in Mexico's contribution to the GATT (1986), almost unavoidable. In light of the disintegration of the "real socialist systems" ["realsozialistischen Systeme"] as well as the growing turn of important European states towards Eastern Europe, a real political and economic strategical dependence on the USA appeared to be recommendable as well. The adoption of austerity policies and the neoliberal turn under Miguel de la Madrid in 1982 was indeed unsuccessful in important aspects (inflation, budget deficit, etc.), however it revealed other elements of economic policy intended for a reconciliation with the USA (privatisation, liberalisation of trade barriers). The continuation and intensification of this policy under Salinas de Gortari even brought success in fighting inflation and reducing the budget deficit, so that there were virtually no objections even from this side which would have stood in the way of the initiation of the NAFTA process (June 1990).¹

The Salinas de Gortari administration pursued other goals with the enforcement of the NAFTA negotiations. Overall, an external institutionalisation of neoliberal politics was supposed to protect it from possible fluctuations, especially conceivable with the intended democratisation process. Secondly, a stabilisation of the PRI-regime, politically as well as economically, was intended. This was also closely tied to Mexico's hopes to remove itself from the Third World and Latin America and instead enable its démarche into the circles of the First World Countries. Among others, the expectation was expressed, and likewise a propagandised version articulated, that economic growth would be enabled by such an integration process with the USA and Canada: above all, elements of underdevelopment in Mexico would be overcome through an assurance of access to the US-American market, through the release of new investors in Mexico and the related transfer of capital and new technological know-how. Indeed, losers of this integration project were to be expected, however the advantages for Mexico were estimated on the balance to be much better.

¹ For more details about neoliberal economic policy in this time period, see: Boris 1995, 291ff and my forthcoming study: Mexiko im Umbruch ("The Remaking of Mexico"), Darmstadt, 1996.

3. Main Content of the Agreement

The Agreement as well as Clinton's side agreements for environmental and labour standards contain the following elements:

- a) Successive and asymmetrical reduction of tariffs between Mexico and the USA/Canada for the increasingly larger percentages of goods and services crossing the borders.
- b) Liberalisation of capital transfers, partial liberalisation of corporate investment rights for banks, granting of insurance rights in the respective partner states (after 6 years).
- c) Full equalisation of foreign and domestic investment.
- d) Rules for determination of origin which define if, for example, a product produced in Mexico is classified as a Mexican product or - in case too great of a share of the unfinished products and components originate from a foreign country - as a foreign product.
- e) Special exemptions for individual branches and sectors (e.g., the textile sector and agriculture sector; confirmation of the continuation of state monopolies in electricity and oil sectors in Mexico).
- f) Problems of labour mobility were predominantly ignored; exemptions concerning the liberalisation of reciprocal migration is limited to the highly qualified labour force.
- g) The agreement contains detailed concepts about the institutionalised settlement of conflicts (refer to Lavon 1994, 43ff).

In the first side-agreement which was concluded in September 1993, the USA hoped to introduce fine tariffs for the violation of labour and environmental standard sanctions. This action was partly successful in regards to Mexico, however in Canada's case, no modification in regards to the original agreement text was implemented (Lauth 1994, 10ff).

4. Advocates and Supporters of the NAFTA

Above all, Mexico's president Carlos Salinas de Gortari must be mentioned as the most visible public advocate of the NAFTA. It is no exaggeration to remark that the NAFTA project has been *the* central issue of his term in government. Without provoking a real discussion in the country, this has been the omnipresent theme in the Mexican public since 1990/91, presented unchallenged as an alternative which contains the salvation for Mexico's prevailing needs and deficits. Correspondingly, the treatment of this topic was suppressed in the media; only in several leftist intellectual newspapers and publications, namely of the middle-leftist wing (such as the PRD), could counterarguments be found. Without doubt, Salinas de Gortari expected "foreign support", an acceleration and above all an institutionalisation for his neoliberal economic policy. At the same time NAFTA was also a

lever for the new formation and restructuring of the ruling coalition which was now supposed to include the large bourgeoisie, export and import-oriented sections of the trading middle class, parts of the middle class such as top bureaucrats, or rather technocrats. The reference to the labour sectors, farmer interest groups or the so-called "popular sectors" ["sectores populares"] was relegated significantly to the background in public rhetoric; which did not, of course, exclude the possibility of these social sectors being included in various solidarity pacts.

The propaganda for the NAFTA project did not relate in any means to only Mexico itself, but rather, the Mexican government was also extraordinarily active in the USA. Many observers even remarked that the most lobby activity for the NAFTA in the USA was directly or indirectly sponsored by the Mexican government. This campaign was the longest and most expensive foreign lobbying campaign that the US capital has ever experienced. "According to official statements, since 1989 the Mexican government and employer organisations have spent 25 million US\$ in order to further the development and ratification of the NAFTA" (Lavon 1994, 79).

The Department for Trade and Industry (SECOFI) and the Finance Department were actively involved in the NAFTA process; above all, the newly established Coordination Council for Export ("Coordinadora de Organismos Empresariales de Comercio Exterior" (COECE) became the important panel for co-ordination between the government and export-oriented private business. Almost all of the employee organisations in Mexico clearly and energetically supported the free trade agreement. Only the interest group for small and medium-size industrialists ("Camera Nacional de la Industria de Transformación", CANACINTRA), which is strongly oriented towards the domestic market and profited from the protectionist customs barriers, expressed a moderate scepticism. However, even they quickly set aside their own scepticism and gave their definitive support for the NAFTA, because the promise of stability and growth and the prospect of better relations with the government left them in a situation where they were "ready to make sacrifices". The roles of other authorities or institutions (legislative, political parties, unions, other interest groups, intellectuals, etc.) were secondary in relation to the mentioned propagandists. Riding on the growing wave of popularity from a small economic upturn, a sinking inflation rate and a social program made highly visible (PRONASOL), Salinas de Gortari's initiative became so popular, that at the end of 1991, approximately 2/3 of the Mexican population supported the NAFTA project, although the majority assumed - contrary to most official economic analyses - that the USA would profit more strongly from the agreement than Mexico. In light of the NAFTA, Mexican politics showed that economic liberalisation and adapted authoritarianism are thoroughly compatible with one another. "The blending of authoritarian rule and economic liberalisation in Mexico took on several characteristics. First, the state assumed the task of liberalising its foreign economic policy, particularly regarding the NAFTA. Second, the presidency was able to recalibrate the

coalition to sustain liberal economic policies within an authoritarian framework. Third, the restructuring of the coalition was accomplished without sacrificing the elites hold on power and without risking instability. Fourth, the ascendancy of some important groups, especially the private sector, within the coalition at the expense of those who had relied upon traditional corporatism for representation in the coalition in the past has made possible a multi-class, but less inclusionary, strategy for economic liberalisation. Fifth, the consolidation of support without a full scale national debate on free trade, while allowing the critics to carp from the sidelines, is consistent with, and indeed reinforced, the system's legendary ability to gain popular support without submitting to popular rule. What the late 1980s and the early 1990s revealed is that authoritarian rule in Mexico is more formidable than even its detractors could have surmised." (Poitras/Robinson 1994, 28f).

5. The Effects of the NAFTA on the Mexican Economy

Since the ratification of the NAFTA this has been the central question of many hundreds of studies which have in turn produced too many different, contradictory statements about the possible outcomes of the NAFTA process. The wide scope can be explained by the newness of this phenomena of regional integration, and among others, that very different economies and societies are being brought together in a manner never seen before. The divergence also results from the varying assessments of the question, whether the existing asymmetry in the agreement is adequately or inadequately considered, in other words, if the desired new conditions can be stimulated sufficiently or if this will result in effects which predominantly serve a liquidational function. The majority of reports about the NAFTA project emerged when the negotiations were not yet finalised, or rather, when the NAFTA was not yet ratified. As well, the real experience with the NAFTA only reaches back about two years. The fact that NAFTA was more urgent and more important for Mexico than its entrance into the bilateral Free Trade Agreement between the USA and Canada and the condition that Mexico - moreover because of its undemocratic structures - had to submit itself more quickly to the negotiation process (Ros 1992, 78ff) refer to the possible lack of adequate attention paid to the deep asymmetry between the USA and Mexico.

Without dealing with details (nor a methodical nature), two important dimensions of the Agreement text - the agricultural sector and the industrial sector - should be briefly analysed for their meaning to Mexico.

5.1. The agricultural sector

The Mexican agricultural sector, which was traditionally controlled by the state in various respects (prices, credit, marketing, infrastructure, agricultural inputs from state-owned companies), was already seized by neoliberal deregulation, or rather, by state withdrawal

during the administration of Miguel de la Madrid. Opening borders, price liberalisation, restructuring of the credit system in the direction of a radical cutting of state contributions, privatisation of state enterprises, etc. were intended not to establish a hope for progress in agriculture reform, but rather, to establish the perspective of an "agricultural modernisation and capitalisation". According to the ideas of the Salinas de Gortari administration, above all two elements were supposed to determine and accelerate the further development of the Mexican agricultural industry: one, the introduction of the North American Free Trade Agreement, and the other - in a closely related context - the reform of article 27 of the Mexican constitution, through which the privatisation of Ejido land could be made possible. Both projects will, without a doubt, have a considerable impact on agriculture in the medium-term.

It is well known that the quantitative and qualitative differences in agricultural-resource endowment are strongly pronounced; the public subsidies in the agricultural sectors in the USA and Canada are also unequally higher than in Mexico. One must not be an agricultural specialist or an economist in order to understand that the openness to trade for agricultural products will also have a far-reaching destructive impact on large parts of present Mexican agriculture. Several staple products (corn, beans, wheat, milk and others) are somewhat protected by temporary non-tariff barriers. If a full-fledged liberalisation were implemented here - and this is due to current and near-future productivity differences which are hardly insurmountable - this would mean the social-economical end of approximately 3.5 million Campesino families (Calva 1992, 13 and 20). In addition, the secondary effects on the whole economy, such as the condition of the complete loss of the food supply from local sources, need to be accounted for. These grave consequences will certainly not be balanced by advantages in other subsectors of the Mexican agriculture (sugar, citrus fruits, winter vegetables, cut flowers); and this also means that the resulting developments from the free trade agreement will by no means be nothing but favourable for the US agricultural sector. "In both the United States and Mexico, the single largest areas of negative impact are likely to be rural. In Mexico, this conclusion is based on the impact NAFTA will have on production of basic grains for subsistence. In the United States, it is related to the concentration of low-wage, low-productivity jobs as non-farm employment in rural America" (Conroy/Glasmeier 1992/93, 18).

The view that the Mexican agricultural sector could maintain a kick-start in modernisation, productivity increase and agility through this agreement appears difficult to grasp, in light of the great differences in pre-existing conditions and the foreseeable (to a large degree, more likely opposite) effects. A greater dependency on purchasing and sales and a greater polarisation of the rate of productivity and living conditions in the various areas of the Mexican agricultural sector will evidently be a direct consequence of neoliberal economic policies and the corresponding free trade policy. The social unrest in the countryside has greatly increased in recent years; the revolt in Chiapas was only the most clear and visible

example of this tendency. In many other regions a similarly large protest-potential has built up among Mexico's agricultural population (refer to *El Cotidiano*, No. 61, March/April 1994, 82ff).

5.2. The industrial sector

It is more difficult to assess the consequences of the NAFTA for Mexican industry than its effects on the agricultural sector. Apart from complicated and methodical evaluation questions, it must above all remain open, firstly, whether only relatively few work intensive branches in Mexico, or also others, will be strengthened in the wake of greater market expansion; and secondly, whether the import effects on smaller and medium-sized Mexican industry will be so difficult that sections of businesses in the industry will disappear; and finally, it remains unclear how large the expected flow of foreign capital resulting from the integration process will be, and what role it will play in the new structuring of the Mexican economy. Before attempting to answer these questions, it is necessary to provide an overview of the restructuring of Mexican industry in the 1980s. Industry characterised by foreign openness and a stronger export orientation gained, overall, little in the 1980s. Its share of the GDP actually declined and the industrial product per capita in 1981 was only reached again in 1991. The non-oil exports, the industrial exports that is, did indeed grow quickly during the 1980s, partly with a growth rate of about 25%, but then fell considerably in the late 1980s and early 1990s. At the same time, the import growth similarly accelerated, resulting in a differentiated import and export growth rhythm and accounting for the emerging negative trade balance since 1990. Despite all the talk about and planning for a modernisation of industry and a "Reconversion Industrial", the investment quota in industry during the 1980s and even at the beginning of the 1990s never reached the magnitude of the 1960s and 1970s. The complete economic investment quota remained static for a long time at 16% during the crisis decade, and then rose from 17 to 18% (in relation to the GDP) at the beginning of the 1990s. The growth rate of the increase in productivity remained at just over 1% per year in the industrial sector, clearly under the respective growth rate of the previous decade. A regrouping of the industrial production apparatus had been carried out to the degree that branch-specific accentuation (above all in the non-metallic mineral sector: glass industry, cement industry, for example) is visible, as well as a regional restructuring in favour of the northern and central states, and a well as a further clear concentration of industrial production in the largest companies could be noted (refer to Sotelo Valencia 1993, 67ff; Velasco Arregui 1993, 169).

Even if one limits the evaluation criteria for the effects of the free trade agreement on industry to a few, for example, the contribution to the GDP or income growth, the employment rate and the development of productivity - many questions remain, since the prevailing premises can be very diverse. Completely apart from this, the general difficulty

lies in attributing the economic implications for the Mexican economy to the neoliberal reforms in general, or to NAFTA in particular.

In the majority of the studies, great advantages - absolute and relative - are seen (refer to Weintraub 1992, 109ff). Above all, the better access of Mexican exports to the US market in specific branches (clothing, cement, glass, steel, shoes, etc.) is stressed. On the other hand, Mexico's losses in terms of higher imports of capital goods, electric machines, chemical products, etc. from the USA is not considered to be so large, since these branches in Mexico are not very strongly represented anyway. Gains in wages, employment and productivity development would go along with an improved "industrial trade balance" in favour of Mexico. Sceptics meet this argument by pointing out that the access to the US market right before the agreement were (with several exceptions) relatively favourable and that the possibilities of export increases in work intensive branches through the Maquiladora industries, which grew strongly in the last few years, were already exhausted. A more clear connection between export increases, employment growth and progress in productivity has, in accordance, not yet been present. In regards to these non-existent, supposedly endogenous effects of productivity, Jaime Ros remarked that "virtuous circles between exports, investment and productivity growth have so far largely been absent" (Ros 1992, 137).

On the other hand, it must be supposed that the expected flow of imports vis-à-vis the NAFTA and the liberalisation of trade barriers will have broader consequences than what the optimistic argumentation of the NAFTA advocators profess: simply the stabile incongruence of import growth rates and export growth rates since the end of the 1980s and the enduring trade balance deficit that resulted, points out that many industrial products which were previously produced in Mexico were swept to the side through the import competition. The raising of the import coefficient (percentage of imports compared with the total internal demand) means that a diversion of already-present demand must have taken place (refer to Huerta Gonzàles 1993, 42f). In this context it is worth remarking that the employment in Mexico's industrial sector from 1982 to 1994 decreased by more than 200.000; at the same time the number of potentially employed grew to around 10-12 million. In the 12 years between 1982 and 1994, nine branches, or rather branch groups, were characterised by negative growth. The strongest decrease was in industrial employment in 1983 and again in 1993 and 1994. A few of the branch groups, specifically foodstuffs, beverages and tobacco registered a slight increase in employment volumes during the same time period. The combined group of metallic products, machines and equipment, which represented one third of the complete industrial workforce (350.000) since 1982, dwindled to 241.000 in 1994. It is no coincidence that, specifically in these branches, the reduction of employment was the largest whereas at the same time they registered the strongest import growth rate (refer to de la Luz Arriaga Lemus 1995, 10ff).

The additional flow of foreign capital resulting from the NAFTA is varyingly estimated. According to the opinion of no small number of authors, this factor, e.g. the expected amount of incoming capital due to the free trade agreement, in terms of how it relates not only to growth processes and employment expansion, but also to productivity increases, is considered to be more important than the reduction of the trade barriers and the intensification of trade exchange. The estimates for the expected annual inflow of foreign capital stretch from about 3 billion US\$ to 6 billion US\$ (Koechlin et al. 1992, quoted by Lavon 1994, 85), explicitly meaning the shift of investment from the USA to Mexico. Accordingly, the left-over capital which did not stem from the USA is not included in these figures. Especially this segment of foreign capital investment (e.g. non-US) had raised great hopes in Mexico while foreign transnational companies from Europe or Japan viewed Mexico as a sort of starting gate for a new integrated regional market. According to the view of the USA, such a plan should be hindered directly through the relatively restrictive framework of the so-called "original rule". The development of direct foreign investment in the years prior to 1991 until 1994 was actually no where near as rapid as the Mexican government had expected. 60-70% of the inflowing foreign capital was in the form of portfolio investment which had no direct effect on the development of production and employment. Not a small portion of direct investments was employed in Debt-for Equity Swaps and/or in the preliminaries of the privatisation of state companies (some authors estimate this portion of investment at 50% of the total foreign investment in recent years). A further portion of active direct investment was applied to the expansion of the Maquiladora industries, whose portion of Mexico's total exports rose from approximately 30% to 40% in recent years. Even if the foreign investment was not solely or predominantly applied to Mexico's special sectors of comparative advantage (work intensive production, energy and raw material intensive production), but rather was also directed to capital intensive and technologically demanding productive sectors (automobile production, for example), likewise positive macro-economic effects can not be easily assumed. The deepening of specialisation which is not geared to the national economy but rather to the regional or even global economy, is the principle cause for not realising the development of new technologies within the country and for not internalising the multiplier effects of investment. The fragility, dependence and foreign determination of the economy will be increased; the work force surplus, which is caused by job-losses in other sectors (agriculture and small and middle-sized industry), can lead to wage pressures. A not inconsiderable quota of foreign investment, as well as domestic investment, belong to the new category of "fragmented export orientation". This term refers to the partially manufactured goods which have relatively little value-added, which are exported and represent no new technological product advancement. The problem of growing unemployment, the increase of informal sectors and the extreme unequal distribution of income and assets has, as is well known, been aggravated during the 1980s in Mexico. Moreover, this category of fragmented export

orientation appears to have reached its limits in the 1990s: the exhaustion of industrial expansion, the flooding of imports and the stagnation of labour productivity support this thesis: "The fragmentary export project, launched in 1983, is not a viable strategy for the long-term competitiveness of the Mexican industrial sector. It has reorganised Mexico's industries as low-value-added productive segments in other nation's value chains. This segmented industrialisation, driven by TNCs, does not promote an integrated industrial network and does not promote sustainable and stable growth. One important indicator is that productive investment has not significantly increased. TNCs have once again established disarticulated export-oriented enclaves within what is, overall, a highly polarised industrialised structure. The Mexican economy remains incapable of serving growing needs - in particular, integrating huge numbers of rural-urban migrants into the labour force. Public infrastructures have been stretched beyond their limits, especially in the maquiladora border zone, where municipalities lack the ability to raise taxes for fear of losing foreign investment. Equally troubling is that this phase of export industrialisation has been as exclusionary as ISI [Import Substitution Industrialisation, D.B.] was before it. For the broad masses of Mexican peoples, who must seek the basic comforts of life within a primitive domestic industrial structure and deteriorating public infrastructure, this is simply not good enough" (Velasco Arregui 1993, 173).²

6. Conclusion

Within the neoliberal paradigm, the conclusion of a free trade agreement such as the NAFTA cultivates a logical sequel; maybe it can also be interpreted as an attempt to regain momentum for the obviously failed neoliberal project between 1982 to 1988. The limits of this political-economic strategy, due to the current outward orientation, will possibly be shifted or obscured. A degree of revitalisation of economic activities, short or long-term, need not be excluded. However, it will always be a very particular dynamic which will affect only part of the Mexican economy. This outward-orientated neoliberalism cannot realise a domestic-market based on distributive and productive economic policy which satisfies the needs of the masses. This project appears just as unlikely to be in a position to weaken or eliminate the considerable and recently growing social and regional polarisation in Mexico. A homogenisation of the economy and society is hardly expected due to broader

² Apart from a few branches in which Mexico has the same level of productivity as the USA (automobiles, automobile parts, glass and cement industry, for example), capital from branches in which the corresponding productivity differences tend to be larger than the wage differences will again receive investment preference in the USA, on the basis of the almost completely eliminated customs barriers. There the advantages of economies of scale, the required know-how, the desired worker qualifications, the infrastructure, etc., will have considerable weight. Export to Mexico is more favourable under these conditions than on-site production. Refer here to the presentation of numerous cases of the backwards shifting of production in the Financial Times 11/11/93, 13.

and increasing foreign determination and the weakening of state intervention capabilities. The internationalised part of the Mexican economy will likely adapt itself in many aspects to the conditions of its northern economic partner. The remaining parts will still be further removed from these standards as will be measured by several social and economic indicators.

This polarising tendency will not, incidentally, be offset by national or international equalisation or compensatory mechanisms between the NAFTA partners. In contrast to the EU, for example, these dimensions in the NAFTA are completely left out (refer to Bulmer-Thomas et al. 1994, 208). The agreement text is actually striking because its institutional design (with a view to expansion, conflict resolution, monitoring of the provisions, etc.) is unusually limited and in this form will certainly also be put to the test in real practice (for this shortcoming, refer in particular to Castañeda/Heredia 1993, 43ff).

From this perspective, the predominant euphoric judgements³ shaped by harmonious notions of the "North American Free Trade Agreement" should be relativised to the context of the current socio-economic conditions. The latest precipitous crisis in the Mexican economy and its political consequences must also offer social scientists further warning against the all-too naive attempts at merging the interests of expanding US capital and the export-orientated Bourgeoisie fractions in Mexico with those of the dependent employed and/or impoverished segments of the population in the USA, Canada and especially Mexico.

translated by Kristine Hirschhorn

³ Albrecht von Gleich understands "NAFTA as a manifestation of a new attitude of the USA in relation to its southern neighbours, in that the willingness to engage in contractual relationships characterised by partnership and equal rights and the acknowledgement of the principal of economic integration are expressed, for which little sympathy has been shown up until now" (Gleich, v. 1993, 43). With similar premature praise Hans Joachim Lauth sees "the realisation of the NAFTA as the most ambitious and likewise the most success-promising plan of actual cooperative and integrative measures on the American continent" (Lauth 1994, 3). The tendencies visible since 1990 were realised in the same tempo in the first year that the NAFTA was in effect (Financial Times, 23/11/94, 17): an extremely swift export growth from the USA to Mexico, and conversely a clearly deteriorated rate of export increase from Mexico to the USA. A good three-quarters of the Mexican trade balance deficit (from 28 billion US\$ = 8% of the 1994 GDP), which was a decisive and triggering element of the economic and financial crisis in 1994/95, goes back to US-Mexican trade. The USA's emerging trade balance deficit with Mexico for the end of 1995, which was due to strong devaluation, repeated wage-sinking, etc., was at a level of 17 billion US\$. Together with production shifts to Mexico, it dampened the already not-excessive enthusiasm for the NAFTA in the USA (refer to Financial Times 5/9/95, 6). On the other hand NAFTA could not moderate substantially the depth of the Mexican crisis from 1994 to 1996. See for a more comprehensive evaluation of the first two years of NAFTA: Anderson/Cavanagh 1996 and Peñaloza Méndez (eds.) 1996.

7. References

- Adler Hellman, J. (1993):* Mexican perception of free trade: Support and opposition to NAFTA, in: Grinspun, R. and M. A. Cameron (eds.) (1993): The political economy of North American Free Trade, Montreal et al., p 193-204.
- Anderson, S. and J. Cavanagh (eds.) (1996):* NAFTA's first two years: The myths and the realities, Washington.
- Boris, D. (1996):* Mexiko im Umbruch: Modellfall einer gescheiterten Entwicklungsstrategie, Darmstadt.
- Calva, J. L. (1992):* La agricultura mexicana frente al tratado trilateral de libre comercio, México, D.F..
- Castañeda, J. G. (1993):* Can NAFTA change Mexico?, in: Foreign Affairs, No. 4, Vol. 72, Sept./Oct. 1993, p. 66-80.
- Castañeda, J. G. and C. Heredia (1993):* Hacia otro TLC, in: Nexos, Vol. XVI, num. 181, Enero 1993, p. 43-54.
- Conroy, M. E. and A. K. Glasmeier (1992/93):* Unprecedented disparities, Unparalleled adjustment needs: winners and losers on the NAFTA "Fast Track", in: Journal of Interamerican Studies and World Affairs, No. 4, Vol. 34, Winter 1992/93, p. 1-37.
- Driscoll de Alvarado, B. and M. C. Gambrill (eds.) (1992):* El tratado de libre comercio: Entre el viejo y el nuevo orden, México, D.F..
- Dussel Peters, E. (1993):* Bye bye Weltmarkt: Das Freihandelsabkommen zwischen Kanada, Mexiko und den USA, in: PROKLA, Nr. 90, März 1993, p. 129-156.
- Elsila, D. (1994):* Komparative Kostenvorteile: Mit NAFTA kommen neue Ausbeuterbetriebe und Dreckschleudern nach Nordmexiko, in: ilar - Zeitschrift der Informationsstelle Lateinamerika, No. 181, Dez. 1994, p. 14-16.
- Encinas, A. et al. (eds.) (1992):* La disputa por los mercados: TLC y sector agropecuario, México, D.F..
- Fernández Jilberto, A. and B. Hogenboom (1995):* NAFTA: neoliberal restructuring and changing political alliances in Mexico, Amsterdam.
- Foley, M. W. (1995):* Privatizing the countryside: The mexican peasant movement and neoliberal reform, in: Latinamerican Perspectives, No. 1, Vol. 22, Winter 1995, p. 59-76.
- Frambés-Buxeda, A. (1994):* La integración subordinada en América Latina, in: Nueva Sociedad, No. 133, Septiembre/Octubre 1994, p. 152-163.
- Fritsch, E. (1994):* Lateinamerika im Freihandelsfieber, in: ilar - Zeitschrift der Informationsstelle Lateinamerika, No. 181, Dez. 1994, p. 4-6.
- Glade, W. E. and C. Luiselli (eds.) (1989):* Retos de las relaciones entre México y estados unidos: La economía de la interdependencia: México y Estados Unidos, México, D.F..
- Gleich, A. v. (1993):* Die neuen Integrationsprozesse in Lateinamerika: Resultate und Perspektiven, in: Lateinamerika-Jahrbuch 1993, Frankfurt/M, p. 31-51.
- Göll, E. (1994):* NAFTA als neues Instrument regionaler Wirtschaftskooperation, in: Europa-Archiv, Folge 2, p. 43-52.
- Göll, E. (1995/96):* Mühlstein oder Rettungsring? Eine Bilanz nach zwei Jahren NAFTA, in: Blätter des iz3w, Nr. 210, Dez. 1995/Jan 1996, p. 4-6.

- Grinspun, R. and M. A. Cameron (eds.) (1993):* The political economy of North American Free Trade, Montreal et al..
- Hakim, P. (1994):* NAFTA and after: A new era for the United States and Latin America?, in: *Current History*, Vol. 93, No. 581, March 1994, p. 97-102.
- Hoffmann, R. and M. Wannöffel (eds.) (1995):* Soziale und ökologische Sackgassen ökonomischer Globalisierung: Das Beispiel NAFTA, Münster.
- Hogenboom, B. (1995):* Mexican environmental policy and NAFTA: An analysis of the transnationalization of politics and policy, Amsterdam (Amsterdam International Studies, Working Paper No. 39).
- Huerta Gonzáles, A. (1993):* Riesgos del modelo neoliberal mexicano, México, D.F..
- Kopinak, K. (1993):* The maquiladorization of the mexican economy, in: R. Grinspun and M. A. Cameron (eds.) (1993): The political economy of North American Free Trade, Montreal et al., p. 141-162.
- Krugman, P. (1993):* The uncomfortable truth about NAFTA: Its foreign policy, stupid, in: *Foreign Affairs*, No. 5, Vol. 72, Nov./Dec. 1993, p. 13-19.
- Lauth, H. J. (1994):* Das Nordamerikanische Freihandelsabkommen NAFTA: Ausdruck einer neuen Phase der Zusammenarbeit zwischen Nord und Süd, in: *Lateinamerika: Analysen, Daten, Dokumentation*, Beiheft Nr. 14, Hamburg, p. 3-29.
- Lavon, E. (1994):* Das Nordamerikanische Freihandelsabkommen (NAFTA): Weltmarktorientierte Entwicklung gegen die Gewerkschaften, Marburg.
- Lustig, N. (1992):* Mexico: The remaking of an economy, Washington, D.C..
- Lustig, N. et al. (eds.) (1992):* North American Free Trade: Assessing the impact, Washington, D.C..
- Luz Arriaga Lemus, M. de la (1995):* TLC, precarización y desempleo, in: *El Cotidiano*, No. 67, Enero/Febrero 1995, p. 8-15.
- Mols, M. (1993):* Mexikos veränderte Außenpolitik: Element der Systemöffnung, in: Sevilla, R. and A. Azuela (eds.): *Mexiko: Die institutionalisierte Revolution?*, Unkel/Rhein, p. 145-163.
- Morici, P. (1993):* Grasping the benefits of NAFTA, in: *Current History*, Vol. 92, No. 571, Feb. 1993, p. 49-54.
- Muñoz Kielman, J. (1993):* Mexiko und das Nordamerikanische Freihandelsabkommen, in: Sevilla, R. and A. Azuela (eds.): *Mexiko: Die institutionalisierte Revolution?*, Unkel/Rhein, p. 207-225.
- Müller, A. (1993):* Mexiko und das "Nordamerikanische Freihandelsabkommen (NAFTA), Marburg (Diplomarbeit im Fach Politikwissenschaft).
- Nicolas, A. (1994):* NAFTA als Modell? Salinas Strategie einer Absicherung der neoliberalen Transformation, in: *Blätter des iz3w*, Nr. 198, Juni/Juli 1994, p. 38-41.
- Orme, W. A. (1993):* Myths versus facts: The whole truth about the half-truth, in: *Foreign Affairs*, No. 5, Vol. 72, Nov./Dec. 1993, p. 3-12.
- Ortiz Wadgymar, A. (1993):* La pequeña y mediana industrias ante la apertura comercial y el tratado de libre comercio. Los costos de la desprotección industrial en México 1985-1992, in: *Problemas del Desarrollo*, No. 93, Vol. XXIV, Abril/Junio 1993, p. 55-74.
- Pastor, M. (1994):* Mexican trade liberalization and NAFTA, in: *Latin American Research Review*, No. 3, Vol. 29, p. 153-173.
- Peñaloza Méndez, A. (ed.) (1996):* Mexico: two years of NAFTA and again in crisis, Ottawa.

- Poitras, G. and R. Robinson (1994):* The politics of NAFTA in Mexico, in: *Journal of Interamerican Studies and World Affairs*, No. 1, Vol. 36, Spring 1994, p. 1-35.
- Rey Romay, B. (ed.) (1992):* La integración comercial de México a Estados Unidos y Canada. *Alternativa o destino?*, México, D.F..
- Ros, J. (1992):* Free trade area or common capital market? Notes on Mexico-US economic integration and current NAFTA negotiations, in: *Journal of Interamerican Studies and World Affairs*, No. 2, Vol. 34, Summer 1992, p. 53-91
- Rubio, L. (1992):* Como va a afectar a México el tratado de libre comercio?, México, D.F..
- Smith, P. H. (1992):* The political impact of free trade on Mexico, in: *Journal of Interamerican Studies and World Affairs*, No. 1, Vol. 34, Spring 1992, p. 1-25.
- Sotelo Valencia, A. (1993):* Mexico: Dependencia y modernización, Mexico, D.F..
- Vega Canóvas, G. (ed.) (1992):* México ante el libre comercio con America del Norte, México, D.F..
- Velasco Arregui, E. (1993):* Industrial restructuring in Mexico during the 1980s, in: R. Grinspun, and M. A. Cameron (eds.) (1993): *The political economy of North American Free Trade*, Montreal et al..
- Weintraub, S. (1992):* Modelling the industrial effects of NAFTA, in: N. Lustig. et al. (eds.) (1992): *North American Free Trade: Assessing the impact*, Washington, D.C..
- Weintraub, S. (1993):* The economy on the eve of free trade, in: *Current History*, Vol. 92, No. 571, Feb. 1993, p. 67-72.
- Wilcox Young, L. (1995):* Free trade or far trade? NAFTA and agricultural labour, in: *Latinamerican Perspectives*, No. 1, Vol. 22, Winter 1995, p. 49-58.

Neoliberalism and Welfare State Structures - A Canadian Perspective of the FTA and the NAFTA

1. Neoliberal Restructuring

Since the 1980s, neoliberal politics and economics have become a predominant regional and global trend. Concurrent with this emerging neoliberal economic emphasis, we have witnessed a growing crisis in the traditional bases and strengths of the welfare state. The relationship between these global - although primarily Western - economic, political and social transformations is one that I would like to explore. The welfare state appears to be reaching, or has already reached, its "holding capacity", however this phenomena does not exist in isolation from the economic and political context it finds itself in. In fact, it is largely a net consequence of these changing global economic and political relationships and conditions. In the forefront of this argument are two examples of neoliberalistic endeavours: the Canadian - U.S. Free Trade Agreement (CUFTA), which I likewise refer to as the FTA and the North American Free Trade Agreement (NAFTA). As events of restructuring and largely a response to international competitive pressures, the FTA and NAFTA cannot be evaluated as isolated elements of economic transition. Rather, the two free trade agreements are only two entities in a multitude and amalgamation of the economic processes which have assumed a position of legitimacy in our "modern"-day-economy. While I will argue that many of the key elements of the NAFTA exacerbate the pressures on the welfare state and contribute to its down-sizing, I do not insinuate that Canada's participation was necessarily avoidable. International and U.S., likewise national neoliberal economic transformations and the NAFTA's precursor, the FTA, had already set economic prerogatives, which greatly restrict Canada's current economic decision-making independence. Within this neoliberal economic framework, the NAFTA might be viewed as an unavoidable, defensive economic endeavour. Nevertheless, my thesis proposes that this neoliberalist trend, likewise within the context of the FTA and the NAFTA is contributing to an erosion of many fundamental elements of the welfare state.

The basic premise of neoliberal politics and economics - which I will refer to as "neoliberalism" - is that national market economies can prosper indefinitely, providing that their structure and development embody the farthest-reaching principles of a privatised and deregularised economy. The role of the state in this instance is to provide currency and monetary stability in a lawful and orderly society. Government intervention is viewed as inhibiting market access, free market competition and innovation, and hence preventing the full realisation of profits. This trend marks a break from government interventionist

Keynesian-style politics. Governments are turning instead to liberal economic policies in an attempt to cut operation and interest costs, which they believe will help secure domestic productivity and prosperity in the increasingly competitive world market. Laux explains this phenomena: "International competitiveness is the objective, and to reach it they will select market driven policies, minimising the direct intrusion of the state in the economy. Not only a renewed commitment to trade liberalisation but initiatives to open financial markets and deregulate national economies - most dramatically the preparations for a single European Market - confirm the trend. Fundamental changes in the world economy, captured by the term globalization refers to the reorganisation of production and finance on a world-wide scale which has redefined the bases for competition" (Laux 1990/91, 113-114).

Capital mobility, capital markets and financial deregulation are components of global economic liberalisation in the move towards post-industrialised societies and economies. Together these forces manifest themselves in regional and global trading blocs and agreements. Free trade agreements, likewise the Canadian-U.S. FTA, "serve as a conditioning institutional framework that promotes and consolidates neoliberal restructuring", namely privatisation and deregulation of the economy (Grinspun and Kreklewich 1994, 33). Both domestic and international capital drive this process, forging a growing private sector and altering private sector-state relations on a national and international basis.

2. The Role of the Welfare State

The role of the welfare state is to offset potentially negative effects, inequalities or economic insecurities of the free market and to redistribute wealth by providing and protecting social policies, which generally incorporate social insurance, public assistance, health and welfare services and housing policy (Majone 1993, 158). Social regulation, a key component of the welfare state and social policy provides for the regulation and maintenance of health and safety, environmental and labour standards as well as consumer protection, likewise as a response to what Majone deems "market failure" (1993, 157). The role of unions and labour movements has traditionally been a backbone of the welfare state, and their strength is often a measure of the "quality" of the welfare state, that is, of high social standards. The unions are a central aspect of "class compromise" - a key component of the "social contract" which has characterised the nature of the relationship between economic policy and the social welfare state in the last twenty years. According to Robinson, the "quality" of the welfare state likewise determines the quality of democracy within a state: "Democracy is unlikely to develop or survive for long in a climate of labour repression, because labour rights overlap, to a substantial degree, with human rights and democratic rights. If we wish to increase the quality of democracy we should protect and

promote the growth of independent, democratic unions and the other social and economic policies that reduce income inequalities" (Robinson 1993, 338).

In any case, these many factors determine the level of development of the welfare state, and allow for great diversity in the scope of welfare states. The NAFTA demonstrates this diversity: although all are officially recognised as democratic, Canada is the most comprehensive welfare state, the U.S. embodies a less-expansive form, and Mexico predominantly lacks these social welfare structures.

2.1. The U.S. Welfare State

The U.S. Welfare State, along with the Canadian, is classified by Esping-Anderson as a "liberal" welfare state. This type of regime is based on strong "traditional, liberal work-ethic norms", with the result that programs and benefits are predominantly characterised as "modest" and entail strict eligibility criteria for the predominantly low-income, working-class state dependants whom they cater to (Esping-Anderson 1990, 26). The "liberal" welfare state regime is an archetype, which in case-analysis reveals diversity between specific regimes.

According to Hartmut Wasser, the U.S. Welfare State is characterised by two themes, the first predominant characteristic being "the solving of socio-political problems with a concept of private self-responsibility and through private economic organisations". The U.S. welfare state tends towards "selectivity" because it adheres to the principles of individuality, self-responsibility, and "equality of opportunity". The second theme is "the existence of wide-spread poverty in the population. This phenomena can be explained by the fact that there is no nationally uniform system for all spheres of social safety in the U.S." (Wasser 1991, 159). The lack of a unified system leaves gaps in social security and coverage of social programs.

I have summarised the key social programs of the U.S. Welfare State. The OASDHI (Old-Age, Survivors, Disability and Health Insurance) program is the largest program and is federally operated. It provides protection to workers and their families against loss or stoppage of earnings resulting from retirement in old age, death, or disability, and health care benefits for beneficiaries 65 and over. The OASDHI is the only universal program, all other social programs are subject to means tests, that is, specific coverage criteria. Unemployment Insurance (UI) covers most employees in private industry and commerce, but not agriculture or domestic workers, nor small firms with fewer than four employees. The former two programs are financed by payroll taxes. Public Assistance covers old-age assistance, aid to the blind, aid to the permanently and totally disabled and aid to families with dependent children. Medicaid is a social insurance provided to the poor and medically needy who can't afford voluntary health insurance, and who are receiving Public

Assistance. The latter two programs are targeted at society's needy. A variety of other federal/state programs include, among others, social insurance, student loans and veterans compensation. Direct transfer payments to state and local governments fund education, legal aid, social and health services as well as other local services.

Since the 1970s, these programs have suffered cutbacks due to deregulation and privatisation strategies. However, the most notorious and furthest-reaching cutbacks were made under the Reagan and Bush administrations. Spending cuts were made to Public Assistance and Medicaid, rules of eligibility were changed, and government positions administering these programs were cut. The holes in the U.S. Welfare State have consequently become much bigger. In 1988, 35% of all Americans had no health insurance, and in 1987, a study concluded that 13 million children under 18 live in poverty, all of this, "in the richest country in the world" (Warnock 1988, 152).

2.2. The Canadian Welfare State

The Canadian Welfare State, in comparison to the U.S., may also be characterised by two general principles, the first of which can be described by the term "Universality", which is characterised by the principle of "equality and quality of outcome". Secondly, the Canadian Welfare state is comprehensive and unified. The federal government in Ottawa sets stringent standards to provide equal terms and conditions for the social programs which are generally regulated and operated by the provincial governments.

Canada does not have the traditional political foundation of a welfare state based on an exceptionally strong labour movement or corporatist modes of policy-making. The labour movement in Canada is closely tied to the New Democratic Party - a social democratic party - which has never been in power at the national level, although it has been an important force in several provinces. In general, unionisation is low, the labour movement is divided into various federations, and often divided among provinces and collective bargaining is decentralised. However, the establishment of Health Care was the product of a social democratic government initiative at the provincial level, which was later adopted nationally, demonstrating that social democratic, together with labour forces, do have a political voice in Canada.

The strengths of Canada's welfare state can be characterised by three phenomena, namely regional and provincial differences, social movements, and public support. The basis of the Canadian Welfare State is territorial, based on regional, provincial and language differences. The welfare state is an element of national integration, and is itself reinforced by interprovincial and provincial federal bargaining. The legitimacy of regional and provincial distinctness means that all regions - whether they are wealthy or poor - are included in national coalitions and major political decisions. Individual provinces fight hard

to maintain critical federal funding of provincial social welfare programs, reinforcing the legitimacy of the welfare state at the national level. Social movements, which represent the ageing population, women's movements, as well as native, gay, disabled and welfare recipient interests have expanded the legitimacy of equal and social rights. The adoption of the Charter of Rights in 1982 likewise strengthened the legitimacy of social issues. Public support for social programs is very strong, especially in light of the recession and economic insecurity. The welfare state and the concept of universality remain strongly embedded in the socio-political values of the population.

Although Esping-Anderson regards Canada as a "liberal" welfare state regime, closer analysis of specific programs reveals a dichotomy, as Schiller points out. He makes a distinction between two classifications of Canadian social programs: "In the Canadian case, a typological division is required: health care politics is laid out as a universal arena of 'social-democratic' calibre, whereas the complete sphere of income security can be assigned to the 'liberal welfare state' category'"(Schiller 1994, 449). Canadian Welfare State programs can be placed in two categories, namely social services and Income Security Programs. Under Social Services is Health Care, which is itself provided by two Health Insurance programs, namely Hospital Insurance and Medical Care Insurance. Hospital Insurance provides financial assistance to provinces for hospital services. Medical Care Insurance provides comprehensive coverage for all medically required services rendered by a physician or surgeon. Health Care, and likewise Primary and Secondary Education are the two Universal Social Services. Selective Social Services include, among others, Child Welfare, Child Day Care, Legal Aid, Services to Victims of Violence, Indian and Metis Friendship Centres, Rehabilitation and Correctional Services, Employment-Related Services, Services for People with Special Needs, Home Care and Housing.

The following is a list of Income Security Programs. The Canadian Assistance Plan (CAP) provides social assistance for the blind, disabled, unemployed or unemployable. Together with the provincial welfare programs, it provides a social safety net for the population. The Canadian Pension Plan provides income protection in event of retirement, disability or death, and is compulsory for most employed and self-employed. The Old Age Security (OAS) program is universal and is supplemented with the Guaranteed Income Supplement (GIS) and Spouse's Allowance (SPA). It is payable to anyone over age 65 who has filled the residency requirements. Unemployment Insurance (UI) provides financial security for the unemployed, and is compulsory for most employees. Tax Credits, such as the refundable Child Tax Credit, as well as Minimum Wage regulations, Employment Strategy and Job Creation provide additional Income Security. As in the U.S., Canadian Social programs have faced cutbacks, most notably under the leadership of Primeminister Brian Mulroney.

3. Neoliberalism and the Welfare State

In the neoliberalistic global economy, and its ensuing free market and competitive pressures, national economic policy is shaped in the following ways: modernisation and innovation initiatives arise, most often in the form of capital intensive technologies and investment incentives; reduced government intervention in the form of deregulation, flexibility and privatisation becomes the norm; attempts are undertaken to lower wage, interest and overall economic operational and production costs, which are a component of deficit cutting, economic efficientization and rationalisation, and which are largely a driving force behind the above-listed policies. These pressure responses replicate themselves in the domestic political and social structures. Immense tensions arise as governments attempt to cope with and mediate between the burdensome economic pressures and continuing social, welfare and labour demands. Social structures are increasingly adapted to free market structures in order to secure national profits. "The goal of the furthest-possible retreat of the state from economic and social politics comprises above all the improvement of the labour market's adaptability to economic changes" (Tálos 1993, 45). Global emphasis on capital markets and capital accumulation has likewise subordinated the political and social elements of the state.

In the 1970s, rapidly growing capital accumulation through capital investments resulted in high capital intensity. Subsequent lower capital productivity and a significant increase in capital costs was aggravated by high interest rates in the 1980s. In an effort to reduce capital pressures, management placed pressure instead on labour costs. If individual wages could not be cut, a "flexibility" strategy for reducing overall wage costs was implemented: work intensification and work reduction resulted in a rising demand for the part-time labour market. Part-time work has the effect of reducing social benefits and earning capacities of employees. Capital intensive production involves a departure from traditional industrial labour-intensive production. The result is a loss of jobs in the industrial sector, which is expected to be offset by growing employment opportunities in the service sector. Employees fortunate enough to find jobs in the service sector could, and still can, expect a reduction in wages. However, general economic stagnation has prevented the service sector from being able to absorb this freed labour force, and therefore unemployment has grown drastically. High unemployment levels in turn burden the already overstretched capacities of the social system, therefore intensifying the welfare state crisis. High unemployment creates a large labour pool, which leaves those who are employed, and labour unions overall, with a weaker bargaining position with management for wages and benefits. Essentially, welfare states 'governments' abilities to alleviate these negative free market side effects through social policy and regulation, become overtaxed. Bieling sums up this political shortcoming: "Likewise implied is a changed economic and political relationship:

the globalized market relationships require merely a political regulation that is subordinate to capital movements" (Bieling 1994, 25).

Global competitiveness can in some instances lead to the phenomena of "social dumping" made possible by the "liberalisation" - free movement - of trade, investment and workers across borders. In order to undercut competitors, corporations "relocate to low-social-wage areas, or pressure their governments to reduce social wage costs. In extreme scenarios, these actions could fuel a downward spiral in social provision, eventually producing very rudimentary 'lowest common denominator' national welfare states" (Leibfried and Pierson 1992, 349). In order to overcome the "competitive disadvantage" of the welfare state within the neoliberal global economy, firms push for social-labour concessions which both directly and indirectly contribute to a dismantling of the social structure, although not necessarily to the "lowest common denominator": A general weakening of trade unions and trade union rights is a result of pressures to accept wage cuts and worsening work conditions; tendencies towards contribution-based social services, as opposed to universal coverage, is growing as governments are pressured to withdraw from social and employment regulation. "Social spending is measured against other fiscal-political alternatives and is subsequently subordinated. In this sense, the social state also becomes too expensive (...) now seen only as a competitive obstacle" (Bultemeier 1994, 124).

Corporations have been able to reprioritise and redefine the contexts of contemporary legislative agendas favouring international competitive trading considerations over that of traditionally government supported social welfare policies. In light of this level of corporate pressure on governments, the structure and interests of these corporations are worth examining. Corporations and Multinational Corporations (MNCs) are top-down power structures, which means that labour interests are inherently isolated from that of top corporate management. In addition to this top-down power structure, many of the decisions made by MNCs are determined by the stockholders-investors who are geographically isolated from the ramifications of their decisions. Not only are the shareholder-investors not liable for the ramifications of their decisions, they do not have to legitimise their corporate agendas to the public; this legitimisation, within the current neoliberal trend, is the role of the government. Governments, from this perspective, are supposed to smooth the way for MNC activities by absorbing the cost of social dumping and legitimising their activities by proclaiming MNC interests as the interests of the nation. Likewise, the assumption arises that corporate profits, and therefore corporate welfare is synonymous with the welfare of the nation as a whole. This, however, is only true, insofar as certain structures are in place within a state, which are effective in redistributing these profits - national wealth - and offsetting negative consequences of free market policy (i.e. social dumping). Because the expanse of the government's role as protector of the welfare state against perceived inequalities of free market policies is being eclipsed by government's increasing role as legitimisers of corporate-driven neoliberal policies, they are less and less able to redistribute

national wealth. Therefore, corporate wealth and corporate interests are not necessarily synonymous with the welfare, wealth and interests of the population within any given state, and this in turn can lead to a discongruence of corporate interests and national welfare interests.

Integral to the understanding of corporate-driven neoliberalism is the understanding of the role of economic elites in this process, since multinational corporate executives, investors and shareholders together form part of a network of national and international economic elites, whose interests tend to overlap. Grinspun and Kreklewich (1994, 34) charge that neoliberalism-driven restructuring is itself an elite-driven, undemocratic tool used to further personal economic interests, at the expense of social welfare policies. Domestic and international elites, including many forms of national capital, work together to support free trade agreements: "conditioning frameworks, although apparently championed by 'domestic' elites, are actively promoted by the transnational capitalist class. The conditioning mechanism will 'level the playing field' by shaping public policies according to the needs of that class; it creates an effective transnational policy guide and enforcement mechanism" (Grinspun and Kreklewich 1994, 49).

FTAs are primarily "conditioning frameworks" for concretising neoliberalist economic policies on a regional and global scale. They have the effect of transferring a great deal of economic and political influence and decision-making powers from government regulatory bodies to the corporate and elite sectors - that is, the private sector. Conditioning frameworks bind governments to a set of neoliberal constraints, effectively negating many of their economic decision-making sovereignties, and in fact securing compliance of social and labour standards to these economic prerogatives. Grinspun and Kreklewich (1994, 51) profess that "the outcome [of the promotion and consolidation of neoliberalist restructuring through 'conditioning frameworks'], if unchallenged, will be a narrower set of societal choices; an unprecedented entrenchment of barriers to progressive social change".

3.1. The NAFTA in North America

Mexico's earlier attempts to embark on economic modernisation and liberalisation involved a bilateral free market deal with the U.S., to set up the Maquiladora Industries - commonly known as "export production zones" - in the latter half of the 1960s. Although this deal was to set the tone for further free trade arrangements with the U.S., it was not until the 1980s that Mexico altered its predominantly protectionist policies to fully embrace neoliberalism. In an attempt to combat entrenched economic crises, the Mexican government, under the direction of neoliberalist Carlos Salinas de Gortari, embarked on an economic strategy of liberalisation and deregulation. Import substitution industrialisation was deferred for export diversification orientation policies which included encouraging free trade, foreign

investment, undertaking the privatisation of state industry and restrictive wage policies, and forging ever-closer economic links with the U.S.

A precursor to the NAFTA was, as already mentioned, the establishment of the Maquiladora export-production industries in Mexico. The result of this attempt to secure employment for Mexican workers, earn foreign currency and foster a transfer of technology, is perhaps one of the most blatant neoliberal policy failures to date. Because production involves U.S.-inputs, is controlled by U.S. firms and finished products subsequently leave Mexico in U.S. hands, Mexico itself realises minimal, if any profits, investment benefits or technology transfers. Employment conditions are, simply put, exploitive: little or no job security, bare-subsistence wages, no social, labour or environmental regulations, and therefore a health-threatening environment and extreme poverty levels. The Mexican government's acceptance of such conditions in the Maquiladora industries exhibits a disregard for overall social, labour and environmental issues. The uprising in the Chiapas (Mexico) was a response to, and likewise illustrates, the exploitive social political and economic conditions. In the context of these exploitive, yet from the corporate perspective "optimal" labour-cost conditions, the issue of social dumping becomes not only a distinct possibility, but a reality. The cheap Mexican labour supply has encouraged U.S. firms to pull out of U.S. production sites in favour of more economical Mexican production sites, exacerbating U.S. unemployment levels.

The recent \$50 billion bailout of Mexico calls into question the overall economic and social suitability and stability of Mexico within the NAFTA. "As the panic of the last few weeks recedes, what many have come to realise is that Mexico, once billed as a model of free-market reform, had in fact become a case study in economic recklessness in the last few years" (Hirsch 1995, 17). The U.S. footed \$20 billion of the bailout sum, an action which adds to fears that the costs of Mexico's economic and social instability will be born by American and Canadian economies-- which would add additional financial pressures to their respective economies and social structures.

The U.S., for its own part, has largely directed liberalist, free-market global trends since World War II. A greater level of domestic protectionism has coexisted along with this liberal foreign economic policy, markedly since the emergence of signs of waning U.S. economic hegemony. From an American perspective, the NAFTA can be viewed as a complementary regional component of its other international liberal market strategies, which emerge in the General Agreement on Tariffs and Trade (GATT) and Pacific Rim agreements. By signing its first regional trading-bloc deal, namely the NAFTA, the U.S. is attempting to recapture, redefine and strengthen its world economic position. "The NAFTA must be judged in this context as an attempt by the (former) hegemonic USA. to redefine its position in the world economy" (Lavon 1994, 25). The U.S. has played the central role in the bargaining and consolidating processes of the NAFTA, and without a doubt stands to

dominate the trading bloc due to its economic and military might as well as its sheer dominance of population within the region. Betting on the betterment of these strengths, the NAFTA is expected to enhance both U.S. and North American competitive abilities, especially in relation to the EU and Japan.

3.2. The FTA in Canada

Canada has had a history of economic dependence on the United States. In 1940 40 % of Canada's trade was with the United States (Buckley 1994, 383). Since then, trade has steadily increased, albeit with fluctuations. In the 1990s, this percentage was at about 75.8% and the U.S. import percentage at 62.3% (International Monetary Fund, 1992). The 1965 Canadian-U.S. Autopact drew special attention due to Canadian economic gains, namely increased employment in the Auto industry and increased auto exports to the United States, which helped Canada attain an overall trade surplus with the U.S.

However, Canada's economic record has not been all positive, especially in recent years. An economy based on natural resources and the export of relatively unrefined commodities, which accounts for 55% of all exports (Cohen 1992, 20), combined with protectionist economic policies and low productivity growth, have left Canada ill-equipped to compete effectively in the neoliberal world market. Canada exports 1/3 of its produce (Banting 1992, 151), which accounts for 40 % of its GDP (Charest 1992/93, 121), and is therefore vulnerable to changes in a global economy over which it has little influence. Exacerbating this vulnerability has been Canada's increasing economic dependency on the U.S., not only in terms of trade, but in direct ownership as well. When free trade first became an issue, "about 50 percent of the manufacturing sector, 45 percent of petroleum and natural gas, 40 percent of mining and smelting and 26 percent of all other industries were owned or controlled by foreign (mostly U.S.) firms" (Cohen 1992, 18).

In the early 1980s, the economic recession hit Canada particularly hard because of its internal economic weaknesses. Average incomes declined and unemployment rose to 12 % nationally, but was as high as 20 % in the poorer regions (Banting 1992, 151). Economic recession and growing deficit pressures prompted a review of economic and trade policies. In 1984, the election of a Conservative government led by Brian Mulroney set the tone for a shift towards neoliberal economic policies, which included strategies for deficit reduction, tax reform and international competitiveness. The Conservative government tended towards selectivity, as opposed to universality of social programs. Although unemployment, pension and healthcare demands have increased social spending, further program development has largely been abandoned and many social benefits have been eroded. For example, the Family Allowance Program, which provided monthly payments on behalf of children under 18 was terminated, the Universality of the Old Age Security plan was abolished, and federal

contribution to the Unemployment Insurance program was ended, and payments have been restricted (Rice and Prince 1993, 382).

Overall, program spending was constrained, frozen or reduced in social housing, legal aid, health care, social assistance and post-secondary education. However, a "stealth style" of social policy reform prevented close media scrutiny, and kept the public unaware of the extent of the reforms, therefore preventing widespread unpopularity. Tax increases have been another component of restructuring, and have gradually become less-progressive. Such tax reforms and increases have sparked resistance from the population, which has increasingly engaged in black-market activities and cross-border shopping in the United States in protest.

Welfare state restructuring and economic and tax reform have not been successful in alleviating Canada's economic or social problems. In fact, the neoliberal overtone of the 1980s regressed many social and labour standards, as well as polarised income levels, since many corporations introduced low-wage strategies and pressured unions into concessionary bargaining. "In our view, the most significant consequences of the Conservatives' social policy record have been a lowering of the safety net and a weakening of the bonds of nationhood. Several Canadian social programs have become more like those of the United States: child benefits, drug patent legislation, elderly benefits and unemployment insurance (...) the Mulroney government's policy agenda has moved Canadian social policy closer to the American system. Whether or not this policy pattern is due to the Free Trade Agreement, the results point to a trend towards harmonisation between Canada and the United States in key elements of social policy" (Rice and Prince 1993, 384).

This process of reform, with its neoliberal overtones, was simultaneously the driving force behind Canada's participation in the 1989 Free Trade Agreement (FTA /CUFTA). Four points characterise Canada's decision to enter the FTA. First of all, the FTA was an opportunity to concretise the process of economic restructuring that the Conservative government had led throughout the 1980s. Secondly, the FTA was viewed as a means by which to improve Canadian international competitiveness, a key theme of the Conservative government. An additional concern was the level of protectionism that had developed in the U.S. in the 1970s. It was hoped that a FTA would compensate for this protectionism by securing Canadian access to the U.S. market. Finally, access to this larger market was expected to help Canada realise economies of scale and increase access to high-technology. In short, Canada's participation in the FTA was a "realist political" (Winham 1994, 492) response to trade and economic dependence on one country, namely the U.S.. However, by signing the FTA, hence binding itself legally to a set of economic requirements, Canada has intensified its economic dependency on the U.S..

3.3. The Canadian Free Trade Debate: From the FTA to the NAFTA

The FTA debate saw alignments develop primarily along political party lines, in business-labour-special interest groups, and among various provinces and regions. Mulroney's Progressive Conservative (PC) party was naturally the largest proponent of free trade, including most of its party members and supporters. The Liberal Party, likewise a centrist - although slightly more left-leaning party - did not support the NAFTA. However, the Liberal Party did not represent as united a front on the issue as the PCs did, a prime example being the Liberal Premier of Quebec, Bourassa, who supported free trade. The Liberal Party's initial position in 1987, before negotiations were formalised, "was a compromise between the party's anti-free trade wing and a smaller wing sympathetic to free trade" (Doern and Tomlin 1991, 231). As well, party supporters were less-consistently free trade opponents than were PC supporters pro-free traders. The smaller, labour-based New Democratic Party (NDP) forcefully opposed the FTA, and its supporters were likewise predominantly opposed to free trade. When the 1988 election became a Free Trade election, these party affiliations played a central role in the heated debate: The PCs being confronted by the adamant Liberals and NDPs.

Much incentive for Canada's free trade negotiations came from the major business organisations, which likewise comprised the major support base for the FTA. The most prominent among these groups are the Business Council on National Issues (BCNI), the Canadian Manufacturing Association (CMA), the Canadian Chamber of Commerce (CCC) and the Canadian Bankers Association (CBA). The chief voice of big Canadian business and of course a major free trade proponent is the Fraser Institute. The Canadian Federation of Independent Business (CFIB), which represents smaller-sized businesses, likewise supported Free Trade, although 20% of its membership opposed the FTA and 14% were undecided (Warnock 1988, 115). These groups were likewise joined by many other trade associations throughout Canada as well as the mass media and major Newspaper chains such as The Financial Post, The Financial Times and the Toronto Globe and Mail (Ibid., 116 and 120) and the Consumer Association of Canada (CAC). Several national "think tanks", among them the Institute for Research on Public Policy and the Economic Council of Canada (ECC), were enthusiastic supporters of free trade and the FTA.

This list of groups supporting free trade, which are predominantly - in fact, almost exclusively - comprised of big business interests, illustrates the degree of socio-economic polarisation of the issue. If one looks at the contra-side of the debate, one sees a much more diverse group of interests being represented. The most predominant dissenters were labour groups, the Canadian Labour Congress for example, women's groups such as the National Action Committee on the Status of Women, agricultural groups such as the National and Quebec Farmers Unions, Church groups, environmental groups and the arts/cultural community, including the Writers' and Artists Unions of Canada. Native dissent was voiced

through the Assembly of First Nations. Senior citizens' organisations, teacher's federations, anti-poverty groups and peace networks likewise voiced opposition. Many of these groups coalesced into the Action Canada Network (ACN), formerly the Pro-Canada Network. The most predominant anti-free trade organisers in this Network were the women's movement, environmentalists, labour and the churches. An intense level of activism on behalf of these groups gave momentum to the anti-free trade campaign.

Provincial and regional alignments provided for another predominant split in the FTA debate. Three of the four western provincial governments, namely, British Columbia, Saskatchewan and Manitoba, were the earliest and strongest supporters of the FTA initiative. The fourth, Alberta remained strongly opposed. According to polls, the populations in western Canada were the strongest supports of free trade, with the percentage of support for free trade at 66%, and for the FTA at 42% in December 1987 (Dasko 1988, 252). The Quebec provincial government was another strong FTA supporter, and its population the second most supportive in Canada. Figures show Quebec popular support for free trade at 58% and for the FTA at 47% in December, 1987 (Ibid., 252). Atlantic Canada popular support for free trade followed at 57% and for the FTA at 45% during the same time period (Ibid., 252). The Atlantic provincial governments were overall supportive of the FTA, although less enthusiastic and less concerned about their inclusion in the free trade bargaining process. The Ontario provincial government was by far the most vocal provincial/regional opponent of the FTA. Likewise its population expressed the highest regional dissent in Canada, with 50% supporting free trade but only 32% supporting the FTA; a larger number, 46% disagreed with the NAFTA (Ibid., 252). Provincial government support or dissent was dependent on various factors, among them regional diversity. Perhaps most notably, the economic diversity between provinces and regions dictated the provincial government agendas. The business community in Quebec, for example was a strong proponent of free trade and played a key role in influencing Johnson's Liberal government to support free trade. On the other hand, party affiliation of the provincial governments was another influential factor in determining provincial support or dissent of free trade, the FTA and the NAFTA.

Other demographic factors had significantly less impact on the personal opinions of the Canadian population. Most significantly, union members, blue-collar workers and lower-income groups were the least supportive of the FTA (Dasko 1986, 29). High-income, highly educated groups, on the other hand, tend to be strongly supportive (Dasko 1988, 251 and 253). Men tended to be more supportive of free trade, whereas women, especially those in the labour force, tended to be less supportive (Ibid., 257). Age, on the other hand, played very little role in FTA opinion polls. According to polls in December 1987, 57% of Canadians supported free trade, 32% did not support free trade, and 10% expressed no opinion; referring specifically to the FTA, 40% voiced support, 39% voiced dissent, and 21% had no opinion (Ibid., 252). However, in November 1988, during the heated free

trade election campaign, public opposition to the FTA had grown to 53% (Clarke 1992, 120). Later, in 1992, polls showed that 66% were opposed to the FTA (Winham 1994, 493).

The major issues of the free trade debate concerned the strength of the Canadian economy, fears of unemployment and a loss of cultural identity and political independence. February 1986 statistics show that 46% of the population believed that free trade would strengthen the Canadian economy and that 36% disagreed with this statement; 43% believed the result would be higher unemployment and 38% disagreed (Dasko 1986, 32). Canadians also generally believed that free trade would result in lower consumer prices. However, although economics would appear to be the central issue in a free trade debate, cultural and political views and issues proved to be just as crucial. In the same 1986 survey, 38% of Canadians believed free trade would lead to an erosion of Canada's cultural identity, while 40% believed Canadian political independence would suffer (Dasko 1986, 32). The pro-FTA camp was upset that social policy issues were brought into an economic debate about trade policy. Likewise, they believed the public to be ignorant of the already-prevalent limitations on Canada's decision-making independence. Anti-free traders felt, on the other hand, that pro-free traders - and primarily big business - were prioritising private economic gains over the political and social well-being of the Canadian public.

Both supporters and dissenters of the FTA conjured up nationalistic visions of Canada to portray their arguments regarding these economic and cultural/political issues. "The free trade debate saw the emergence in stark form of two distinct brands of nationalism. One was centred in the anti-free trade forces, founded on a defence of the powers of the Canadian state as the crucial glue for Canada's unity and independence. The other brand was a nationalism based on the market in which the pro-free trade coalition asserted a new entrepreneurial confidence in the ability of Canadians to compete with the best in the world" (Doern/Tomlin 1991, 206).

The FTA debate polarised into these two camps, each perplexed and distressed at the other's nationalistic and emotional-based arguments and manipulation of economic and unemployment statistics. In short, "the public debate over free trade was a maddening mixture of competing facts and values that produced alternative visions in Canada" (Ibid., 222). The heated debate finally came to its "official" end when Mulroney's PC party won a majority in the Canadian parliament. This was viewed by the Conservative government to be the public legitimisation required to go ahead with the FTA. Because the PCs had won 58% of the seats in the House of Commons, the Liberal and NDP parties which had pushed for an election on the free trade issue, accepted this claim of legitimacy. However, other opponents of the FTA pointed out that although the PCs had won a majority of the seats, they had only received 43% of the electorate vote, due to distortions of the first-past-the-post electoral system. Likewise, they argued that because 50 % of the electorate had voted

for the two anti-free trade parties, the PC government did not have the public legitimacy it needed for the FTA. Regardless of these criticisms, the election results stood, and the FTA became operational on January 1, 1989.

Essentially, the FTA regulates the flow of all trade, goods, services and investment, eliminating most tariff and non-tariff barriers (see Appendix a). The NAFTA (see Appendix b) is basically a reconfirmation of the FTA provisions. However, elaborations were made to the investment and telecommunications clauses, national treatment and border measure considerations were reorganised, and intellectual property and competition policy stipulations were added. Tacked on to this core document was a list of national reservations and exceptions in the newly added areas of investment, services and financial services. If other countries are to be included in the NAFTA, the core document will remain fixed, with modifications cited in the "added-on" list.

Unlike the FTA, Canada's participation in the NAFTA was viewed largely as a defensive measure to protect the preferential status that Canada received in the U.S. market through the FTA, and to prevent the U.S. from obtaining a trading advantage in relation to Canada and Mexico. However, other considerations also played a role in Canada's decision to enter NAFTA negotiations. NAFTA's greater comprehensiveness was expected to cover a larger range of Canadian trading interests. Canada also hoped to improve some aspects of the FTA which were considered problematic (for example, provide more predictable practices and rules for customs rules and administration, establish a more effective binational dispute settlement process, and deal with the issue of U.S. anti-dumping and countervailing duty laws which were viewed as non-tariff barriers). Finally, Canada hoped to gain better access to the Mexican market, and to expand its trade relationships.

However, optimistic predictions for the NAFTA were tainted by the perceived negative experiences with the FTA. Many blame the FTA for the Canadian economic recession, which has been the severest economic downturn since the 1930s. The unemployment rate reached its highest point in eight years, at 11.6 % in 1992, and federal unemployment insurance payments reached its highest sum ever, at \$5.7 billion (Maclean's Aug. 24, 1992, 45). Plant closures and the loss of 461,000 manufacturing jobs contributed notably to unemployment rates (Maclean's Aug. 24, 1992, 48). Overall, the Canadian manufacturing sector lost, proportionally, four times as many jobs as the U.S. manufacturing sector since 1989 (Campbell 1994, 154), an indication of where the Canadian jobs have moved to. Although the manufacturing sector was most predominately hard-hit, agriculture has been another sector adversely affected. Fruit and vegetable farmers have particularly suffered losses due to increased competition, for example grape growers have also seen their industry destroyed as a result of free trade. In Ontario, 40 percent of the vineyards have been ripped up, and 70 percent of B.C.'s are gone. Many of the current unemployed are facing difficulties finding work, even after having participated in retraining programs, a

sign that new job opportunities are not being created in any significant number elsewhere in the economy to offset unemployment levels. Many find themselves working part-time when full-time employment is not available. Those still employed face added pressures to accept concessions and fewer employment benefits and wage increases. The long-standing trend of employment income polarisation has been likewise exacerbated. These economic realities provided ammunition for a contra-free trade position in the ensuing NAFTA debate.

The NAFTA was signed by the Bush and Mulroney administrations, but faced heated debate and a battle for ratification in the respective Senate and parliament. The political alignments regarding the Canadian NAFTA debate were essentially those of the FTA debate, with however, the popular support for free trade significantly lower. The NDP party was once again most vehemently opposed, the Liberal party was less adamantly opposed than on the FTA debate, and the PCs naturally championed the deal. Ontario once again opposed the NAFTA negotiations, whereas Quebec, the two Western provinces of Alberta and Saskatchewan and the Atlantic provinces were the most supportive. The polarisation of the issue between big business and labour was likewise predominant in the NAFTA debate. The NAFTA was greeted with outright opposition from most labour unions, environmental groups and much of the public. Less than 50% of the public voiced support for the NAFTA and 64% were against a regional trading bloc in 1992 (Winham 1994, 493), due largely to the notorious shortcomings of the FTA.

Many of the FTA supporters, big business for example, have assumed a defensive stance, as opposed to an optimistic or confident stance to free trade, in light of the economic and employment problems Canada faced following the enactment of the FTA. Although big business was predominantly pro-NAFTA, as they had been pro-FTA, the membership of the Canadian Federation of Independent Business, which represents small and medium-sized Canadian firms, was split on the issue. Several firms and industries which had been hit hard by adjustments under the FTA were more hesitant about supporting the NAFTA, among them the furniture, shoe and garment industries.

The Liberal Party of Canada, which had previously opposed the FTA, re-evaluated its free trade position concerning the NAFTA. During his 1993 election campaign, Liberal Party leader, Jean Chretien promised to renegotiate the NAFTA to deal with the issues of environmental and labour standards, energy exports, and the way that the agreement deals with subsidies and dumping (this refers to the pricing of exported goods at a less than fair selling price at home). After assuming power, Chretien negotiated three side-deals concerning subsidies and dumping, fresh-water exports and energy resources. However, the general consensus confirms that these side-deals will be ineffective. Maclean's Magazine (Dec. 13, 1993, 14) summed up Chretien's efforts: "Ironically, the Liberal's greatest triumph may have been in getting opponents and supporters of NAFTA alike to agree on one point: the side deals are meaningless". The Liberal Party has since issued statements

supporting global trade-liberalisation, and have expressed an interest in widening the NAFTA. Chile is expected to enter the NAFTA in 1996.

4. NAFTA: A Critique

The very conditions under which NAFTA was negotiated, promoted and passed, call into question the legitimacy of concern paid to social, welfare and labour organisations and issues. The political elites who ratified the NAFTA took their cues from the influences of the economic elites. Neither the unions, nor environmental and other alternative interest groups, nor the general populations of each of the three countries were consulted in the NAFTA's ratification. Pro-NAFTA lobby expenditures far outweighed and effectively silenced that of their anti-NAFTA counterparts, most predominantly the unions, environmental and consumer organisations. The Mexican government conducted the longest and most expensive foreign lobby campaign ever seen in the U.S. (Lavon 1994, 70). U.S. corporations likewise jumped on the bandwagon to secure their access to the cheap Mexican workforce and Mexican consumer market. Together, "Mexico and 'Big Business USA' bought NAFTA" (Lavon 1994, 73). Clearly this process has made evident the primary interests behind the NAFTA - the neoliberal corporate agenda - and foreshadows who its major beneficiaries will be.

The "winners" so far have certainly not been the advocates of social, labour and environmental regulations. Although social provisions were mentioned in the NAFTA, standards were not guaranteed, neither were these goals concretised or legitimised. Rather, recommendations were made to the effect that each country should maintain health, safety and environmental standards. More comprehensive considerations were deferred to follow-up side-deals by the NAFTA negotiators, which to date have not filled this "social concern" gap. The NAFTA makes reference to basic human, animal, health, environment and consumer regulatory objectives, in the context of legitimate trade restrictions. A government defending a charge of restricting trade must prove its intent was the realisation of one of these objectives, and must likewise demonstrate what Robinson (1993, 341) describes: "That its measure was the 'least trade restrictive necessary' to achieve its legitimate objective (...) The least trade restrictive way to achieve the objective may be much more expensive, less effective, or have many undesirable side-effects. Why should all other policy objectives - even those acknowledged to be "legitimate" - be subordinated to the objective of freeing the movement of goods, services and investments across borders?".

Trade dispute resolution panels are to meet behind closed doors to pass judgement on charges of trade restriction, without being required to consult with scientific and environmental experts. "NAFTA dispute resolution panels will be able to overrule laws passed by democratic processes" if they consider these laws to be "illegal trade barriers" (Greens/Green Party USA 1993, 2). Furthermore, "a corporation may challenge a law if it

thinks the law caused it economic loss, even if the law did not violate a NAFTA provision. A member country can bring cases against measures that do not violate NAFTA rules, but that cause it to miss an economic opportunity it 'could reasonably have expected to accrue to it'" (Greens/Green Party USA 1993, 2). This ordering of economic over social, labour and environmental priorities illustrates once again the level of risk that the welfare state and trade unions have been placed under. The fact that unions are not internationally operative associations leaves them likewise subordinate to broader power-based corporations who can take advantage of these liberal trade provisions.

Rather than facilitating the co-operation of unions and workers in Canada, Mexico and the U.S., the NAFTA intensifies the competition between them. This "whipsawing" effect (Lavon 1994, 82), threatens workers in Canada and the U.S., who find themselves in competition with Mexico's low wage and social-wage corporate "haven". Unions are forced into "concessionary bargaining" (Ibid., 107), through which they are pressured to accept lower wages, benefits and declining working conditions. Over a period of time, continual concessionary bargaining and competition weakens union cohesion, leading to a fragmentation which in turn reduces union bargaining power even more, and exacerbates already declining wages and working conditions. In more extreme cases, where unions are significantly weakened, a policy of "union busting" (Ibid., 107) becomes predominant. Already declining union concentration and power, due to a shifting economic base from industrial, labour intensive production to non-labour and non-union based service sector employment, has delegitimised many aspects of labour-based social welfare policies. This shift has in turn been intensified by simultaneously adopted neoliberal policies, which together have eroded the base of support for social welfare policies, therefore facilitating union busting policies. Robinson refers to a process by which the governments of Reagan and Bush, in responding to international competition, supported anti-union policies which made it possible for U.S. employers to cut wages and workers benefits. "American employer violations of labour laws and regulations increased as union density and labour movement power fell" (Robinson 1993, 349-350). Under the directives of the NAFTA and the subsequently increased competitive pressures with Mexico, this process will likely be intensified. A union representative in Mexico phrases it this way: "The Free Trade Agreement is a form of blackmail against workers (...) It is a way of blackmailing workers to continue to accept miserable working conditions in order to have jobs" (Cueva 1992, 187). Canadian unions which tend to be stronger than American unions, have had more success at resisting "concessionary" and "union busting" pressures. However, the negative effect of this resistance has been higher levels of Canadian unemployment, due to employers carrying out their "blackmail" threats by closing plants and moving manufacturing activities to the U.S. and Mexico.

What would appear to be positive employment effects - higher employment figures - for Mexico, as a result of manufacturing operations being established within its borders, are

offset by population growth rates which keep the rate of unemployment steady. In addition, the ease with which the U.S. can now flood the Mexican market with its cheap agriculture exports, is expected to displace Mexico's agriculturally employed. Displaced rural workers gravitate towards the cities in hopes of finding employment, and in turn exacerbate unemployment levels in the cities. Non-agricultural industries may find themselves likewise driven out of competition by stronger foreign corporations which now have greater access to the Mexican domestic market, the net effect being higher overall employment levels. Growing unemployment in turn weakens union bargaining power even further, therefore eroding labour standards and social benefits (if present in the first place). It appears that the Mexican government's hopes of entering the "First World" through the NAFTA won't be realised in the near future, if at all, judging from the already socially destabilising side-effects of neoliberal policy. "Mexico's entrance into the NAFTA is one more damaging step in a decade-old process of handing our human and natural resources over to transnational capital. Neo-liberal policies have changed people's lives, producing growing unemployment, poverty, reduced access to healthcare and education, growing hunger and malnutrition, more children dying (...) These are the daily consequences of neoliberal economic policies for 50 million Mexican" (Alvarez/Mendoza 1992, 34).

Whereas these basic social and labour standards have not been protected in NAFTA - in fact, they appear to be on the decline - property rights have been, as Robinson (1993, 339) points out: "expanded protections for investor property rights stand in stark contrast to the absence of measures to increase the protection of labour rights and the environment". These private property rights enhance the ability of corporations to push their interests to the forefront of government policy, prioritising them above social and labour interests. Governments are now legally more restricted from regulating corporate behaviour. Increased investment security in Mexico increases economic pressures in Canada and the U.S. to deregulate to remain more competitive and attractive to capital investment. These investor property rights apply equally to national and international corporations on the North American continent. The subsequent fusion of national and international corporate interests, and hence power, increases the political and economic influence over governments constrained by the neoliberal structuring of the NAFTA. Unfortunately these presence of these power relations leads to the question of who "wins" and who "loses" in NAFTA. Chomsky (1994, 64-65) formulates his answer to this question: "They [the New York Times, K.H.] said that finances and services will be particularly big winners. Banks, investment firms, PR firms, corporate law firms will do just great. Some manufacturers will also benefit - for example, publishing and the chemical industry which is highly capital-intensive, with not many workers to worry about. Then they said, well there'll be some losers too: women, Hispanics and other minorities, and semi-skilled workers - in other words, about two-thirds of the work force".

The "winners" belong to the very same economic elite that lobbied to silence the voices of the potential "losers", and that continue to advocate neoliberal economic policies which push for social and labour deregulation. The very fact that it is possible to draw such a clear distinction between "winners" and "losers", gives evidence to growing social and economic polarisation within the economies. One of the central functions of the welfare state, to redistribute wealth in a way which prevents high levels of economic and social polarisation, has proven itself to be transparent and on the decline. Seen in this context, it appears that the welfare state is losing legitimacy to the more powerful neoliberal economic demands.

In comparison, EC citizens are fortunate. They have at least some minimum social standards with which to protect themselves and their welfare states from what amount to "attacks" on their social, welfare and labour fundamentals. Their North American counterparts have not been afforded the same protection. This is not to say that the Canadian and American welfare states will disintegrate, but rather that they are more exposed to the pressures of the neoliberal economic agenda, which could serve to erode the legitimisation and fundamentals of the social welfare state.

5. Conclusion

There is no denying the social welfare drawbacks of unchecked neoliberal economic policies; likewise there is no denying the heavy pressures and often crisis proportions that have manifested themselves within the Western Welfare State: unemployment, sinking real wages and social benefits, social cost-cutting, etc - in short, social dumping. The fate of the welfare state is by no means secured, either positively or negatively, but the current trend sees many of its traditional bases being eroded. "They" say that we can no longer afford the welfare state in its current expanse and that we must deregulate, internationalise, modernise, capitalise, and cut "operational" costs to remain competitive. "They" are the ones who are the "winners" of neoliberal initiatives such as the NAFTA and the Common Market. The "operational" costs that are being cut are the livelihoods of the workers within these countries - that is, these "losers" are the citizens. From a neoliberal standpoint, these losses are worth the economic competitiveness, and hence profits, that will be gained - but who sees these profits? In a society where the welfare state is being dismantled so that it can less and less effectively redistribute this wealth, the "winners" remain the only winners, and the "losers" never become winners. When these "losers" represent the majority of the population, I think we can indeed say that an erosion of the social basis of the welfare state, largely due to its subordination to neoliberal economic policy, is occurring and is a threat. This phenomena explicates itself in a growing polarisation of economic and societal elements and interests, for example, in the "winners" and "losers" that I discussed. In this context, it would be worth asking the question as to whether or not the welfare state crisis is a matter of unaffordability and unfeasibility, or rather a matter of competing interests - a

competition in which the neoliberal economic interests appear to be at the forefront of ? Likely one question is not exclusive of the other, however, as I have presented evidence for, neoliberal economic policy is clearly an interest which is increasingly being prioritised above the interests and basic elements of the social welfare state.

To continue this discussion, it might be useful to consider to what degree the Keynesian Welfare State, in both its theoretical and applied form, is a truly desirable social, political and economic constellation. Throughout its existence it has not been without problems and contradictions, as it has inherited its socio-political formation from the foundations of a capitalistic "free" market, which itself embodies contradictions and faces crises in practice. I suggest, that to overcome the crises of the welfare state, we need to look at the more fundamental economic criteria on which it is founded, which bridges a whole other topic for discussion. As a starting point, the post-Keynesianism debate, underway in Canada since the 1970s, must be considered. As neoliberal approaches arose to combat the perceived economic and social problems facing Canada, an opposing force, namely that of post-Keynesianism likewise took root. The basic tenants of post-Keynesianism are drawn from Keynesianism, social-democratic practices (themselves drawn from European models), and corporatist economic management techniques (based on European and Japanese models). In the words of Howlett and Ramesh (1994, 279), "although the theoretical tenets of post-Keynesianism are contested by neo-liberals and by orthodox Marxists, it appears to be emerging as the basis for a new dominant political economic consensus. As such, the growing attraction of post-Keynesianism warrants closer scrutiny". Offered as an alternative to neoliberalism, and a starting point for further debate, I grant this statement is true. However, I would also agree with Howlett's and Ramesh's conclusions that "post-Keynesianism lacks the theoretical coherence or political support necessary to become the dominant paradigm in Canadian political economy", and encourage a more fundamental analysis of the current socio-economic struggles; an analysis which transgresses and challenges the theoretical presuppositions of not only neoliberalism, but the Keynesian Welfare State and its economic bases.

6. Appendix

a) The Canada-U.S. Free Trade Agreement - Main Provisions

- **Manufactured goods:** Removal of all bilateral tariffs starting on 1 January 1989 over a maximum period of ten years.
- **Automotive:** US-Canada Auto Pact continues. Canada's embargo on imports of used cars to be eliminated. Duty remissions to be phased out. In order to benefit from tariff exemption, at least fifty per cent of the value of goods must originate in North America.
- **Agriculture:** Elimination of tariffs on agricultural trade within ten years and the agreement not to use direct export subsidies on bilateral agricultural trade.
- **Energy:** Restrictions on exports of Canadian oil and gas can be imposed; however, any reduction in exports to the United States must be proportional to the total supply of oil and gas available in Canada, without price discrimination.
- **Banking:** Canada is to eliminate restrictions on acquisition of Canadian assets by US banks. Canadian banks will receive equal treatment under US Securities laws.
- **Financial Services:** Improved access and competition; national treatment for financial institutions.
- **Road haulage, maritime and air transport:** No change; but further restrictions ruled out.
- **Other services:** Liberalised access to enhanced telecommunications, computer services, tourism and architectural services.
- **Government procurement:** Exclusion of national preference on government contracts worth more than \$25,000; exceptions for defence procurement.
- **Direct investment:** Restrictions on establishing new firms relaxed; extension of national treatment.
- **Technical standards:** Harmonisation of technical standards based on the GATT code.
- **Emergency action and arbitration:** More stringent standards for the application of arbitration emergency safeguards. Establishment of a dispute settlements mechanism and an independent arbitration panel.

Source: External Affairs Canada, 1991.

b) The Main Elements of the NAFTA:

- **Tariffs:** Most tariffs on Canada-Mexico trade will be eliminated by the end of a ten-year phase-in period starting on January 1994. Mexico will phase-out its tariffs on corn and dried lentils over a 15-year period. The tariff phase-out on Canada-U.S. trade continues according to the FTA's 10-year schedule.
- **Rules of origin:** To qualify for preferential tariff treatment, goods must be wholly made in North America or, if incorporating imported inputs, have undergone sufficient transformation to qualify under a specific tariff classification. Some items, such as automotive goods, textiles and electronic goods must meet special North American content rules.
- **Investment:** The NAFTA employs the principles of national treatment and most-favoured nation treatment to investments by other-party investors. Investment Canada review thresholds for investments by NAFTA investors are the same as under the FTA. A separate settlement procedure is added for investment disputes.
- **Services:** The principles of national treatment and most-favoured nation treatment are applied to cross-border trade in services. Specifically excluded from the services chapter are social services provided by governments, basic telecommunications, most maritime and air services.
- **Financial services:** The principles of national treatment, most-favoured nation treatment, transparency and right of establishment, are established for trade in financial services. Sale of financial services across borders is permitted. Canadian foreign ownership restrictions on federally regulated financial institutions are removed from Mexican investors. Canadian and U.S. financial institutions will be permitted to establish in Mexico subject to market share restrictions until the year 2000.
- **Government Procurement:** Procurements by specified government departments and agencies of goods and services over US\$ 50 000, and construction services over US\$ 6.5 million, are opened up to competition from other NAFTA countries. The respective review thresholds for purchases by government-owned enterprises are US\$ 250 000 for goods and services and US\$ 8 million for construction services. For procurements covered by the FTA, the dollar thresholds will continue to apply.
- **Land Transportation:** The NAFTA provides for the phase-out of barriers to the provision of land transportation services between the NAFTA countries. This includes: bus and trucking services and port services. Rail services remain open to competition.
- **Telecommunications:** The NAFTA removes barriers to access for enhanced telecommunications services (but not basic services) by applying the principles of transparency and non-discrimination. The NAFTA limits the types of standards-related

measures that can be imposed on the attachment of telecommunications equipment to public networks.

- **Agriculture:** Quotas essential to the maintenance of Canada's supply management system for dairy, poultry and eggs are retained. Import licences in sectors of Canada-Mexico trade will be replaced with tariffs or tariff-rate quotas. Canadian import restrictions covering wheat, barley, beef and veal, and margarine will be removed immediately.
- **Review of Antidumping and Countervailing Duty Matters:** The NAFTA retains the FTA's dispute settlement provisions in antidumping and countervailing duty matters involving binding decisions by panels. A special committee may be established upon request to determine whether a country's law has interfered with the panel's decision-making.
- **Institutional Arrangement and Dispute Settlement Procedures:** The Trade Commission, the NAFTA's central institution comprised of international trade ministers from each country, is to meet annually. A Secretariat will be established to serve the Commission as well as other subsidiary bodies and dispute settlement panels. Disputes regarding the interpretation or application of the Agreement go first to consultation, then to the Trade Commission, then to a dispute settlement panel.
- **Automotive Trade:** Canada and Mexico will eliminate mutual tariffs: on automobiles by 50 % immediately and the remainder over 10 years; on light trucks by 50 % immediately and the remainder over five years; on other vehicles over ten years. Passenger automobiles, light trucks and engines and transmissions for these vehicles must eventually meet a 62.5 % North American content level based on the net cost formula; other vehicles must meet a 60 % content level.
- **Textiles and Apparel:** Most textile or apparel products must be made from yarn that is North American-made; Cotton and man-made fibre yarns must be made from fibres that are made in North America. Under tariff-rate quotas (TRQs), yarns, fabric and apparel that do not meet the rules of origin can still qualify for preferential tariff treatment up to specified import levels.
- **Energy and Basic Petrochemicals:** The FTA's proportional sharing requirement is retained on Canada-U.S. trade but this provision does not apply to trade with Mexico. Mexico opens non-basic petrochemicals and electricity-generating facilities to private investment; investment in Mexico's other energy and basic petrochemicals industries remain reserved to the state.
 - **Other measures:** Disciplines are imposed on the development, adoption and enforcement of sanitary and phytosanitary measures. Disciplines are set out on the use of technical standards. Rules and procedures are established for taking "safeguard"

actions to provide temporary relief to domestic industries adversely affected by import surges. Disciplines are established on anticompetitive government and private sector business practices. The NAFTA requires each country to protect intellectual property rights. Provision is made for temporary entry of business persons. As established by the FTA, Canadian cultural industries remain exempt but the U.S. also retains the right to take measures of equivalent commercial effect. Other countries or groups of countries may be admitted into the Agreement if the NAFTA countries agree. Any country may withdraw from the Agreement on six-months' notice.

Source: Library of Parliament

7. References

- Alvarez, Alejandro and Gabriel Mendoza (1992):* Mexico: Neo-Liberal Disaster Zone, in: Jim Sinclair (ed.): *Crossing the Line*, Vancouver, New Star Books, pp. 26-37.
- Banting, Keith G. (1992):* Neoconservatism in an Open Economy: The Social Role of the Canadian State, in: *International Political Science Review*, vol. 13, no. 2, 1992, pp. 149-170.
- Bello, Judith H. and Gilbert R. Winham (1992):* The Canada-USA Free Trade Agreement: Issue of Process, in: Leonard Waverman (ed.): *Negotiating and Implementing a North American Free Trade Agreement*, Vancouver and Toronto, The Fraser Institute, pp. 29-60.
- Bieling, Hans-Jürgen (1994):* Politische Systeme unter Transformationsdruck: Soziale Desintegration and institutioneller Wandel in Westeuropa, in: Hans-Jürgen Bieling and Frank Deppe (Hrsg.): *Entwicklungsprobleme des europäischen Kapitalismus*, FEG Studie Nr. 4, Marburg, 1994, pp. 11-30.
- Bieling, Hans-Jürgen and Frank Deppe (Hrsg.) (1994):* *Entwicklungsprobleme des europäischen Kapitalismus*, FEG Studie Nr. 4, Marburg.
- Buckley, Peter J. and co. (1994):* Economic Integration: The Single European Market and the North American Free Trade Agreement and their Implications for Canada-UK Bilateral Trade and Investment, in: *British Journal of Canadian Studies*, vol. 9, no. 2, pp. 375-400.
- Bultemeier, Anja (1994):* Sozialer Sprengstoff in der EU? Zur integrationspolitischen Bedeutung der Arbeitslosigkeit, in: Hans-Jürgen Bieling and Frank Deppe (eds.): *Entwicklungsprobleme des europäischen Kapitalismus*, FEG Studie Nr. 4, Marburg, 1994, pp. 101-126.
- Cameron, Duncan (ed.) (1986):* *The Free Trade Papers*, Toronto, James Lorimer & Company, Publishers.
- Campbell, Bruce (1994):* Trade and Investment Policy Under NAFTA: As If Jobs Mattered, in: *Canadian Foreign Policy*, Spring 1994, vol. 2 no. 1, pp. 147-161.
- Chapman, Anthony (1993):* *North American Free Trade Agreement: Rationale and Issues*, Ottawa, Library of Parliament Research Branch.
- Charest, Jean (1992/93):* Trade, the Environment and Competitiveness, in: *Canadian Foreign Policy*, Winter 1992/93, vol. 1, no. 1, pp. 121-127.
- Chomsky, Noam (interviewed by David Barsamian) (1994):* *Secrets, Lies and Democracy*, Tucson, Arizona, Odonian Press.
- Clarke, Tony (1992):* Fighting Free Trade, Canadian Style, in: Jim Sinclair (ed.): *Canada and Free Trade With Mexico: Crossing the Line*, Vancouver, New Star Books, pp. 122-127.

- Cohen, Marjorie Griffin (1992):* The Lunacy of Free Trade, in: Jim Sinclair (ed.): Canada and Free Trade With Mexico: Crossing the Line, Vancouver, New Star Books, pp. 14-25.
- Cueva, Hector de la (1992):* Statement of Hector de la Cueva, in: William Jr. McGaughey: A U.S.-Mexico-Canada free Trade Agreement: Do We Just Say No?, Minneapolis, 1992, Thistlerose Publications, pp. 186-187.
- Dasko, Donna (1986):* Canadian Public Opinion: Sources of Support and Dissent, in: Duncan Cameron (ed.): The Free Trade Papers, Toronto, James Lorimer & Company Publishers, pp. 26-32.
- Dasko, Donna (1988):* The Free Trade Deal, in: Duncan Cameron (ed.): The Free Trade Deal, Toronto, James Lorimer & Company Publishers, pp. 246-254.
- Doern, G. Bruce and Brian W. Tomlin (1991):* Faith and Fear: The Free Trade Story, Stoddart, Publishing Co. Ltd.
- Eden, Lorraine and Maureen Appel Molot (1992):* The View from the Spokes: Canada and Mexico Face the United States, in: Stephen J. Randall (ed.): North America Without Borders?: Integrating Canada, the United States, and Mexico, Calgary, University of Calgary Press, pp. 67-82.
- Esping-Anderson, Gosta (1990):* The Three Worlds of Welfare Capitalism, Cambridge, Polity Press.
- External Affairs and International Trade Canada (1991):* Moving Into Europe, EAITC.
- Greens and Green Party USA (1993):* NAFTA: Bad for Mexico, Bad for Canada, Bad for the U.S., in: Green-leaflet no. 6, off the Internet.
- Grinspun, Ricardo and Robert Kreklewich (1994):* Consolidating Neoliberal Reforms: "Free Trade" as a Conditioning Framework, in: Studies in Political Economy, no. 43, Spring 1994, pp. 33-61.
- Hirsch, Michael (1995):* Newsweek, Feb. 13, 1995, pp. 16-18.
- Howlett, Michael and M. Ramesh (1994):* Post-Keynesianism in Canada in the 1990s: An emerging Paradigm or a Hopeless Muddle?, in: British Journal of Canadian Studies, vol. 9, no. 2, pp. 278-299.
- International Monetary Fund (1992):* Direction of Trade Statistics, Yearbook 1992, Washington, D.C., IMF.
- Lavon, Eva and Dieter Plehwe (1994):* Delaware - Puerto-Rico - Los Angeles: Überlegungen zu Ökonomie, Gesellschaft and Politik in den Vereinigten Staaten, in: Hans-Jürgen Bieling and Frank Deppe (Hrgs.): Entwicklungsprobleme des europäischen Kapitalismus, FEG Studie Nr. 4, Marburg, pp. 45-66.
- Lavon, Eva (1994):* Das Nordamerikanische Freihandelsabkommen (NAFTA): Weltmarktorientierte Entwicklung gegen die Gewerkschaften, FEG Studie Nr. 3, Marburg.
- Laux, Jeanne Kirk (1990/91):* Limits to Liberalism, in: International Journal, vol. 46, no. 1, Winter 1990/91, pp. 113-136.
- Leibfried, Stephan and Paul Pierson (1992):* Prospects for Social Europe, in: Politics and Society, vol. 30, no. 3, September 1992, pp. 333-336.
- MacLaren, Roy (1994):* The Road from Marrakech: The Quest for Economic Internationalism in an Age of Ambivalence, in: Canadian Foreign Policy, Spring 1994, vol. 2, no. 1, pp. 1-8.
- Maclean's*, Aug. 24, 1992, vol. 106, no. 34, pp. 44-47.
- Maclean's*, Nov. 29, 1993, vol. 106, no. 48, pp. 29-35.
- Maclean's*, Dec. 13 1993, vol. 106, no. 50, p.14.

- McGaughey, William Jr. (1992): A U.S. - Mexico - Canada Free Trade Agreement: Do We Just Say No?, Minneapolis, Thistlerose Publications.*
- Panitch, Leo (1994): Globalisation and the State, in: Socialist Register, 1994, pp. 60-93.*
- Phillips, Susan D. (ed.) (1993): How Ottawa Spends: A More Democratic Canada?, Ottawa, Carlton University Press.*
- Randall, Stephen J. (ed.) (1992): North America Without Borders?: Integrating Canada, the United States, and Mexico, Calgary, University of Calgary Press,*
- Rice, James J. and Michael J. Prince (1993): Lowering the Safety Net and Weakening the Bonds of Nationhood: Social Policy in the Mulroney Years, in: Susan D. Phillips (ed.): How Ottawa Spends: A More Democratic Canada?, Ottawa, Carleton University Press.*
- Robinson, Ian (1993): The NAFTA, Democracy and Continental Economic Integration: Trade Policy as if Democracy Mattered, in: Susan D. Phillips (ed.): How Ottawa Spends: A More Democratic Canada?, Ottawa, Carlton University Press.*
- Schiller, Theo (1994): Sozialpolitik in Kanada in den 80er Jahren, Baden-Baden, Nomos Verlagsgesellschaft.*
- Schottland, Charles I. (1970): The Social Security Program in the United States, 2nd ed., Englewood Cliffs, New Jersey: Prentice-Hall Inc.*
- Sinclair, Jim (ed.) (1992): Canada and Free Trade with Mexico: Crossing the Line, Vancouver: New Star Books.*
- Statistics Canada (1984): Canada Handbook, Ottawa: Canadian Government Publishing Centre.*
- Statistics Canada (1989): Canada Yearbook 1990, Ottawa: Canadian Government Publishing Centre.*
- Talós, Emmerich (1993): Umbau des Wohlfahrtsstaates: Konträre Begründungen und Optionen, in: Österreichische Zeitschrift für Politikwissenschaft, no. 1, 1993, pp. 37-55.*
- Vobruba, Georg (1993): Bedeutungsverluste von Staatsgrenzen, in: Österreichische Zeitschrift für Politikwissenschaft, no. 1, 1993, pp. 85-91.*
- Warnock, John W. (1988): Free Trade and the New Right Agenda, Vancouver, New Star Books.*
- Wasser, Hartmut (Hrsg.) (1991): USA: Wirtschaft, Gesellschaft, Politik, Opladen, Leske and Budrich.*
- Waverman, Leonard (ed.) (1992): Negotiating and Implementing a North American Free Trade Agreement, Vancouver and Toronto, The Fraser Institute.*
- Winham, Gilbert R. (1994): NAFTA and the Trade Policy Revolution of the 1980s: a Canadian Perspective, in: International Journal, Summer 1994, vol. 69, no. 3, pp. 472-508.*
- Zinn, Karl Georg (1994): An der Schwelle zum 21. Jahrhundert, in: Sozialismus, no. 4, 1994, pp. 4-9.*

FEG Studien

Nr. 1: Michael Felder, Forschungs- und Technologiepolitik zwischen Internationalisierung und Regionalisierung,

(September 1992) UKB 20 DM (vergriffen)

Nr. 2: Hans-Jürgen Bieling, Nationalstaat und Migration im "Postfordismus" - Gewerkschaften vor der Zerreiprobe,

(September 1993) UKB 25 DM

Nr. 3: Eva Lavon, Das Nordamerikanische Freihandelsabkommen (NAFTA): Weltmarktorientierte Entwicklung gegen die Gewerkschaften?,

(Juni 1994) UKB 20 DM

Nr. 4: Hans-Jürgen Bieling/Frank Deppe (Hrsg.), Entwicklungsprobleme des europischen Kapitalismus,

(August 1994) UKB 25 DM

Nr. 5: Europische Integration und politische Regulierung - Aspekte, Dimensionen, Perspektiven. Mit Beitrgen von Bob Jessop, Ingeborg Tmmel, Bernd Rttger, Anja Bultemeier/Frank Deppe, Thorsten Schulten, Nikos Kotzias und Hans-Jürgen Bieling,

(April 1995) UKB 25 DM

Nr. 6: Robin Jacobitz, Der Niedergang institutionalisierter Kooperation. Die Auswirkungen von Machtvernderungen zwischen den USA, Japan und Deutschland 1945 bis 1990 auf das GATT- und das IWF-Regime,

(Juli 1995) UKB 30 DM

Nr. 7: Hans-Jürgen Bieling (Hrsg.), Arbeitslosigkeit und Wohlfahrtsstaat in Westeuropa. Neun Lnder im Vergleich,

(November 1995) UKB 40 DM