

## CHAPTER 5

### *It Came from Canada*

#### What Americans Learned About Trade and the Social Compact During the FTA and NAFTA Debates

GEOGRAPHY, FOR MOST COUNTRIES and their citizens, is destiny. For Canadians, it is also a source of great ambivalence. On the one hand, they live next to the United States. The largest economy in the world is a great market for Canadian exports. On the other hand, Canadians live next to the United States. The largest economy in the world exports acid rain and occasionally erects barriers to Canadian products.

Canadian ambivalence about its southern neighbor and most important trading partner has a proud history. In the nineteenth century, when some Canadians proposed closer economic relations, they were challenged by fellow Canadians concerned about sovereignty. However, in September 1985, the Progressive Conservative government headed by Brian Mulroney formally invited the U.S. government to enter into negotiations on a free trade agreement.<sup>1</sup>

From 1985 to 1988, while most Americans greeted the prospect of a free trade agreement with a collective yawn, Canadians engaged in a wide-ranging debate. That debate over the free trade agreement (FTA) taught many Canadians that trade policies could affect a wide range of social and environmental policies. These policies (such as universal health care) made Canada's version of democratic capitalism distinct from its neighbor to the south. Many Canadians perceived that the Canadian social compact might be at risk from the FTA.

Although the two nations passed the FTA, Canadian social activists came to understand that they must educate their counterparts in other nations to the costs of trade agreements to policies and priorities they valued. When Mexico proposed a continent-wide free trade agreement

among the three nations, Canadians such as environmentalist Steven Shrybman traveled to the United States to urge their sister environmental, consumer, and civic organizations to oppose such an agreement.

As policymakers from the three governments negotiated a North American Free Trade Agreement (NAFTA), Canadian and American social activists coordinated the first multinational nongovernmental organizational challenge to a trade agreement. Linked initially by phone and fax, this coalition brought public attention to the “terms” of trade agreements.

#### LESSONS FROM CANADA

When Prime Minister Mulroney proposed a free trade agreement with the United States, most Canadians were sympathetic. In 1984, some 78 percent of Canadians supported a process of encouraging free trade; only 17 percent were opposed. After all, the two nations were each other’s most important trading partners. Canadian-U.S. tariffs were very low before the agreement. But as previous chapters have shown, in the 1980s the United States had become increasingly protectionist in some sectors such as forestry, steel, and agriculture. Nontariff barriers to trade had proliferated in both nations. Thus, many Canadians saw the FTA as a way to forestall U.S. protectionism, lessen regulatory impediments to trade, and cement closer economic relations.<sup>2</sup>

Canadians, however, were well aware that the FTA also came with costs. They worried about its potential impact on their jobs, on Canada’s sovereignty, and on the environment. Not surprisingly, from the beginning, the FTA had some vociferous opponents, who had widely divergent views about its costs. These Canadians warned that the free trade agreement could allow U.S. multinationals to “rule” Canada and take over quintessential Canadian companies and institutions. They feared it would lead to too much foreign investment. Ironically, some labor unions feared that these same companies would leave Canada, leading to job loss due to disinvestment.<sup>3</sup> But whether the FTA would lead to increased investment or disinvestment, as the negotiations got under way and opponents got active, public support began to wither.

Canadian union leaders also worried about the FTA. These men and women had a lot of political clout. Canada had a relatively high union rate compared with the United States (35 percent vs. approximately 15 percent), a higher minimum wage, more comprehensive labor standards, and a stronger system of unemployment insurance.

They said that the FTA would encourage the movement of jobs to the lower-wage United States. Tax revenues would decline, and the government would not have the money to support public services. Canadian labor union leaders always noted they supported trade and did not argue that trade agreements were bad per se. However, they expressed concern about the FTA's potential impact on Canadian sovereignty and on how free trade could risk Canada's "more equal and decent society."<sup>4</sup>

Other groups and individuals also expressed concerns about the FTA's impact on Canadian sovereignty and values, but their concerns were new to the trade policy debate. For example, environmentalists, such as Steven Shrybman of the Canadian Environmental Law Association, thought of the FTA not solely as a trade agreement, but as more of "an environmental statute." He alleged that the Conservative government of Prime Minister Mulroney was trying to "conceal the deal's environmental significance." Shrybman's views were shared by other Canadian environmental groups that feared that the treaty could move Canada's energy and resource policy away from conservation toward greater extraction. Moreover, they thought that because of the importance of the U.S. market and the clout of the U.S. government, Canadian environmental policy would have to become more like American environmental policy, which they saw as less stringent. According to Shrybman, at the same time that Canadians were trying to move away from dependence on pesticides, the proposed Canada-U.S. trade agreement committed "Canada to a U.S. regulatory approach that . . . actually made it easier for certain pesticides to be licensed." This approach would weaken Canadian pesticide regulation and benefit the transnational chemical industry at the expense of the Canadian people.<sup>5</sup> Thus, Canadian environmental activists feared not only a loss of control over the environment, but also a harmonization that would yield an American rather than Canadian approach to environmentalism.

Canadian concerns about the environment were understandable. Throughout the 1970s and 1980s, the United States did little to resolve the long-standing problem of acid rain, pollution that flows across the permeable border between the two nations. Many Canadians resented not only the acid rain but also their dependence on the United States to address that problem.<sup>6</sup>

As these concerns seeped into public consciousness, Canadian support for the FTA declined significantly. By February 1986, only 46 percent favored the agreement. Some 38 percent of Canadians polled in 1986 believed that free trade would lead to an erosion of Canada's cul-

tural identity, while some 40 percent worried that Canada's "political independence would be in jeopardy."<sup>7</sup>

In 1985, Maude Barlow, Bruce Campbell, and other Canadian social activists formed a coalition, the Council of Canadians, to focus on the FTA and the Canadian social compact. Its membership included a wide range of social, cultural, women's, environmental, labor, and church groups. The Council never saw its end goal as the defeat of a particular trade agreement, but rather to arouse public awareness of ways to preserve Canada's social compact.<sup>8</sup>

From the outset, the Council of Canadians understood the debate should not be limited to the halls of government. To take the debate to the people, they published a cartoon-style booklet highlighting the costs of trade to Canadian sovereignty and values. The booklet, "What's the Big Deal?" received a lot of attention and was widely distributed during the 1988 election. It played on Canadian fears that by joining the FTA, all that was uniquely Canadian could be lost, and Canada would simply become the fifty-first U.S. state.<sup>9</sup>

Opponents also alleged that Canadians would be forced to accede to American economic values. Maude Barlow wrote that "all Canadian institutions are now under intense pressure to operate as if they were businesses." Canada's social institutions, such as education, would be treated as commodities, although to Canadians they were essential services. She concluded that the FTA was "an attack on the history, culture, and values of the nation itself."<sup>10</sup> According to publisher Malcolm Lester, under the FTA, "The Americans will continue to claim our social policies, like medicare and unemployment insurance . . . are unfair subsidies; and they will continue to penalize us for such behavior." Lester warned that eventually Canada would be "a separate nation, in name only."<sup>11</sup>

The Canadian opponents of the FTA focused on how trade would hurt society's more vulnerable citizens. They argued that not only would the FTA ultimately end Canada's social welfare system, hurting the disabled and the elderly, but it would force reductions to social programs like Medicare or child care services. They alleged that disproportionate numbers of women might lose their jobs. According to Marjorie Cohen, an FTA opponent, "Women work in the very manufacturing and service industries that are most vulnerable in a free trade market," including textiles, clothing, small electrical products, sporting goods, toys and games, and leather products. These sectors accounted for some 42 percent of all women working in manufacturing.<sup>12</sup>

Although such concerns about the inequitable costs of the FTA were understandable, they were also exaggerated. Proponents responded to these arguments with fear tactics, too. They stressed that without the FTA, Canada's relatively small economy would stagnate and be isolated. Richard G. Lipsey, an economist at the centrist C. D. Howe Institute in Toronto, noted, "The U.S. offer of preferential access to their mass market has made Canada the envy of the trading world. Yet in a fit of national insecurity, Canadians may reject the offer."<sup>13</sup>

At that time, many of the Canadian FTA opponents were not opponents of trade or internationalism. They believed that Canada benefits from trade and the set of multilateral rules governing trade. Moreover, they saw internationalism as a counterweight to right-wing nationalism within Canada as well as a counterweight to U.S. power.<sup>14</sup> However, some Canadians saw the Uruguay Round of GATT and NAFTA as two of a kind—both using trade liberalization as a guise for deregulation. According to Tony Clarke, "Stateless corporations are effectively transforming nation-states to suit their interests. . . . Business coalitions mobilize facts, policy positions . . . opinion polls and organize citizen-front groups for their campaigns to change national governments and their policies. By campaigning for . . . privatization and deregulation, business coalitions have effectively dismantled many of the powers and tools of national governments." Clarke did not see trade agreements as tools to regulate business actions across national borders but as tools to unshackle business from national rules. Clarke and many other Canadian social activists believed the best way to counter such corporate domination was to build a social movement in which people reclaim their sovereign rights over big multinational corporations and banks.<sup>15</sup> But they did not think they could revamp trade agreements to help fulfill their goals.

Author Margaret Atwood had a different perspective on the FTA. She admitted, "I don't understand the full scope and implications of this agreement and I don't believe anyone else really does either." She warned that the only position the United States had "ever adopted toward us, country to country, has been the missionary position, and we were not on top." She urged Canadians to question the time frames for considering the agreement and ask whether Canada could get out of it. And she concluded, "Our national animal is the beaver, noted for its industry and its cooperative spirit. . . . It is also noted for its habit . . . of biting off its own testicles and offering them to its pursuer. I hope we are not succumbing to some form of that impulse."<sup>16</sup>

Ironically, in the hopes of motivating the Canadian public, Steve Shrybman invited American Ralph Nader to give a press conference on the implications of the FTA for citizens of both nations. On the eve of the vote, Nader warned Canadians that they were “underestimating the consequences of the free-trade agreement when multinational corporations start demanding cost reductions in the social service worker benefit and consumer protection areas as a price of staying in Canada.”<sup>17</sup>

Although many Canadians had very real concerns about the agreement, they did not heed Nader’s warning. The opposition Liberal Party forced an election over the free trade agreement, but the Conservative Party won a majority of seats. Although polling data revealed Canadian voters opposed the trade agreement, Parliament approved the treaty.<sup>18</sup>

Given public concerns about the free trade agreement, it seems surprising that it passed the Canadian parliament. Although many Canadians worried about the FTA’s impact on the social compact, these concerns did not override the public’s and policymakers’ views about its benefits. Nor were critics of the FTA able to forge a broad-based left-right movement across Canada to oppose the FTA. Most of the FTA opponents tended to come from the Canadian left and traditional protectionist sectors. Individuals on the right, in contrast, saw the FTA and NAFTA as ways to rein in big government and make Canada more competitive. They supported the FTA in the hopes of becoming more like the United States.<sup>19</sup>

Meanwhile, the FTA sailed through the U.S. Congress. Although some farm groups and labor union representatives expressed concerns, the American social compact was not an issue in the FTA. In fact, Americans paid little attention to the agreement. The U.S. Congress overwhelmingly approved the FTA, in the House 366–49 and in the Senate 83–9. The FTA went into effect January 1, 1989.<sup>20</sup>

Many social activists in Canada hoped the aftermath of the FTA would actually build Canadian and U.S. support for their concerns. In 1987, Shrybman wrote to U.S. environmental groups warning them of the costs of the FTA to the achievement of environmental policy goals. He received one polite response. But in the spring of 1988, Mark Ritchie, the president of the Institute of Agriculture and Trade Policy (IATP), a Minneapolis think tank concerned with farm, trade, nutrition, and environmental issues, wrote to Shrybman, inviting him to give a talk about his views on trade and the environment to an audience of social activists in Washington, D.C. (Ritchie would be the first to sound the alarm among U.S. citizen activists about the GATT—see

next chapter). The meeting was attended by representatives of various U.S. consumer, civic, and environmental groups.<sup>21</sup>

These groups were just waking up to the global nature of environmental and public health problems. In 1987, the World Commission on Environment and Development, chaired by Norwegian Prime Minister Gro Brundtland, issued a report that called for reconciling economic growth with policies sustaining the environment (sustainable development). Partly because of this report, some activists were motivated by Shrybman's speech to become more active. Consumer, civic, and environmental activists began to look more closely at trade agreements. These groups would come to understand that opposition to trade agreements could reenergize many of their supporters<sup>22</sup> (see next chapter). Environmental issues became a hot political issue as Americans and Canadians debated expanding the FTA to Mexico.

#### THE PATH TO NAFTA

Geography was destiny as well as a source of ambivalence for Mexicans, too. Like Canada, Mexico had a complicated history of wanting both closer ties with and distance from the United States. However, the Canada-U.S. FTA put pressure on Mexico to develop a similar free trade arrangement with the United States.

Leaders of the three nations had different reasons to support a continent-wide free trade agreement. After the debt crisis of 1985–1986, Mexico had adopted new policies to spur foreign investment and trade. Mexican leaders hoped that such an agreement could spur foreign investment and economic diversification as well as enhance Mexico's international prestige. The Canadian government hoped that the agreement could encourage Mexican economic growth, while not undermining the economic benefits obtained under the FTA. The Bush administration saw it as a lever to encourage Mexico to continue to pursue market-oriented policies. Moreover, it might have positive spillovers. With greater economic growth, fewer Mexicans might migrate illegally to the United States. Thus, low-skilled workers might find greater numbers of opportunities and even higher wages. But that is not how Bush administration officials talked about the potential agreement to the American people.<sup>23</sup>

The Bush administration was not the first to call for closer economic ties among the three nations. Congress had called for such a free trade area between Canada, Mexico, and the United States in 1979.<sup>24</sup> This idea initially sounded good to Americans of many political stripes. During the 1980 presidential campaign, both Republican candidate

Ronald Reagan and Democrat Jerry Brown expressed support for a North American Common Market. (Brown, however, would become a vociferous opponent of NAFTA.)<sup>25</sup>

*Trade and the Social Compact*

*Social Indicators for Canada, Mexico, and the United States in 1990*

	Canada	Mexico	United States
Percentage of people under 15	21.1	37.8	21.6
Infant mortality	0.7	2.1	0.8
Life expectancy	77.7	69.4	75.8
Persons per physician	51.4	12.42	4.73
Adult illiteracy (% ,1985)	*	10	*

*Source:* Data from the World Bank, World Development Report 1991.

\*Less than 5%.

In February 1991, President George Bush announced the three countries would begin negotiations on NAFTA, and trilateral negotiations commenced in Toronto on June 12, 1991. President Bush then submitted an action plan for dealing with border problems.<sup>26</sup>

Any trade agreement would wake up protectionists, economic nationalists, and isolationists. NAFTA was no different in this regard. But NAFTA was a different type of trade agreement. This was the first time that two wealthy industrialized countries were negotiating a free trade agreement with a much poorer nation (see the accompanying chart).<sup>27</sup> Moreover, because NAFTA brought to the fore issues of the social compact, NAFTA woke up a broader swath of Americans, including social and community activists, environmentalists, development advocates, consumer advocates, and human rights advocates.<sup>28</sup> These groups were energized in all three countries to talk about what NAFTA could and should be. In October 1990, they began to work together to forge a common strategy. These NAFTA critics focused both on the proposed content of the NAFTA agreement and what they saw as the secretive nature of the negotiations.

#### FAST-TRACK: THE PLACE TO START

NAFTA was particularly controversial in the United States. This was not simply because of the potential content of the agreement, but because of the path to NAFTA acceptance. The president needed first to get congressional approval to negotiate (fast-track authority) the tri-



lateral trade agreement. The president also needed fast-track to continue the eighth round of trade negotiations, the Uruguay Round (which had begun in 1986). This meant that the two negotiations would always be linked, even though the two trade agreements were very different. NAFTA was devised to link the North American continent; the Uruguay Round was devised to reduce trade barriers among some one hundred nations around the world.

The process of fast-track approval was complicated. The Democratic chairs of Senate Finance and House Ways and Means (Senator Lloyd Bentsen and Congressman Dan Rostenkowski) were strong backers of GATT and generally approved of NAFTA, but they had several important concerns about it. They asked President Bush to provide them with written assurances that NAFTA would not hurt the U.S. economy. They also asked him to detail its effects on the environment, jobs, and worker rights. In this way, these Democrats forced the Republican president to acknowledge that trade policy could affect other important policy goals. On May 1, 1991, the Bush administration promised that it would provide assistance through an adjustment assistance program to workers who might lose their jobs as a result of NAFTA. The statement also praised Mexican efforts to enforce labor standards and worker rights. Finally, the administration promised that it would negotiate side agreements to ensure that environmental and labor standards would be protected by NAFTA.<sup>29</sup>

This promise set an important precedent. The Bush administration had acknowledged that trade, worker rights, democracy, and the environment were linked. Moreover, it was the first time that a trade agreement included such safeguards within side agreements for such important supposedly “nontrade” policy goals. But as readers of this book know, these issues had long been trade issues.

Some Americans, however, did not like either the side agreements approach or the fast-track process that facilitated NAFTA negotiations. They feared that fast-track would allow the Bush administration to negotiate and sign trade deals that could override domestic laws, such as environmental regulations. Members of Public Citizen (the Nader-affiliated consumer and environmental NGO), the Sierra Club, and Friends of the Earth (environmental NGOs), and the Community Nutrition Institute (a food safety NGO), among others, attempted to convince Congress that both the negotiations and the fast-track process undermined democracy, given the breadth of issues under negotiation. They argued that Congress should hold separate hearings on NAFTA’s potential impact on labor, food safety, and human rights, and not just

its economic impact.<sup>30</sup> They gained the support of a key Democrat, David Bonior, the Democratic Whip. But on May 9, 1991, his boss, House Speaker Richard Gephardt, announced his support for the side agreements approach to NAFTA. Nonetheless, Gephardt warned, "If the administration sends to this Congress a trade treaty that trades away American jobs, or tolerates pollution of the environment or abuse of workers . . . we will amend it or reject it."<sup>31</sup> Congress soon agreed to extend fast-track, authorizing the president to begin NAFTA negotiations and to continue negotiations on Uruguay Round negotiations.<sup>32</sup>

Negotiations on NAFTA attracted press coverage and inspired a wide range of Americans to talk about trade. However, much of what the public heard about NAFTA was negative. Some individuals said NAFTA was a symbol of America's industrial decline. Others, including vegetable growers, textile producers, and labor union officials, saw it as a threat to their livelihood. For example, the AFL-CIO and the United Automobile Workers (UAW) saw NAFTA as "an economic and social disaster."<sup>33</sup> Human rights groups (such as Human Rights Watch, an international NGO) and development groups (such as the Development GAP) stated that NAFTA could not turn Mexico into a transparent, equitable, and fair democracy. Although President Salinas had taken steps to correct human rights abuses, Mexico still had disappearances, death threats, political prisoners, and a corrupt police force and judiciary. These groups argued the NAFTA could not help the Mexican people rid their nation of corruption, disappearances, or human rights abuses. Like union leaders, many human rights and development activists saw NAFTA as a tool enabling manufacturers to shift labor-intensive or environmentally destructive production to lower-wage Mexico. Some opponents alleged that NAFTA was less a trade agreement than a "vehicle for facilitating investment flows."<sup>34</sup> These groups and individuals condemned NAFTA as the final fruit of a government captured by big business.

These allegations were understandable, but they were not quite true. American business had very different views about the benefits and costs of the NAFTA. Executives of most multinationals understood that they could achieve significant benefits from the trade agreement, but they also understood that they could never achieve NAFTA if they did not reassure Americans that our system and approach to government would not be undermined or changed. In October 1991, the president's Advisory Committee on Trade Policy and Negotiations (ACTPN), the highest-level trade advisory group, made its recommendations for the

NAFTA. In their "Negotiating Objectives for a North American Free Trade Agreement," the ACTPN counseled USTR Carla Hills that "to ensure an agreement in the interest of the private sector . . . enhanced standards and enforcement of labor-related and environmental laws and regulations are also a priority and should be negotiated in parallel with the NAFTA. . . . To achieve an NAFTA in the U.S. interest, our government must negotiate a comprehensive agreement."<sup>35</sup>

The ACTPN was dominated by executives of multinational business, who made a commitment that the trade agreement should not lower health and safety standards. They called for "strenuous enforcement and raised standards, where appropriate, of health and sanitary regulations" and "technical standards that are developed and maintained through [a] fair and transparent process and that do not limit trade unless necessary for plant, animal, and human health and safety or to achieve security and consumer protection objectives. . . . The ACTPN opposes any weakening of U.S. labor-related and environmental laws and regulations in the NAFTA."<sup>36</sup> But the business members of the ACTPN did not insist that these concerns be carefully met by placing them in the body of the agreement being negotiated. Thus, it is hard to ascertain if this commitment was simply rhetorical. Jack Sheinkman and Rudy Oswald, labor representatives on the ACTPN, expressed their opposition to President Bush's side agreements approach. They believed labor and environmental issues must be in the body of the trade agreement and not on the side.<sup>37</sup> They decided to oppose the NAFTA. They were joined in opposition by consumer advocate Ralph Nader, head of Public Citizen, and his colleague Lori Wallach. Nader had great visibility and international influence because of his reputation as America's leading consumer and civic activist.<sup>38</sup> Wallach, a Harvard-trained lawyer, became a key strategist and commentator on trade agreements.

RALPH NADER:

FROM CONSUMER ACTIVIST TO CITIZEN ACTIVIST

During the 1940s through the 1950s and 1960s, consumer groups (as well as groups involved in civic, veteran, and poverty issues) were prominent supporters of trade liberalization under the GATT.<sup>39</sup> They understood that citizens, especially the poorest consumers, often benefit from trade and trade agreements. Trade encourages competition between foreign and domestic producers and keeps American producers on their toes. American consumers benefit from that competition

because they can purchase high-quality goods and services at competitive prices. By reducing trade barriers and limiting the use of protectionist measures, trade agreements have the potential to help all consumers. Moreover, by regulating protection, trade agreements are often most helpful to the poorest consumers. Lower-income families spend a greater share of their income on necessities such as clothing, shelter, furniture, and food. Because tariffs and quotas increase the prices of necessities, protectionism works like a regressive tax, hurting families with lower incomes more than rich or middle-class families. Thus, by regulating protectionism, trade agreements help make more goods more affordable.

In the 1970s, when Ralph Nader became America's preeminent consumer activist, he said nothing about protectionism or trade agreements. He did, however, attack multinational corporations for moving their manufacturing operations overseas. Another consumer activist, Simon Lazarus, thought Nader's views were bizarre, "a betrayal of his own constituency, since corporate emigration tends to bring . . . lower prices for consumers."<sup>40</sup>

But Nader challenged the view that consumers always benefit from trade and agreements to govern such trade. He thought that as business got bigger and achieved economies of scale, executives would move their operations to developing nations with low wages and loose environmental and social protections. These firms would not pass on their cheaper costs to consumers, but transform them into profits for shareholders. In this view, trade agreements increased business power against workers and consumers. Nader and other consumer activists determined to use democratic process and institutions to counter that power.<sup>41</sup>

Nader came to these views because he saw consumers not solely as economic actors. He thought consumers should not only express their views with their purchases but also become active citizens to ensure that the state does not collude with big business. To achieve this goal, he spawned a series of organizations staffed by idealistic and energetic lawyers such as Lori Wallach. According to a global study of consumerism by Yiannis Gabriel and Tim Lang, "The common themes of these organizations were a distrust of corporations, a defense of the individual against the giants, a demand that the state protect its citizens, and above all an appeal for Americans to be citizens, not just consumers. . . . The nature of commerce is stacked against the customer, unless regulations or standards of conduct are fought for."<sup>42</sup>

In the early 1980s, consumer and environmental organizations did not actively organize against trade agreements. But environmentalists

and consumer activists were increasingly aware that trade agreements were affecting the achievement of other important policy goals. After 1980, GATT's Standards Code went into effect. These individuals did not like what they saw of GATT in action. Their negative view of trade agreements got worse in 1991, at the very time NAFTA and the Uruguay Round were being negotiated. In their minds, big business, ineffective governance, environmental protection, GATT, and Mexico were forever associated in the trade dispute some called GATTzilla versus Flipper.<sup>43</sup>

As noted in chapter 1, this dispute focused on America's attempt to apply high standards for dolphin protection upon all tuna sold in the U.S. market. To environmentalists around the world, this dispute seemed to threaten environmental progress. But to Nader, Wallach, and many environmental activists, the dispute and the GATT ruling threatened American sovereign control over the standards for goods sold in the U.S. market. They wondered how an unaccountable international bureaucracy (the GATT) could instruct the U.S. Congress to kill a U.S. law, change it, or pay sanctions to maintain it.<sup>44</sup> (In fact, under GATT rules, the United States did not have to do anything. Any member of GATT could block the decision, and the GATT had no ability to enforce a panel decision.)

Public Citizen was especially concerned that other nations were challenging American norms and regulations at the GATT. According to Lori Wallach, "Since 1980, when the Tokyo Round of GATT first included limitations on a country's domestic non-trade laws . . . the United States has lost 80% of the cases raised by other nations against our laws." She noted that the American people and their Congress, not officials at the GATT, should decide how to reconcile trade and the environment.<sup>45</sup> Trade policymakers responded that these worries were unfounded. But Nader, Wallach, and other activists determined to bring these concerns to the fore in the debate about trade and trade agreements. Consumer and environmental activists began to study the GATT's potential impact on policies they valued. They noted that America's environmental regulations, for example its air quality and food safety standards, were seen by other nations as trade barriers, no different from tariffs, rather than carefully erected democratically determined regulations. Their work coincided with greater research by other consumer groups on the implications of trade agreements on national systems of regulation (see next chapter).<sup>46</sup>

In 1990, some activists formed a small study group to examine these issues. This group, which met at the National Wildlife Federation

in Washington, included Chuck Fox from Friends of the Earth; Howard Lyman of the National Farmers' Union; Segundo Mercado Llorens of the United Food and Commercial Workers Union; Lori Wallach of Public Citizen; Edy Dubrow of the International Ladies Garment Workers Union; Barbara Warden of the United Auto Workers; Pharis Harvey of the International Labor Rights Federation; John Cavanagh of the think tank Institute for Policy Studies; and Karen Hansen Kuhn of the Development GAP, a think tank working on development issues. The study group was diverse, with some focused on improving NAFTA, others focused on developing alternatives to NAFTA, and still others focused on lobbying against it.<sup>47</sup> Not surprisingly, the members of the study group soon divided on strategy.

#### THE VIEWS OF SOCIAL AND ENVIRONMENTAL ACTIVISTS

Environmentalists were never of one mind about NAFTA. While some were adamantly opposed from the start, others saw opportunity in NAFTA to improve border environmental conditions. But the environmentalists shared some broad concerns. Echoing labor unions worried about disinvestment, some environmentalists maintained that firms were moving to Mexico to avoid complying with U.S. environmental standards. They cited a study by the United States General Accounting Office (GAO), a congressional agency, showing that some twenty-two firms said they had moved, at least in part, to avoid stringent local air pollution standards.<sup>48</sup>

For a time this negative perspective of NAFTA gained ascendancy among environmentalists. They did not believe that as Mexico grew more prosperous and stable from the NAFTA, it would adopt and enforce more stringent environmental standards. Nor did they foresee that NAFTA, by elevating environmental standards, might give new political clout to Mexican environmentalists and environmental concerns.<sup>49</sup> However, while Mexican environmentalists saw opportunity in NAFTA, many Canadian environmentalists and social activists were furious about the costs of the FTA. They determined to oppose the NAFTA.

In 1991, Action Canada Network leaders contacted their counterparts in Mexico and the United States and proposed working together on trade and social issues. They met with two broad groups of NGOs concerned about trade policy. The first group was centered on labor rights and development issues. Its members included representatives from the Development GAP, the United Electrical Workers, the Washington Office on Latin America, the United Methodists, and the Insti-

tute for Policy Studies. The other group focused on sustainable development issues. Its members included family farm, environmentalist, and consumer groups, such as the Institute for Agriculture and Trade Policy, National Farmers Union, the UAW, the Sierra Club, the National Wildlife Federation, National Family Farm Coalition, and Public Citizen.<sup>50</sup> On January 15, 1991, these groups cosponsored a forum on Capitol Hill to express concerns that “preparations for the U.S. Mexico Free Trade Agreement are proceeding with little or no public debate over the effects of such an agreement.” The organizers hoped to “stimulate and broaden debate around some environmental and social impacts of a free trade agreement prior to Congressional approval.” They succeeded: the forum was held in the early days of the Gulf War to defend Kuwait from an Iraqi invasion, yet it was standing room only.<sup>51</sup>

These individuals adopted a two-prong strategy. On the one hand, they organized opposition to President Bush’s approach to NAFTA; on the other hand, they determined to develop an alternative agreement that would protect the environment, workers, and human rights and spur trade. Meeting in the United States and later in Mexico, the civil society groups found common ground on their idea of an appropriate agreement. They contrasted their efforts with the official NAFTA negotiations. “Our reflections . . . are part of a process that began over a year ago, precisely when the negative effects of the free trade agreement caused a crisis among the people of Canada. . . . We do not oppose trade as such . . . however we reject a free trade agreement that responds only to the needs of transnational capital. . . . The secret and exclusive manner in which the official negotiations are taking place is in stark contrast with the open and pluralistic forum in which we have developed our forum.”<sup>52</sup>

This strategy of developing an alternative NAFTA had little impact on the negotiations, but it did attract the attention of the press. In a story about this two-pronged strategy, the *Wall Street Journal* described the involved individuals as a motley group of activists opposed to trade agreements. So the U.S. component of this effort called themselves MODTLE (the Mobilization on Development, Trade, Labor and the Environment, pronounced “motley”). Their two-pronged strategy was widely supported by farm, religious, civic, development, and consumer groups; several unions; and a growing number of policymakers.<sup>53</sup>

On January 29, 1992, Representatives Marcy Kaptor, Peter DeFazio, and Don Pease, among others, wrote to USTR Carla Hills,

endorsing the MODTLE statement on NAFTA. Soon thereafter, Representatives Henry Waxman and Richard Gephardt sponsored House Congressional Resolution 246, stating that “Congress will not approve legislation to implement any trade agreement if such agreement jeopardizes United States health, safety, labor, or environmental laws.” By July the Resolution had some 218 House Members as cosponsors.<sup>54</sup>

Although the motley critics of NAFTA began to get press attention and political support, they were unable to change the USTR’s strategy for the negotiations or to place social and environmental concerns into the heart of the agreement. Some of the members of these groups felt that the USTR treated them as if they were not “players” in trade policy, and they complained that the USTR refused to address their concerns. They tried to get the USTR to admit that because Mexico frequently violated the basic human rights of its citizens, it did not merit a free trade agreement. They also argued that the USTR ignored the needs of small family farmers in all three nations.<sup>55</sup>

These activists were not only concerned about the scope of NAFTA, but also outraged by the way the negotiations were conducted. Their outrage became news. The *Financial Times*, the world’s leading paper on international trade and finance, quoted Craig Merillees, a Fair Trade Campaign organizer, who worked to develop grassroots opposition to NAFTA. He argued that trade negotiations should be more accessible to the public. “They can run but they can’t hide. . . . This is not the right way to make a major policy decision in this country.” Mr. Merillees’s anger was understandable, but he clearly misunderstood the process of trade negotiations, which are always secretive to facilitate tough economic concessions and to protect confidential business information provided to the negotiators.<sup>56</sup> But the NAFTA critics were not able to bring the negotiations into the sunshine. Some Canadian NGOs eventually obtained stolen copies of the draft agreements, but the official negotiations remained secret.<sup>57</sup> The NAFTA negotiators pressed on, with no changes to their NAFTA strategy.

#### DIVISION AMONG TRADE AGREEMENT CRITICS

The American public did not share this outrage about the negotiations. To motivate them, Lori Wallach of Public Citizen, in tandem with other groups such as Friends of the Earth, organized a grassroots organization, the Citizen’s Trade Campaign (CTC). The CTC was built on an earlier grassroots group formed in 1990, the Fair Trade Campaign. It was incorporated in 1992, and former Congressman Jim Jontz became its coordinator



in December 1992. The CTC worked with members of Congress, raised money, and hired organizers to motivate citizens around the country against the trade agreement. But it also worked closely with other NAFTA critics, including MODTLE. Its participants included a wide range of environmental, farm, religious, and consumer/citizen groups (see the following).<sup>58</sup> Although the CTC was able to build greater public and congressional opposition to NAFTA, it was not able to coordinate a united front of groups, such as environmental organizations, to oppose NAFTA.<sup>59</sup>

## MOVERS AND SHAKERS IN MODTLE AND CTC, 1992

MODTLE (Mobilization on Development,  
Trade, Labor, and the Environment)

*(This study group was policy oriented and internationalist.)*

Institute for Policy Studies  
International Labor Rights Education and Research Fund  
Development GAP  
Community Nutrition Institute  
Center of Concern (affiliated with the Jesuits)  
National Consumers League  
Presbyterian Church USA  
Maryknoll Fathers  
Institute for Agriculture and Trade Policy  
American Agriculture Movement  
National Lawyers Guild

Members of Citizens Trade Campaign

*(This coalition of environmental, labor, family farm, consumer, and religious organizations promoting environmental and social justice in trade policy was action oriented, focused on the undemocratic nature of trade agreements, and more nationalist.)*

Friends of the Earth  
Public Citizen  
Sierra Club  
Institute for Agriculture and Trade Policy  
National Farmers Union  
National Consumers League  
United Auto Workers  
Rainbow Coalition  
Americans for Democratic Action

However, the CTC earned the ire of both proponents and opponents of NAFTA because of its tactics. The CTC used tactics widely accepted among environmentalists and unions, such as grassroots organizing, picketing, petitions, demonstrations, and litigation. Although petitions had long been used to influence the course of trade policy, litigation, grassroots organizing, and demonstrations were more unusual. These tactics got public attention, but they could do little to improve NAFTA. Moreover, they frustrated Bush and Clinton administration officials who wanted to find ways to reconcile trade and environmental goals.

The CTC did not confine its efforts to the continental United States; it worked closely with Maude Barlow and Tony Clark of Canada. The CTC also worked with MODTLE to bring Canadian and Mexican allies on to speak around the country and on Capitol Hill.<sup>60</sup> Meanwhile, members of MODTLE continued to focus on changing the content of the final agreement. Their actions gained considerable support on Capitol Hill among progressives such as Representatives Don Pease of Ohio, George Brown of California, Henry Waxman of California, Richard Gephardt of Missouri, Marcy Kaptor of Ohio, Peter DeFazio of Oregon, and Senator Paul Wellstone of Minnesota. Their work also attracted the support of protectionist members such as Congressman James A. Traficant and the pundit Patrick J. Buchanan.<sup>61</sup> America's left and right had begun to feel more comfortable working together to oppose NAFTA.

In contrast with the U.S. focus of the CTC, the bulk of MODTLE's work was with its Canadian and Mexican counterparts. Many of its members collaborated with Common Frontiers, a Canadian NGO "concerned with the social and economic effects of North American economic integration" that worked with Mexican groups to improve working conditions, living standards, and the environment. They also kept close ties with Mexican opponents of NAFTA, such as the Mexican Network Against Free Trade, an association of sixteen national unions, two large campesino (small farmers) leagues, and several Mexican NGOs.<sup>62</sup> This internationalism fueled their willingness to continue to try to improve NAFTA, rather than simply oppose it.

One political benefit stemming from the NAFTA negotiations was already clear. As NAFTA was being negotiated, Mexican officials began to pay more attention to the social and environmental costs of trade. This in turn empowered environmental and labor rights activists within Mexico. In his history of NAFTA, William Orme argued that the NAFTA debate forced the Mexican government to confront environ-

mental problems in a new way. He noted that NAFTA could not gain approval in Canada or the United States without some promise of enforceable environmental provisions. Robert Paarlberg, a political scientist, testified on Capitol Hill, "I don't think you would be able to engage the Mexican government in tough dialogue on environmental protection if you didn't have the anticipated NAFTA. . . . I don't think there would be too many better ways to strengthen environmentalist groups within Mexico than to institutionalize this sort of dialogue. . . . It encourages Mexico to tighten existing standards, to control pesticide applications." Moreover, it gave new leverage to environmentalists such as Ambassador Homero Aridjis who noted, "The bottom line for Mexico was that, GATT or no GATT, it could not sell tuna in the United States unless Mexican tuna boats made a sustained, verifiable effort to spare dolphins."<sup>63</sup> In June 1992, Mexico signed an accord committing Mexico to steady declines in dolphin mortality during tuna fishing. As they became aware of their increased leverage, human rights groups and democratic reform groups in Mexico also became more visible. Such groups understood that by working with U.S., Canadian, or international human rights groups and labor unions, they could gain publicity that would force Mexican policymakers at minimum to enforce its labor laws.<sup>64</sup> This view that the trade agreement might help Mexico improve its social compact was not unique to some members of MOD-TLE. It also gained credibility on Capitol Hill and among a growing number of church and environmental activists.

Nonetheless, many environmentalists and consumer groups remained concerned that the side agreements to NAFTA would be inadequate. They included a wide range of environmental and food safety groups, such as the Community Nutrition Institution, Defenders of Wildlife, Environmental Action, National Consumers League, Friends of the Earth, Institute for Agriculture and Trade Policy, National Audubon Society, Public Citizen, and the Sierra Club. In June 1992, these groups made several recommendations to ensure that environmental standards would not be compromised by the trade agreement. They proposed that NAFTA commit the three countries to provide sufficient funding to fully implement environmental laws and fund a clean-up throughout the continent.<sup>65</sup> But these recommendations went nowhere. To many of these groups, the Bush administration's commitment to environmental protection was rhetorical.

On August 12, 1992, the three nations announced that the NAFTA negotiations were completed. Yet the full text of NAFTA remained a secret. It was not released until September, when congressional hearings

began. On October 3, 1992, 105 members of the House wrote Governor William Jefferson Clinton, the Democratic candidate for president, asking him not to endorse the Bush administration's NAFTA. But Clinton adopted a different strategy. On October 4, he gave qualified support for NAFTA but insisted on stronger supplemental agreements to address social, environmental, and agricultural issues. In this way he distinguished his views from those of House Majority Leader Richard Gephardt, who now called for starting afresh and for putting labor and the environment in the body of the agreement.<sup>66</sup>

On October 7, some forty-nine groups in the United States (jointly with citizen groups in Canada and Mexico) held a press conference to announce their views on the final NAFTA. They expressed their conclusion that this NAFTA would be harmful to the vast majority of the people of the continent. First, they noted that NAFTA would yield common standards, rather than national standards, that would be lower for the United States and Canada: "Free trade fosters an equalization of labor, environmental, and other social standards among member nations." They also noted that NAFTA would weaken workers' ability to collectively bargain versus continent-wide businesses: "NAFTA also fails—by omitting any provisions to guarantee respect for internationally recognized labor rights—to give workers the tools they need to defend themselves against a tri-national collapse in their living and working standards." They also alleged that NAFTA did not address bilateral immigration issues or human rights violations. Finally, the trinational group criticized the lack of public participation and access in the development and negotiation of the NAFTA: "Many citizen groups offered suggestions to government negotiators over the past year; almost [none] ended up in the text. [NAFTA] threatens to undermine sovereignty in all three nations and replace it with the dominance of unelected, unaccountable corporate dominated tribunals." Yet the signatories noted they were not opposed to a trinational economic agreement: "We recognize the growing ties among our nations and are committed to democratic and inclusive forums to build a continental initiative for North American development."<sup>67</sup>

Canadian trade agreement critics were especially concerned that their views were ignored. They argued that the free trade agreement with the United States had damaged the Canadian economy and the Canadian social compact. Action Canada and the Council of Canadians argued that Canada had already suffered significant job loss (23.1 percent of the manufacturing workforce) since the FTA went into effect. The FTA had enabled companies to move to the United States

for lower wages, nonunionized workers, and lower health and safety standards. Moreover, the FTA had done nothing to stop the production of acid rain and its export to Canada. Although leaders of these Canadian NGOs participated in the process of developing an alternative NAFTA, the FTA experience radicalized them. Their critique had become a critique of capitalism, although in the Canadian way, it was not a critique of internationalism. But that was not the American way. In the United States, capitalism was sacrosanct, but it was easy to criticize economic internationalism for being undemocratic and a threat to U.S. sovereignty.<sup>68</sup>

U.S. trade agreement critics attacked both the content of NAFTA and the legislative vehicle for approving it (fast-track). The fast-track process set limits on the time that Congress and the president's advisory committees could examine the agreement. Once the agreement was completed and signed, the president had to develop implementing legislation. The implementing legislation would include congressional approval of the agreement, plus information delineating any changes necessary to U.S. law to implement the trade agreement. Under fast-track, Congress must vote yes or no ninety days after the implementing legislation is submitted by the executive branch.<sup>69</sup> Although the Tokyo Round had been negotiated and approved under this process, trade agreement critics argued that this time period was too short, given the complexity of NAFTA and its effects on other important policy goals. Congress could not fully examine the changes to U.S. laws that NAFTA might require. Traditional protectionists, such as labor unions and Florida tomato growers, joined in this two-front attack on NAFTA.

However, in the early summer of 1992, Public Citizen (on behalf of itself, the Sierra Club, and the Friends of the Earth) took an extraordinary step and asked the judiciary branch to step into the fast-track process. They sued in D.C. District Court and asked that NAFTA not be voted on until it had a comprehensive "environmental impact statement." The litigants argued that a trade agreement constituted a formal act by the federal government. Under the National Environmental Policy Act, the federal government is required to submit an environmental impact statement prior to implementation of such an act. But this strategy did not succeed in derailing NAFTA. The case continued for three years, although the Supreme Court refused to hear it. This stalling technique was lost on appeal.<sup>70</sup>

The tactic, however, had both positive and negative impacts on the strategy of the NAFTA critics. On the one hand, it forced trade policy-

makers to reiterate that trade agreements affected the achievement of other important policy goals such as environmental protection. Ultimately the Clinton administration did review NAFTA's potential effect on the environment. On the other hand, it alienated important proponents of linking trade agreements and environmental policies, who thought it was wrong to bring the judicial branch into the trade policy-making process. Moreover, it may have divided the environmental community even further. These stalling and confrontational tactics did little to improve the environmentalists' public image or to gain support for their approach to reconciling trade and sustainable development. While Public Citizen, the Humane Society, and the Sierra Club focused on thwarting NAFTA, the World Wildlife Fund, National Wildlife Foundation, and National Resources Defense Council decided to put pressure on the Bush administration (and later Clinton administration) to modify the environmental provisions of NAFTA. The latter groups also worked with members of Congress such as Congressmen Bill Richardson and Robert Matsui who would lead the administration's NAFTA push.<sup>71</sup> These groups thought they could improve the process by participating in it.

In the next few months, while Bill Clinton and George Bush were busy campaigning for the presidency, Clinton did not describe what changes he might make to NAFTA. After Clinton won the election, he signaled that he would make economic policy a priority. However, he said very little about his views on trade. Moreover, Clinton did not pick an established trade negotiator to lead trade negotiations. He chose Michael (Mickey) Kantor, a high-powered lawyer and close political friend. At first glance, Kantor seemed a reassuring choice to the trade agreement critics. He had started his career as a legal aid lawyer working to improve the conditions of migrant farm workers. But Kantor was little concerned about these issues in 1992. His priority was to use his assigned turf—trade—to ensure President Clinton's political success. His strategy, however, would alienate many moderate trade agreement critics who wanted to support NAFTA.<sup>72</sup> Kantor decided to use political chits and budgetary pork to achieve his goals, thereby giving the impression that the administration was horse-trading unrelated policy issues to achieve support for a trade agreement.

#### THE CLINTON NAFTA

With Kantor at the helm, Clinton's NAFTA strategy would bring triangulation to new peaks. Kantor sought to find a middle ground

between the left, to whom he was increasingly less credible, and the business community, which he felt he had to court. In August 1992, Kantor and his staff finished negotiating the labor and environmental side agreements. Clinton formally endorsed what was now his trade agreement. On September 14, 1993, six major environmental groups (World Wildlife Fund, Environmental Defense Fund, National Wildlife Federation, National Resources Defense Council, National Audubon Society, and Conservation International) formally endorsed NAFTA. But grassroots organizations like the Sierra Club, Friends of the Earth, Greenpeace, Clean Water Action, the Humane Society, and Public Citizen still denounced NAFTA as inadequate. The environmental NGOs were now publicly divided, and relations between them became increasingly bitter. They argued over who really spoke for the American public on the environment and how best to balance trade and the environment.<sup>73</sup>

The differences among the environmental NGOs was not just about NAFTA, but about democracy. A few of the NGOs seemed to decide that they could help protect the environment by becoming trade policy players. That meant they had to be practical about policy, which often moves incrementally. For example, during the Ways and Means hearings held in September, Steward J. Hudson of the National Wildlife Foundation testified, “[NAFTA] has caused a great deal of pain . . . to the four environment groups you see before you. I want you to remember two things about this testimony. . . . A fair and objective reading of the NAFTA leaves you with one uncompromising conclusion: the environment is far better off with this NAFTA than without. Two . . . Those who want to kill NAFTA are hiding behind the environment.”<sup>74</sup> Hudson was saying point-blank, some NAFTA opponents were protectionists because they did not believe that trade and environmental protection could be balanced.

While American environmentalists were divided, Canadian NGOs were united. The Council of Canadians and the Canadian Labor Congress quickly decided that the side agreements were “cosmetic” and inadequate.<sup>75</sup> They organized an anti-NAFTA movement among farmers, labor, women’s groups, environmentalists, artists, intellectuals, and church and social activists. These groups provided a wide range of evidence that the FTA was forcing Canada to become, like the United States, a democratic capitalist nation without a strong safety net. But the Conservatives won a majority of seats in Parliament. Soon the Canadian parliament passed the NAFTA.<sup>76</sup>

Meanwhile, NAFTA garnered greater support among elites in Mexico. Polling data revealed, however, that most Mexicans had little understanding of the trade agreement that their leaders valued so much. For example, some 49 percent of Mexicans polled thought that NAFTA would facilitate their ability to work in the United States. These same Mexicans must have been amazed to learn that many Americans thought that NAFTA would lead their employers to shift production and jobs to Mexico.<sup>77</sup> However, Mexico's leaders never wavered in their support for NAFTA. According to Jose Cordoba, chief of staff to Mexico's president, "Most Mexicans have favored the NAFTA ever since . . . it was announced: it was perceived as an integral part of a general reform process that has received broad public support . . . 75 percent of the Mexican people believe that Mexico will be able to increase the quality of its goods. . . . There is no worry about negative cultural influences from the United States."<sup>78</sup>

In the United States, however, NAFTA would be a much harder sell. While producers and retailers prepared to sell Christmas presents in 1993, the White House prepared to sell NAFTA to the Congress. Clinton set up a war room in the White House, headed by William Daley of Chicago and former Republican Representative (and Brookings Institution scholar) William Frenzel. The war room staff also included key environmentalists such as Michael Waldman (once of Public Citizen) and Chuck Fox (formerly of Friends of the Earth). Yet the focus of the war room was not to meet the concerns of social and environmental activists, but to organize congressional support for NAFTA.

The war room seemed to come out of the Clinton team's approach to "economics" as a political issue. Clinton administration officials seemed to see trade policy as a battle to be won by convincing members of Congress, rather than educating Americans to the rationale for trade agreements.

The war room often worked in tandem with the business groups, such as USA-NAFTA. The administration and its business allies made bold promises of widespread economic growth and many new jobs as a result of NAFTA.<sup>79</sup> But to opponents of NAFTA and to many journalists, the White House and USA-NAFTA did not seem to be focusing on the merits of NAFTA. Instead, it seemed they traded concessions on other policies and pork (federal funding) to achieve votes for NAFTA. To some observers, it looked like the Clinton administration had allied with the Fortune 500 to buy the vote.<sup>80</sup>



Ironically, a leader from the Fortune 500 came to symbolize opposition to NAFTA. His involvement changed the tenor of the debate and diminished the clout of many of America's trade agreement critics. The media focused on H. Ross Perot and his sound bites, rather than the substantive arguments of the diverse critics of NAFTA.

#### PEROT STEALS NAFTA AND STRIKES OUT

In 1992, H. Ross Perot decided to run for president and use NAFTA as a key issue in his campaign. Perot was a billionaire businessman with libertarian sympathies, a tradition of public service, a spectacular record in business, and an idiosyncratic style. Perot not only criticized NAFTA but built a grassroots political movement denouncing America's fiscal and budgetary policies. Americans did not know what to make of this self-made billionaire. Perot's views on social, environmental, and economic issues were all over the map. He sounded like a libertarian who wanted government out of our lives, yet he had built a multinational business processing government (and business) data, Electronic Data Systems (EDS). He believed government should stay out of the bedroom (he was pro-choice) but believed taxpayers should fund a wide range of government programs such as Head Start and poverty programs, as well as a national industrial partnership to create long-range "strategic plans, industry by industry."<sup>81</sup>

Using a state-by-state petition drive, an electronic town hall, and a toll-free number, Perot in 1992 appeared to be truly concerned about the people's views and prepared to engage in a dialogue with them.<sup>82</sup> Perot's followers built a grassroots movement called "United We Stand." It would forge bridges both to the libertarian left and right; to centrists concerned about the budget deficit, such as the Concord Coalition; and to radical nationalist and isolationist groups. For a brief moment in time, Perot seemed to tap the "can do" ethos that has marked America in time of war or crisis. He inspired some Americans to attempt to solve the gridlock surrounding the budget deficit. Moreover, Perot called on his fellow Americans to attempt to change policies where "the people feel . . . that they have no voice in their government," such as NAFTA or campaign finance.<sup>83</sup>

Although he won only 19 percent of the 1992 vote for president, he continued to speak about NAFTA and trade in general. Perot talked about trade in ways many Americans could understand. In 1993, Americans were especially uninformed about NAFTA.<sup>84</sup> While supporters argued that NAFTA would create a single market of some 370 million

people, encouraging high-wage, high-technology jobs and a more prosperous Mexico, opponents alleged the trade agreement would lead to job flight and environmental degradation. They pointed to the loss of manufacturing jobs in the Midwest and the horrible environmental and public health conditions on the U.S./Mexican border. But Perot's allegation that NAFTA would lead to "a great sucking sound" of lost jobs and industries became the sound bite of trade, turning the debate into a food fight about numbers: Would NAFTA create or destroy American jobs?

Perot attracted a wide range of Americans who felt anxious about the future and worried that the "middle-class dream" was dying.<sup>85</sup> Some people somehow saw in Perot's grassroots movement the forerunner to a new populism, although it had little in common with the self-help focus of the original nineteenth-century populists.<sup>86</sup> With this base, Perot was able to build a broad anti-NAFTA coalition. While some of his supporters saw NAFTA as a plot for global deregulation, others saw in it an attempt to build an ever greater interventionist state. Despite their many different and often contradictory views about what government should do, they banded together to forge an ad hoc political coalition of left and right. This coalition was unusual, because as Alan Tonelson observed, it linked "blue collar union members; white collar middle managers and small businessmen; family and community oriented immigrants; and grass-roots environmental activists."<sup>87</sup>

Perot worked with economist Pat Choate on a book about NAFTA, called *Save Your Job, Save Our Country: Why NAFTA Must Be Stopped—Now*.<sup>88</sup> The USTR was so disturbed by this book that it prepared a response, "Correcting the Record."<sup>89</sup> According to analyst John Audley, "Perot became the de facto leader of the anti-NAFTA campaign although most interest groups opposed to the agreement had not selected him to act as their spokesperson. Association with Perot meant access to his vast financial resources, but it also imposed political costs."<sup>90</sup> However, his self-anointed leadership of the anti-NAFTA movement, his imperiousness, and his inattention to detail began to alienate other NAFTA opponents. Environmentalists and civic activists had never seen him as representing their views on NAFTA. They worried about linking to "protectionist" coalitions and to the focus on jobs. They identified with other prominent NAFTA opponents such as ex-California governor Jerry Brown and Ralph Nader.<sup>91</sup> But these NAFTA critics did not have Perot's weird charisma, folksy accessible style, instant access to the media, or billions of dollars.

Many anti-NAFTA advocates were alienated by Perot's presentation of his views in the NAFTA debate with Vice President Gore on the *Larry King Show*. On November 9, 1993, Gore not only calmly defended NAFTA and trade, but he linked Perot (the man who created a high-tech industry) with old ideas and traditional fears of economic change, while linking supporters of free trade to the future.<sup>92</sup> After 1994, although Perot remained an important public figure, he was less vocal on trade. Pat Buchanan soon took up the mantle of the leading nationalist politician in opposing trade agreements.

Perot's role in the NAFTA debate, however, left an enduring legacy. His grassroots group, United We Stand, had innovated in using technology from faxes to the Internet to mobilize and unite widely dispersed Americans. Other grassroots groups, such as Public Citizen's Global Trade Watch and the Institute for Agriculture and Trade Policy, would adopt these tools, especially E-mail, to link and organize trade agreement critics around the world. Trade agreement critics also had learned by 1993 that strange bedfellows from the left and right could find common ground in opposing the tools and beneficiaries of globalization.

Nader, Wallach, and other social activists were determined to protect America's system of regulatory protection. Many of their new allies—protectionists and economic nationalists—were not fans of the big government intervention they were defending. Nonetheless, protectionists were not inherently uncomfortable with government intervention—after all, they thought government should protect specific sectors or producers from foreign competition. Moreover, trade agreement critics of left and right agreed that the consumer, worker, and environmental regulations were issues that only Americans should decide. Thus, they shared a nationalist perspective. Finally, left and right alike objected to the newfangled concepts of the “new world order” and globalization. Both were increasingly skeptical about international big government. In the years that followed, trade agreement critics of the left and right found that by ignoring their differences and pooling their efforts, they could achieve greater influence.<sup>93</sup>

#### CONGRESS WEIGHS NAFTA

Despite the efforts of the trade agreement critics of the left and right, issues of sovereignty, democracy, human rights, and the environment were not the central issues of the 1993 NAFTA debate. As the vote drew closer, it became a debate about numbers. Instead of focusing on the agreement's actual content, policymakers focused on how many people

supported the NAFTA or opposed it; how many jobs would be created or destroyed; and how many economists or former presidents supported the NAFTA.<sup>94</sup>

Testimony and congressional speeches began to sound just like earlier trade debates. Many NAFTA opponents sought to explain that they were not protectionists, and the debate was not “about protectionism versus free trade.”<sup>95</sup> For example, the president of the National Family Farm Coalition, representing thirty-nine family farm and rural organizations across thirty-two states, said “[The] opposition to NAFTA cannot and should not be called protectionist, but rather represents the need for expanded economic opportunity . . . for all North American people, not just the giant corporations.”<sup>96</sup> However, members could only vote up or down on NAFTA and thus had to choose sides. If you were a freer trader, then you had to support NAFTA; if you were a protectionist, you had to oppose it. Yet NAFTA and its side agreements did not fit this simple paradigm. Some proponents of freer trade found themselves opposing NAFTA because of the side agreements and what they saw as the elevation of nontrade issues. Some trade agreement critics (especially environmentalists) were willing to support NAFTA because they saw it as an important step toward reconciling trade and environmental objectives.<sup>97</sup>

Labor unions were caught in a bind. On the one hand, labor union officials were united in opposing NAFTA and believing it would yield lower standards, lower wages, and fewer jobs. On the other hand, the side agreements could increase the power of Mexican labor and help U.S. workers find common ground with those in Canada and Mexico. However, most union leaders could not transcend the traditional paradigm. With the exception of the former head of the UAW, Douglas Fraser, union leaders concluded that the side agreements were a fig leaf. They uniformly took a negative position on NAFTA.<sup>98</sup> Some environmentalists and consumer advocates also alleged that NAFTA would lower U.S. standards. They saw the Clinton administration’s changes to NAFTA as ineffective “Band-Aids” or as promises that were already broken.<sup>99</sup>

Some trade agreement critics on the left began to sound like economic nationalists as they made their case. For example, Marcy Kaptor, an articulate and forceful member of Congress from Ohio, argued that the side agreements were not only inadequate but also undemocratic. She found proof by reading the text, which was full of the words *investors* and *competition*, but did not include the words *people*, *workers*, and *farmers*. Then, illuminating the strange bedfellow coalitions that

trade agreements were inspiring, she quoted Pat Buchanan to make her case, saying NAFTA could undermine states' rights.<sup>100</sup> Echoing that sentiment, the Sierra Club noted that the NAFTA "is also a major step toward ending democracy in this country." This led Congressman Bill Thomas to accuse the left of demagoguing on this issue.<sup>101</sup>

In truth, despite shared concerns about the poor, human rights, and the environment, social activists were increasingly divided. On the one hand, the Sierra Club, Public Citizen, and some AFL member unions of the AFL-CIO demanded that the NAFTA be renegotiated.<sup>102</sup> They seemed overly optimistic that the United States and Canada could actually force a better agreement out of Mexico. On the other hand, as already noted, several environmental NGOs viewed the side agreements as a tool to encourage Mexico to improve its regulations and enforcement of its social compact. To Fred Krupp of the Environmental Defense Fund, representing more than a quarter of a million Americans, "There are real trade-related environmental problems. . . . These problems have occurred without NAFTA, and without NAFTA, they will get even worse. . . . If the side accord is adopted, a person or NGO who believes that a country is not enforcing its environmental laws will be able to make those allegations to the new Commission for Environmental Cooperation." He noted that NAFTA will not solve all environmental problems but had moved the process forward, "including setting the stage for long overdue reform of the GATT."<sup>103</sup> To Steward J. Hudson of the National Wildlife Federation, "The benefits of the NAFTA package stand in stark contrast to the status quo, where environmental concerns are largely ignored in commerce between nations, where lax enforcement . . . is unchecked and citizen input into trade and environmental issues is shut out."<sup>104</sup>

Many social and environmental activists now understood that, like other regulatory policies, trade policy moves forward incrementally. But other trade agreement critics could not accept incrementalism. For example, Pharis Harvey of the International Labor Rights Education and Research Fund noted that "the collusive relationship between the employers, union officials and the state has made it possible for Mexico to maintain what are among the lowest wages in the world for many kinds of . . . work, and to advertise these conditions as an incentive for foreign investment under a free trade agreement." Mexico needed radical reform, which NAFTA could not inspire.<sup>105</sup> However, to many proponents of trade liberalization, NAFTA was an important, albeit small, step forward. As a result, by 1993, they began to see many trade agreement critics on the left as perfectionist—no trade agreement

would be good enough for them. According to Congressman Bill Thomas, by negotiating and improving the side agreements, President Clinton made an honest effort to meet the criticism posed by these groups, and yet these groups were using the side agreements “to defeat the very agreement.” He asserted, “That is the reason both Mr. Perot and you folks are demagogues on this issue.” Congressman Robert Matsui added, although he supported the environmental position on protecting dolphins, “Weren’t we attempting to impose our environmental laws on other countries by extraterritorial actions? . . . Aren’t we talking about economic nationalism? . . . And Jerry Brown, Pat Buchanan, your biggest supporters are the most vocal on this issue.” Lori Wallach of Public Citizen responded that environmentalists don’t want to control other countries’ environmental laws, “but . . . the U.S. must maintain control of entry into its market to effectively enforce its existing policy measures.”<sup>106</sup> At its essence, Wallach’s argument was a nationalist argument to preserve the social compact, one that presumed that U.S. standards could not be maintained if foreign producers could get access to the U.S. market without meeting U.S. standards.

GATT was never far from the congressional debate over NAFTA. Opponents of NAFTA were divided not only on their views, but also on how to use NAFTA to change or attack GATT. Some members wondered about the implications of a potential NAFTA defeat for the conclusion of the GATT Round. GATT, after all, was politically and commercially more important to America. Congressman Robert Matsui speculated that if Congress couldn’t pass NAFTA, other nations such as France would not take the political risks they needed to pass a strong comprehensive GATT. Thomas Donahue of the AFL-CIO disagreed, noting that Congress would easily pass GATT. After all, “GATT is something nobody understands and NAFTA is something everybody understands.”<sup>107</sup> But to Lori Wallach of Public Citizen, Carl Pope of the Sierra Club, and many other environmentalists, GATT and NAFTA were inseparable and equally horrible.<sup>108</sup> “The reason why so many environmental groups, consumer groups, and other citizens groups are concerned about NAFTA and the Uruguay Round of GATT is that the substantive rules of those agreements have expanded into subject matters where trade agreements did not used to tread. . . . These are not just tariffs but a variety of nontariff issues that set down the rules for natural resources, food safety, environmental standards.” But Congressman Bill Thomas noted that these groups had acted inconsistently by pushing for rules to govern these standards and then rejecting them: “It clearly indicates that you are using these arguments

for other reasons.”<sup>109</sup> Moreover, these groups seemed to presume that U.S. standards are always the highest and the most effective. This is not always true.<sup>110</sup>

As the NAFTA vote drew closer, policymakers and the public seemed to focus less on the social and environmental issues that many trade agreement critics concentrated on. After September 1993, much of the public debate and newspaper headlines focused on whether it would yield job losses or gains. The administration made its case based on NAFTA's macroeconomic benefits to the U.S. economy. But that is not how they convinced many members, especially Democratic members, of the benefits of NAFTA. Behind the scenes, they traded promises of a yes vote on NAFTA for pork for their districts or other favors. NAFTA proponents continued to characterize all NAFTA opponents as individuals fearful of change and defeatist. In this view, the social critics of NAFTA had become protectionists. By working with economic nationalists, isolationists, and protectionists, the social critics of NAFTA were less able to argue otherwise. Meanwhile, the divisions among the environmental community made it difficult to make environmental arguments against NAFTA. In the end, vote-buying and macroeconomic arguments sold enough members of Congress on NAFTA. The House narrowly passed NAFTA, by 34 votes, whereas the Senate went 61 to 38. On December 8, 1993, the president signed NAFTA into law.<sup>111</sup>

THE FTA AND NAFTA taught first Canadians and later Americans about the impact of trade on the social compact. Nongovernmental organizations forged a trinational movement that weighed issues of concern to social groups in all nations. However, in the United States, the NAFTA debate exposed divisions among these civic groups regarding whether one could be pro-trade liberalization and pro-environment/democracy/human rights and whether incremental reform proposals, such as that of the side agreements, were useful. This division seemed to foster the belief among analysts and policymakers that one was either pro-trade or protectionist, although the debate had become so much more complex.

By forging an alliance with economic nationalists, isolationists, and protectionists, some of these trade agreement critics had formed a powerful lobby to block forward movement on trade. However, many of their allies who wanted to reconcile trade and the environment began to see them as obstructionist and often labeled them “protectionist.” At the same time, the Clinton administration's strategy of horse-trading votes for NAFTA with votes for other unrelated policies

convinced trade agreement critics that trade and other policy goals must be reconciled.

NAFTA was a learning experience for critics of trade agreements and for trade policymakers in the United States and Canada. Trade policies and the strategies to affect them had divided social activists. But they would soon have another opportunity to influence the trade debate. The Uruguay Round of the GATT remained to be completed and weighed by governments, including the United States. Trade agreement critics were determined to influence both its content and the legislative vehicle—fast-track—for approving it.