THE POLITICS OF NORTH AMERICAN ECONOMIC INTEGRATION

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THE POST-NAFTA POLITICAL ECONOMY: MEXICO AND THE WESTERN HEMISPHERE. Edited by Carol Wise. (University Park, PA: Penn State Press, 1998. Pp. 382. $55.00 cloth, $18.95 paper.)

INTERPRETING NAFTA: THE SCIENCE AND ART OF POLITICAL ANALYSIS. By Frederick Mayer. (New York: Columbia University Press, 1998. Pp. 374. $21.50 paper.)

THE MAKING OF NAFTA: HOW THE DEAL WAS DONE. By Maxwell Cameron and Brian Tomlin. (Ithaca, NY: Cornell University Press, 2000. Pp. 264. $35.00 cloth.)

SOLIDARITY AND CONTENTION: THE POLITICS OF SECURITY AND SUSTAINABILITY IN THE NAFTA CONFLICT. By Michael C. Dreiling. (New York: Garland Publishing Inc., 2001. Pp. 224. $75.00 cloth.)

GLOBAL CAPITAL AND NATIONAL POLITICS: REFORMING MEXICO'S FINANCIAL SYSTEM. By Timothy P. Kessler. (Westport, CT: Praeger Publishers, 1999. Pp. 197. $64.95 cloth.)

BIG BUSINESS, THE STATE AND FREE TRADE: CONSTRUCTING COALITIONS IN MEXICO. By Strom Thacker. (Cambridge: Cambridge University Press, 2000. Pp. 239. $54.95 cloth.)

ALLIES ACROSS THE BORDER: MEXICO'S "AUTHENTIC LABOR FRONT" AND GLOBAL SOLIDARITY. By Dale Hathaway. (Boston: South End Press, 2000. Pp. 267. $40.00 cloth, $19.00 paper.)

MEXICO AND THE NAFTA ENVIRONMENTAL DEBATE: THE TRANSNATIONAL POLITICS OF ECONOMIC INTEGRATION. By Barbara Hogenboom. (Utrecht: International Books, 1998. Pp. 279. $29.95 paper.)

GREENING THE AMERICAS: NAFTA'S LESSONS FOR HEMISPHERIC TRADE. Edited by Carolyn Deere and Daniel Esty. (Cambridge, MA: MIT Press, 2002. Pp. 398. $70.00 cloth.)

The political rhythms of pro-free trade coalitions in North and South America seem to be out of sync. After the North American Free Trade Agreement (NAFTA) was signed, free traders looked like they were on

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a roll towards expansion throughout the hemisphere. Chile was poised to follow Mexico into NAFTA. Mercosur began to take off. For much of the post-NAFTA period, however, most Latin American governments were more prepared to sign a hemispheric free-trade agreement than the United States was. NAFTA's persistent domestic political costs blocked President Clinton's effort to renew fast-track negotiating authority. By the time President George W. Bush scraped together a slim congressional majority to regain presidential trade-negotiating authority, the political winds in South America had shifted and were empowering skeptics in Brazil, Argentina, Venezuela, Ecuador, and Bolivia. By early 2003 negotiations towards a Free Trade Area of the Americas had reached their late middle phase, a timely moment to review research on the political economy of North American economic integration.

DISENTANGLING WINNERS AND LOSERS

In the United States, the dominant positive view about NAFTA among Washington elites continues to contrast sharply with widespread public skepticism.[1] As one influential mainstream journalist put it recently, "NAFTA has always struck me as a huge gift from the people of the United States to the people of Mexico, if a gift that not all Americans wished to give" (Easterbrook 2002, 48).[2] In Mexico, disillusionment with NAFTA's unfulfilled expectations has been expressed more by ongoing migration than by overt resistance—the exercise of exit over voice (at least until the unprecedented peasant protest in Mexico City in January 2003).[3]

The political debate before the 1993 U.S. congressional vote on NAFTA provoked a huge 'battle of the studies', thanks to lop-sided research investments by private foundations and interest groups. Economists' models shaped the terms of mainstream debate, though their conclusions were heavily influenced by their starting assumptions about how sectors actually work, such as whether Mexican agriculture should

1. For revealing public opinion data compiled by pro-free-traders, see Scheve and Slaughter (2001).

2. The author is a *New Republic* editor, and is also associated with *Atlantic Monthly*, *Washington Monthly* and the Brookings Institution. The NAFTA debate has long involved hotly contested imagery, but for space reasons this essay will not address the literature on NAFTA's cultural and symbolic politics.

3. Post-NAFTA migration trends have challenged optimistic pre-NAFTA predictions (Cornelius 2000). Though international migration has received more public attention, internal migration during this period has also been significant. According to Mexico's National Population Council, at least 4 million people moved from one state to another between 1995 and 2000, including 1.2 million who left small rural communities (Urrutia 2000, 46).

be treated as a homogeneous or a bifurcated sector.[4] Critics fired back with case studies of specific factories, vivid images of toxic waste, and deformed babies at the border, as well as journalistic profiles of individual workers 'whose jobs had moved to Mexico'. The NAFTA opposition certainly had its own contingent of expert specialists, but the debate's dominant frame pitted "expert" against "local knowledges."[5]

Curiously, research attention to Mexico-U.S. economic integration seemed to drop off significantly once the NAFTA vote was over. Relatively few studies have followed up on the many conflicting predictions to see which ones actually held up, though much of the available literature agrees that economic integration has fallen short of its promises.[6] This review essay includes studies of the political economy of the North American economic integration process, the NAFTA negotiations themselves, the politics of business, labor and the environment, as well as the lessons for the ongoing negotiations of a hemispheric free trade agreement.[7]

Carol Wise's well-edited *The Post-NAFTA Political Economy: Mexico and the Western Hemisphere* has the broadest range and the most synthetic approach of any book under review here. Her comprehensive introduction sees NAFTA as an "intervening variable" in the broader context of Mexico's long-term economic reform process and the growing array of regional trade agreements (25). In the late 1990s context of uncertain prospects for a hemispheric agreement, Wise was quite

4. Econometric approaches use sectoral models to predict and/or estimate changes in employment. Hinojosa-Ojeda and his colleagues found especially interesting results. For example, post-NAFTA Canadian imports displaced almost twice as many U.S. jobs as Mexican imports, and Mexico's post-NAFTA exports to the United States grew more in sectors not opened by NAFTA (2000). The U.S. government's modest trade-adjustment worker-compensation program certified that approximately a quarter of a million U.S. jobs were lost after NAFTA, mainly due to plant relocations. The UCLA North American Integration and Development Center website permits access to this program's county and zip-code level, job-loss data (http://www.naid.spssr.ucla.edu). Two of the most important post-NAFTA assessments focused on the quality of employment, not just overall job numbers. Bronfenbrenner's unique survey of four hundred post-NAFTA U.S. union election campaigns shows conclusively that the threat of capital mobility is systematically used to prevent unionization (2000; see also Commission for Labor Cooperation, 1997). Kletzer's analysis of job losses in "import-competing" sectors finds that U.S. workers who are women, older, minority. and/or less educated are either less likely to be reemployed or are reemployed with greater loss of earnings (2001).

5. For a collection of studies of post-NAFTA Mexican efforts to build bottom-up responses, see Wise, Carlsen, and Salazar (2002).

6. For syntheses of the continuing debate over NAFTA, see, among others, Cavanagh and Anderson (2002a); Hufbauer and Schott (2003); and Serra and Espinosa (2002). Many discussions of NAFTA's impact in Mexico attribute post-1994 economic changes to NAFTA without specifying the causal links.

7. In most of these studies, the actual research dates from the mid- to late 1990s.

prescient, noting "as formidable as these political obstacles [to NAFTA expansion] appear to be, it should be remembered that a similar business-government alliance in all three NAFTA countries triumphed over similarly difficult obstacles prior to securing agreement in late 1993" (29). At the same time, however, she warns that "the structural logic of intra-industry specialization and cross-border production that propelled the North American private sector toward NAFTA is simply weaker when it comes to fighting for an FTAA" (30).

The first set of chapters focuses on the political economy of the NAFTA negotiations, Mexican-style neoliberalism, and the peso crisis. Manuel Pastor and Carol Wise analyze Mexican economic policy and the social costs of "distributional stress," detailing "the gap between expectation and reality with regard to gains forecast from neoliberal reform in Mexico" (42). Sylvia Maxfield and Adam Shapiro assess the sectoral outcomes of the NAFTA negotiations. They illuminate an otherwise arcane set of issues by synthesizing the negotiating dynamics in twelve of the nineteen NAFTA chapters (e.g., auto, textiles, energy, rules of origin, etc.). They conclude that "the United States won on many, but not all, issues of legal principles, while Mexico held sway in crucial sectors like agriculture and energy" (83). The authors' puzzling assessment that Mexico "won the agricultural chapter, although not resoundingly" (105) is based on a deal in which Mexican negotiators sacrificed the nation's single most important crop (corn) for a commodity that is still marginal to Mexican exports (orange juice).

Manuel Pastor's chapter cuts through the debate on whether and how the peso crisis was linked to NAFTA. He argues that "while the timing of the crisis was clearly related to an unfortunate convergence of political pressures and economic mismanagement, the specific causal variable was an overvalued exchange rate that had long required correction" (120). The possibility of responding to this with a gradual, controlled devaluation "was precluded by the perception of the Salinas administration . . . that any tinkering with the exchange rate would alienate potential investors and perhaps jeopardize Mexico's chances at entering NAFTA" (121). Ngaire Woods' chapter analyzes the role of the international financial institutions (IFIs) in dealing with the peso crisis, focusing on U.S. government efforts to "spread the burden of assisting Mexico" (149). Woods examines why the IFIs' capacity for monitoring and preventing financial crisis was so limited, noting that their belief in Mexico's economic success was based on a "self-defeating form of 'groupthink'" (162).

The second set of chapters assesses NAFTA's economic and political impact in Mexico. Jonathan Heath focuses on the sectoral- and firm-level impacts of trade opening, finding a "sizable net job loss" in the formal sector (186). Peter Andreas broadens the volume's focus, noting

the contrast between the simultaneous freeing of flows of goods, services, and information, while "state prohibitions against two of Mexico's leading exports, drugs and migrant labor, tighten" (201). He argues that economic integration encourages both labor and drug exports. Denise Dresser's chapter sums up Mexico's post-NAFTA politics as "uneasy, uncertain, unpredictable." She shows how "NAFTA solidified and institutionalized Mexico's liberalizing reforms and sharply narrowed the available range of policy options for Zedillo's successors" (255).

The third section on hemispheric integration begins with Wise's assessment of trade policy possibilities. Her chapter stresses the need to link macroeconomic changes with "the imperatives of dynamic restructuring at the microeconomic level" (260). Stephan Haggard concludes the volume by analyzing the impact of NAFTA and related bilateral agreements on the one hand, and Mercosur and related intra-Latin American agreements on the other on the prospects for a Free Trade Area of the Americas (FTAA), explaining how the two regional poles are both "building blocks and stumbling blocks" (331).

Frederick Mayer's *Interpreting NAFTA: The Science and Art of Political Analysis* quickly became a classic in the field. The study brings together the author's game-theoretic roots with his participant-observer experience working in pro-NAFTA Senator Bill Bradley's office during the debate.[8] Mayer's conceptual framework creatively shows how rational choice, institutional process, and symbolic analysis are each incomplete yet complementary. His combination of crisp, accessible prose and an eclectic conceptual approach works well.

Mayer poses three main questions: why did the three "nations of North America" decide to negotiate, why did the agreements take the form that they did, and why was ratification so fiercely contested in the United States? Countering systematic or structural explanations of international trade policy, he contends that the governments "negotiate international free-trade agreements to solve a domestic problem . . . Mexico pursued NAFTA in part to help to overcome domestic political obstacles to economic reform" (60–61).

The narrative discussion of each turning point is followed by a more abstract conceptual section that makes explicit the dynamic interaction between international, domestic, and individual/organizational levels of analysis. The empirical analysis of the U.S. political process is especially strong. Mayer provides original and detailed analysis of the fast-track fight, the negotiating process, and the politics of the side agreements. The key question was whether they should or would have

8. Bradley was a key leader of the pro-NAFTA forces in the Senate, and had actually proposed a free-trade agreement directly to then-planning minister Carlos Salinas as early as 1987 (37).

"teeth," and answers ranged from "gums" to "fangs" (cf. p. 211). This study makes it clear that the Clinton administration's strategy to use the side agreement as a tool to split the environmental movement was a crucial political turning point and probably the determining factor making possible NAFTA's congressional approval.[9] Mayer's analysis of the internal dynamics of U.S. labor politics and the two main anti-NAFTA coalitions is much less nuanced. The pro-NAFTA business lobby also receives little attention. In this account, the politicians are the main pro-NAFTA protagonists.

Mayer's turn to "symbolic politics" to explain the "disproportionate political response" in the United States (272) is based on his assumption that opponents did not have more tangible reasons to motivate their actions. He accepts at face value the conventional economic prediction that NAFTA would have a very narrow impact on U.S. workers. Further probing of the internal dynamics of labor, environmental, and consumer movement politics might have explained why they chose to mobilize the anti-NAFTA symbols, as well as why they resonated so widely. One could also turn around the rational choice "puzzle" of why so much opposition, and ask why the U.S. president invested so much political capital in NAFTA's passage when the benefits were so uncertain and the political opportunity costs were so high. After all, Clinton's investment in NAFTA led him both to miss the window of opportunity for health care reform, and contributed to the Republican congressional win in 1994.[10]

Maxwell Cameron and Brian Tomlin's *The Making of NAFTA: How the Deal Was Done* also provides a theoretically informed, accessibly written narrative of the negotiation process. Like Mayer, they contend that NAFTA was made possible by a very unusual convergence of factors: "during a relatively brief window of opportunity . . . the three North American chiefs of government not only favored closer integration, but also had, or had a good chance of assembling, the domestic coalitions necessary to deliver an agreement" (5). In contrast to Mayer's focus on the U.S. political arena, however, Cameron and Tomlin provide a more comprehensive treatment of the dynamics of all three negotiating governments. Given that the NAFTA agreement built on the United States-Canada Free Trade Agreement (FTA), their Canadian edge

9. This point is made more explicitly and in greater detail in John Audley's illuminating participant-observer analysis (1997). Among the few studies reviewed that analyze the crucial role played by Latino advocacy organizations in U.S.-Mexican politics of the side agreements, see Hinojosa-Ojeda (2002) and Hamm (2001).

10. This is because organized labor largely sat out the 1994 election. For details, see Shoch (2001). For the broader history of trade politics in the United States, see also Aaronson (2001) and Frank (1999).

provides quite original insights.[11] The authors' careful reconstruction of all three sides of the negotiating process pays off, underscoring how the significant differences between Canadian and Mexican government goals strengthened the U.S. bargaining position. For example, each had different positions on the other's most non-negotiable issue (oil for Mexico, cultural industries for Canada). Their discussions of auto and agricultural sectoral negotiations are especially nuanced.

Like Mayer, Cameron and Tomlin's conceptual framework builds on the two-level game approach.[12] They conclude that

> international negotiators for powerful, self-reliant states tend to be less responsive to the demands of weak states than to domestic constituents, while negotiators in weak (i.e., asymmetrically interdependent) states tend to be more responsive to demands of the more powerful states than to domestic constituents. This proposition also implies a corollary: that international negotiators in weak states can more credibly use their vulnerability to international pressures to impose painful or costly domestic reforms, often implicitly colluding with the more powerful states against domestic constituents. (29)

They agree with Mayer that trade negotiations require executive power because of their broad overview of the winners and losers within their respective societies, combined with their related power to make concessions that sacrifice some groups in order to gain advantages that benefit other interests. In this sense both studies can be considered "state-led" explanations of the NAFTA process—in contrast to approaches that would cast the trade agreement as a response to structural economic imperatives (i.e., a state response to private sector pressures).

Michael Dreiling's *Solidarity and Contention: The Politics of Security and Sustainability in the NAFTA Conflict* analyzes NAFTA politics in the United States through the lens of class-based mobilization and countermobilization, framed in terms of broad theoretical debates in political economy and political sociology. In contrast to the many analyses that focus on the policy process, Dreiling creatively compares patterns of collective action among societal actors for and against NAFTA. He concludes that "the political alliances forged in the battle over NAFTA created quasi-permanent mobilization structures prepared for contention over neoliberal economic policy" more generally (4). Dreiling applies network analysis to both critics and defenders of NAFTA, and the diagrams of the coalition structures are especially useful. He provides a detailed analysis of the structural conditions and coalition politics that brought sectors of the labor and environmental movements together, noting that the split among environmental organizations coincides with

11. For a comprehensive Canadian analysis of opposition to NAFTA, see Ayres (1998).
12. On two-level games more generally, see Evans, Jacobson and Putnam (1993).

their different resource bases.[13] He then maps the factors that shaped the uneasy coexistence of two overlapping but distinct opposition coalitions—one nationalist in strategy and discourse, the other more internationalist (70–73).[14]

Dreiling's network analysis of corporate mobilization in defense of NAFTA provides conceptual balance, but follows a different methodological path. He carries out a detailed quantitative analysis of the composition of leadership networks in the USA*NAFTA lobbying campaign, highlighting the "vanguard" role of the Business Roundtable. This focus on how corporations mobilize politically in favor of free trade differs from the conventional approach, which infers corporate interests based on their sectoral and firm characteristics. Dreiling problematizes corporate collective action, and frames this case as a test of broader hypotheses regarding class formation and cohesion. He finds that corporate solidarity is encouraged both by "facilitative state structures" and by "intra-class associative mechanisms" (140–41). Much of the corporate mobilization was defensive, however, and came as a response to the unexpected breadth and depth of public resistance to NAFTA. As a result, in spite of its focus on corporate action, this analysis does not contradict a state-led interpretation of NAFTA's origins. He concludes that, overall, the NAFTA debate left both sides with an enhanced capacity for collective action.

The rest of the books discussed here address the North American integration process in broader context, through the lenses of business-government relations, labor, and environmental policy. Timothy P. Kessler's *Global Capital and National Politics: Reforming Mexico's Financial System* fills an important gap, differing from approaches that treat finance as *merely* another sector. NAFTA is just one dimension of Kessler's analysis of two decades of government policies toward the financial system. His political explanation of changing patterns of state intervention over time contrasts with approaches that stress newly-ascendant technocratic ideologies, interest groups, or the structural pressures of globalization. For example, Mexico's elite technocratic

13. In one extreme, but not atypical case, the pro-NAFTA conservation organization World Wildlife Fund received a single $2.5 million donation from Eastman Kodak. Kodak's CEO, who was a co-founder of USA*NAFTA, the pro-NAFTA corporate coalition, received a seat on WWF's board of directors (52).

14. Analysts should be cautious about taking leadership discourse at face value when determining nationalist versus internationalist positions. For example, Dreiling quotes the Teamsters' reform leader at the 1996 NAFTA Truckers Summit as an example of an internationalist approach, when, in practice, the union's campaign strategy and public discourse on the cross-border trucking issue was consistently nationalist, framing Mexican trucks as a public danger. On the manipulation of safety data in the policy debate, see Kourous (2001).

revolution helps to explain why one kind of economist comes to dominate policy-making positions, but cannot account for the inconsistent application of their ideology. In practice, their policies towards the financial system "have frequently rejected market-oriented principles" (10). In Kessler's view, "focusing on the state allows us to examine the policy-making process as the interaction of government leaders' political incentives, the institutional resources available to them, as well as the constraints of the domestic and international economy" (12).

Kessler's synthetic and accessible empirical analysis of Mexican financial policy leads to some counter-intuitive findings. For example, in contrast to their market-unfriendly reputations, Luis Echeverría and José Lopez Portillo's financial policy reforms virtually created Mexican financial markets (41). For ostensibly pro-market president Miguel De la Madrid, the political logic of rebuilding the regime's alliance with big business led to policies that "strangled the [state-owned] banks and promoted stock market speculation" (74). The Carlos Salinas administration's extensive targeted pay-offs led to the "most schizophrenic" of policies under study:

> On the one hand it deregulated and reprivatized the banks and liberalized and internationalized capital markets. On the other hand, it protected the banks from both foreign and domestic competition and artificially propped up the value of the currency through exchange rate intervention—policies that directly undermined financial stability. (81)

The economy's risky dependence on inflows of "hot money," which led to the peso crisis, was a direct result of domestic policy decisions (117). Ernesto Zedillo, seemingly Mexico's most orthodox neoliberal president, responded to the post-peso collapse banking system crisis by "virtually renationalizing much of the banking system through a massive bailout effort" (123), a classic case of socializing the costs of unsustainable privatized profits. After a useful cross-national comparison with Korean and Russian financial policy experiences, Kessler concludes that domestic politics were more important than international pressures for explaining the contradictions of the financial policy process.

Strom Thacker's *Big Business, the State and Free Trade: Constructing Coalitions in Mexico* is the first serious book in English on the Mexican political economy dynamics of the NAFTA negotiation process. It is a powerfully argued, conceptually sophisticated, and empirically convincing study of the impact of changing business-state relations on trade policy. Thacker emphasizes the role of state and business actors in constructing competing trade-policy coalitions. The explanatory framework, which draws on historical-institutional and structural approaches, is less eclectic than Mayer's and is specified in greater detail than either Kessler or Cameron and Tomlin. After synthesizing the large secondary literature on business-state relations in Mexico, *Big Business*

documents the initiatives of state technocrats to incorporate the representatives of large, internationalized firms into the trade policy process during NAFTA (through, literally, "the side room"). Thacker's approach is compatible with the two-level game approach, but he adds an important emphasis on change over time. His explanation details the dynamic process through which the pro-opening state-business policy coalition gained influence through iterative cycles of cumulative policy influence that, in turn, shifted the balance of forces both within the state and the Mexican business community.

Thacker's analysis stresses the many ways in which big business and the neoliberal state technocrats shared goals, but not all Mexican big businesses favored free trade. The study shows that government negotiators took very good care of Mexican financial sector interests. Mexico's then recently privatized banks did not welcome the prospect of foreign competition, and their closely allied policymakers were more than willing to shield them from the rigors of the market (as later became clear with the bank bailout). Similarly, Telmex, the privatized near monopoly in telecommunications that dominated the booming Mexican stock market, was also heavily protected by NAFTA policymakers. In the case of auto, as Thacker notes, the trade agreement provided strong regional protection for North American producers. The broader pattern across these three crucial sectors is that key elements of Mexican big business put their own sectoral and firm interests ahead of free trade.

Dale Hathaway's *Allies Across the Border: Mexico's "Authentic Labor Front" and Global Solidarity* provides a historically grounded history of Mexico's flagship independent worker's organization. The late author was an activist and former trade unionist as well as a political scientist, and his excellent accounts of the Frente Auténtico del Trabajo (FAT) and its three decades of shop floor struggles and organizing campaigns are compelling and original. The FAT, founded in 1960, embodies the convergence of two important but little appreciated strands within the 'prehistory' of Mexican civil society during Partido Revolucionario Institucional (PRI) rule: progressive Catholicism on the one hand, and independent worker organizing on the other. The FAT was most active in northern and central states, areas not known for traditions of radical protest. For example, even though many of the factories they organized later closed, the FAT's legacy contributed significantly to raising wages in Guanajuato's shoe industry (121). In addition to industrial workers in the private sector, the FAT membership also includes worker coops, *campesinos*, and *colonos*, and the organization played a leading role in the Mexican Free Trade Action Network.

Across the Border focuses primarily on the FAT's history in the broader context of Mexican labor politics, with an excellent chapter on cross-border campaigns that focuses on the FAT's "strategic organizing

alliance" with the United Electrical Workers (UE). This unusually cohesive long-term partnership led the first union efforts to internationalize their campaigns by filing claims with the NAFTA labor side-agreement institutions.[15] So far, however, the FAT-UE alliance has turned out to be more the exception than the rule in cross-border labor politics.[16] On balance, Hathaway finds that "the FAT is not a large organization but, due to its integrity and persistence, its influence in Mexico is far greater than its size" (250).[17]

Barbara Hogenboom's *Mexico and the NAFTA Environmental Debate: The Transnational Politics of Economic Integration* places NAFTA in the broader context of Mexican environmental politics and policy. The study provides useful historical background, noting that Mexico's environmental politics had been influenced by the international context long before NAFTA. By the late 1980s, the government began to attract serious foreign funding for environmental policy initiatives, notably from the World Bank, U.S. Agency for International Development and moderate U.S. conservation organizations, which helped the government to divert pressures from domestic environmental critics (109). With the NAFTA debate, "the emerging transnational arena created new opportunities for opposition (as well as for NAFTA proponents)" (141). However, most Mexican environmental groups lacked experience either with U.S. partners or with the trade-environment debate. In Mexico, "the opposition never really gained momentum" (147).

Hogenboom analyzes both the policy debates and the political differences within the Mexican environmental movement and its U.S. and Canadian counterparts. She finds that "while the transnational relations of moderate groups were limited, pragmatic and predominantly tied to the political moment of NAFTA negotiations, the transnational relations of critical environmental organizations were more profound

15. More generally, the two dozen claims of labor rights violations filed so far have proven an important process for encouraging cross-border labor collaboration, but almost all have failed to lead to tangible results in terms of workers rights. See Human Rights Watch (2001).

16. For FAT perspectives on cross-border politics, see Lujan (2002) and García Urrutia (2000). See also Alexander and Gilmore (1998).

17. Curiously, the current Mexican government challenges the FAT's legitimacy as a worker organization. This was revealed in the context of a FAT-led complaint filed with the International Labor Organization (ILO) that charged the government with violations of its signed international agreements to respect indigenous rights. In November 2002, the government reportedly pressured the ILO to reject the FAT's complaint by alleging that the FAT "was not a true workers' organization" (Bellinghausen 2001). Curiously, in retrospect, even former president Salinas recognized the legitimacy of the FAT and its critique of free trade ("although they were tough opponents of NAFTA, many of their arguments turned out to be favorable for the negotiations" [Salinas de Gortari, 2002]) 119.

and directed at more structural cooperation" (165). Moderate groups in the United States had less need to collaborate and mobilize because they already had access to the leading policymakers in both countries. Hogenboom notes the importance of symbolic politics to NAFTA's environmental debate. For example, Salinas closed Mexico City's largest oil refinery at the height of the fast-track debate in the United States, only to reassemble the plant in Salamanca without additional pollution controls (183–84). The chapter on the environmental politics of the NAFTA negotiations is especially insightful. Hogenboom concludes by noting the methodological challenge of disentangling NAFTA's role from other factors, such as prior domestic reforms and the 1992 Rio Summit, when explaining Mexican environmental policy trends.

> Most U.S. interviewees, for instance, thought the NAFTA process to have been decisive for the changes in Mexico, as their perspective was the NAFTA debate and not Mexico's circumstances as a whole. Mexican interviewees had more diverging ideas, with the NAFTA debate's effects ranging from very influential to not important at all. (240)

Carolyn Deere and Daniel Esty's *Greening the Americas: NAFTA's Lessons for Hemispheric Trade* is a timely and comprehensive contribution to the ongoing policy debate over whether and how the FTAA should address environmental issues. So far, the FTAA excludes both trade and environment linkages and meaningful civil-society participation. The collection is primarily practitioner-oriented and the eighteen brief, synthetic chapters reflect a balanced cross-section of policymakers and experts. The authors' policy recommendations for the FTAA process focus on strengthening NAFTA-style environmental cooperation provisions while avoiding its litigious dimensions. Diverse analysts agree that the Mexican government has strongly opposed addressing environmental dimensions of trade in the FTAA because of the NAFTA legacy of resentment toward a U.S.-imposed environmental side agreement, underscored by perceived unfair treatment in the long-standing and on-going tuna-dolphin controversy.[18] Many of the contributors also agree that the FTAA should avoid open-ended protections for investors built into NAFTA's chapter 11, which trump environmental protections (and so far *are* reproduced in the draft FTAA).[19]

18. While the side agreement's provisions for trade sanctions in the case of non-enforcement of national environmental laws served the purpose of providing political cover for swing votes in the U.S. Congress (the only so-called "teeth" in the side agreements), they have never been used (by design). There is no evidence that they helped to encourage improved environmental policy, while they reinforced the Mexican government's opposition to environmentally friendly trade policies. In retrospect, the unusable provisions for environmental trade sanctions therefore appear to have combined the worst of both worlds.

19. The Metalclad controversy has become the classic case, since NAFTA's secretive and biased chapter 11 procedures obliged the Mexican government to pay a $16 million

The first section focuses on lessons from the NAFTA environmental negotiations, including chapters by a Mexican trade policymaker Javier Mancera; Mexican nongovernmental-organization (NGO), environmental trade-policy analysts Gustavo Alanis-Ortega and Ana Karina González-Lutzenkirchen; Costa Rican environmental policy analyst Mónica Araya; economist Eric Miller; and Frederick Mayer. Araya and Miller's economic analyses conclude that, contrary to Mexican government fears, no empirical evidence confirmed that NAFTA's environmental provisions have hurt the Mexican economy, and lower tariffs for importing pollution control equipment help the environment.

The second section focuses on NAFTA's environmental performance. Kevin Gallagher uses cutting-edge methodologies to assess post-NAFTA changes in industrial pollution patterns. He looks at the three main mechanisms through which trade openings affect the environment—scale effects (pollution increases when industry grows), composition effects (changes in the relative weights of different sectors), and technology effects (changes in production processes). Gallagher then assesses the "air pollution intensities" in twelve industrial sectors. He finds that three sectors are "cleaner" than in the United States (iron and steel, non-ferrous metals, and segments of the chemicals industry), while the other nine sectors are significantly "dirtier" than their U.S. counterparts (e.g., textiles, paper, food and beverages, machinery) (130–31). The cleaner sectors use newer plant and equipment, while pollution levels in the other sectors are due to weak "end-of-the-pipe" controls and regulatory enforcement. Overall, he found that industrial air pollution has close to doubled in Mexico since NAFTA. Gallagher concludes with revealing data on Mexican plant-level environmental inspection trends that show a sharp upward spike during the NAFTA debate, followed by a fall to half of peak levels by 1999 (136).

Alejandro Nadal's chapter summarizes his extensive study of the social and environmental changes in the corn sector since NAFTA.[20] Corn employs 40 percent of the Mexican population working in agriculture. Government policymakers hoped that they would move out of agriculture or at least switch out of corn to higher value crops. Few did. Instead, Nadal finds severe social and environmental problems. One of the most important yet little known changes in this sector is that "Mexico's planned 15-year transition period for the corn/agricultural sector was compressed to roughly 30 months" (149). The Mexican government decided not to collect the corn tariff and quota provisions that

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fine to a private corporation for not letting it build a waste dump in an area considered environmentally sensitive. See Bejarano (2003) and Borja (2001) on Metalclad. See also DePalma (2001) and Hemispheric Social Alliance (2001) on chapter 11.

20. See Nadal (2000) and his contribution to CEC (1999).

it was entitled to under NAFTA, in order to encourage cheap U.S. imports and keep consumer prices down. The market price paid to Mexican corn producers fell sharply, though the price consumers paid did not. At the same time, the government cut back sharply on agricultural credit, depriving corn producers of a chance to make a transition. The government's new market-friendly income-support program for grain producers, PROCAMPO, reached millions of people, but the payments to small producers fell significantly after 1994.[21] In retrospect, evidence suggests that the Mexican government used NAFTA's appearance of inevitability to carry out polices that were much more hostile to family farming than NAFTA actually required.

Canadian former trade negotiator Howard Mann and Mónica Araya's chapter concludes the section by dealing with NAFTA's investor protections. Their policy recommendations are preceded by a clear assessment:

> Existing case law under chapter 11 consistently places the rights of investors ahead of the ability of government to protect the environment. In effect the jurisprudence turns the "polluter pays" principle on its head—creating a "pay the polluter" rule of law. (172)

The third section, on NAFTA's environmental provisions, begins with an unconvincingly positive assessment by Clinton-era U.S. trade official Richard Fisher. Mexican policy analyst Blanca Torres provides a more analytical approach, subtitling her chapter "rowing upstream." She finds that the side agreements, because they "papered over the difference" between the two governments, "left loopholes and ambiguities, and they wrote escape clauses or insurmountable complexity into the North American Agreement on Environmental Cooperation (NAAEC) when consensus was not possible. This postponed the task of resolving outstanding differences" (203). Nevertheless, she concludes that

> NAFTA's environmental commitments can be said to have encouraged the creation of a more accurate diagnosis of environmental problems in Mexico, a prioritized agenda, and a range of government activities on the environment. Even if some of this reflects a strategic calculation rather than a real political commitment to the environment, these are important steps in the right direction. (215)

Two researchers from the Mexican Free Trade Action Network (RMALC), journalist Laura Carlsen and NGO leader Hilda Salazar, offer a more critical view of NAFTA's environmental institutions. They argue that the work of the North American Commission on Environmental Cooperation (NACEC) has been constrained by its subordination to NAFTA's trade priorities, and point out that NACEC is not even

21. In spite of PROCAMPO's economic and political importance, few independent studies of its operations, impact, and change over time are available.

able to carry out independent investigations of non-compliance with existing national laws (225). They recognize the accomplishments of the small but innovative North American Fund for Environmental Cooperation, detail the limits of the Border Environment Cooperation Commission and North American Development Bank, and conclude with specific policy recommendations for the FTAA.

The final section turns directly to the FTAA. ECLA researcher Mariannne Schaper reviews South American trade flows and finds that "the resource-allocation patterns and the export growth path in most Mercosur and Andean Community countries are environmentally vulnerable and unsustainable" (255). Chilean economic policymakers Mario Matus and Edda Rossi accept that trade and the environment are linked and highlight the Canada-Chile Agreement on Environmental Cooperation as a potential model for the FTAA. This measure builds on NAFTA, but instead of threatening trade penalties for non-compliance with national environmental laws, provides for fines that would be spent on improving the environment *in the country of the offending party* (266). Researchers Eduardo Gitli and former Costa Rican trade official Carlos Murillo build on this approach, calling for a Latin American shift from a reactive to a pro-active approach that focuses on strengthening national environmental institutions. National Wildlife Federation policy analyst Douglas Jake Caldwell recommends deference to national standards, citizen participation, transparency, and the precautionary principle. Canadian policy analyst Marie-Claire Cordonier Segger and Chilean researcher and former policymaker Nicola Borregaard review the environmental provisions of four existing sub-regional trade agreements. Deere and Esty conclude with their own set of detailed policy recommendations for environmental reform, including a proposal for the creation of a Hemispheric Environmental Commission.

This collection provides a balanced and insightful overview of the hemispheric trade and environment policy issues, projecting the voices of a wide range of actors. However, it does not provide an in-depth analysis of the political and institutional dynamics of the actors themselves, such as the public sector environmental agencies or the civil-society organizations and networks (in contrast to several of the studies reviewed above).[22] In addition, a more comprehensive independent, field-based empirical assessment of NAFTA environmental and border institutions remains to be done.[23]

22. For assessments of the civil-society politics related to the FTAA, see, among others, Cavanagh and Anderson (2002b) and Korzeniwicz and Smith (2001).

23. For example, the chapters in Deere and Esty refer only briefly to the thirty-six dozen citizen submissions to the NACEC on enforcement issues. For an official overview, see CEC (2001). The most detailed and systematic independent source of

CONCLUSIONS

Much has been made of NAFTA's main goal of encouraging private investor confidence by "locking in" broader neoliberal policy changes. This vivid image refers to the three governments' goal of limiting the room for maneuver for post-NAFTA governments to consider economic policy alternatives. NAFTA's legal clout has sometimes been exaggerated (note the U.S. government's extended postponement of the opening of trucking, or the Mexican government's sharply accelerated opening of corn), but it serves the political purpose of limited the range of acceptable debate.[24]

Much of the current debate over globalization stresses the power of big business to pressure governments to protect their interests, often in ways reminiscent of the "instrumentalist" theories of the state of the 1960s and 1970s. The retrospective political analyses of the NAFTA process, in contrast, provide more support for the approach that stressed the "relative autonomy" of states from specific private interests. The NAFTA process was fundamentally driven by national policymakers who successfully mobilized political coalitions across both sectors and borders.

The NAFTA experience shows that nation-states retain significant capacity to determine the rules of the game for market actors in two especially important ways. First, by negotiating *which* private sector interests would win or lose, pro-NAFTA policymakers directly intervened in the balance of power among different sectors of private capital. Second, NAFTA directly affected the composition and bargaining power of *other* social actors, most notably by weakening industrial trade unions, small farmers, and farm-worker organizations in all three countries. In other words, in spite of globalization's widely shared image of all-powerful inevitability, it turns out that it still makes a big difference who is running the state.

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information and analysis of the performance of the BECC and NADB are the bulletins produced by the Inter-Hemispheric Resource Center (see http://www.americaspolicy.org).

24. For example, the Mexican government has chosen not to avail itself of NAFTA's more flexible provisions and potential emergency measures regarding agriculture (Nadal 2002).

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