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Review of *Children of NAFTA: Labor Wars on the U.S./Mexico Border*, by David Bacon. Berkeley: University of California Press (2004).

After eleven years of being in place, the debate over the North American Free Trade Agreement (NAFTA) has not abated. David Bacon's *Children of NAFTA: Labor Wars on the U.S./Mexico Border* (University of California Press, 2004) is not an unbiased academic examination of NAFTA. The book aims to document the debilitating consequences of NAFTA and globalization, the failure by governments to protect workers from employers participating in this new economic environment, and labor's response to this the treaty's detrimental effects on workers. The goals is not merely to "understand the fact that jobs move, but to understand the impact this movement has had on the thinking of the people who are affected by it on both sides of the border" (pg. 6). Bacon uses several case studies to accomplish his goal, including agricultural workers on the U.S. side that lost their jobs, organizing efforts by workers in several *maquiladoras*.

In describing these organizing efforts, however, Bacon shows unintentionally that the most significant source of problems for the Mexican worker is not NAFTA, but rather corruption. While the book generally fails to make a compelling argument for an across-the-board negative effect of NAFTA on workers, it does make a compelling case against the corrupt union system that prevents workers from effectively organize to increase their wages and working conditions. In most cases the failure to attain fair and just labor representation is due to the corrupt relationship between union, firms, and the government—a system that was institutionalized by the Mexican government in the 1920s and 1930s. The setbacks and violence faced by workers result from the failure of the Mexican government to eliminate the sweetheart relationships official unions have with companies.

Another example of the failure to establish a casual effect between NAFTA and negative outcomes are the multiple instances where labor disputes predate NAFTA, going back to the 1980s in some cases (see pg. 62, for example). Consequently, an unintended consequence is that the book suggests that with NAFTA the environment that encourages these long-standing relationships can finally be challenged and replaced by a true labor movement.

Although the book offers a promising perspective—the development of a cross-border labor movement—it suffers from multiple shortcomings that are disappointing to an academic audience seeking unbiased or, at the minimum, internally consistent arguments. For example, the author argues that American workers are losing their jobs, but fails to acknowledge the growth in jobs for Mexicans.

The failure of labor-side agreement to help workers is the only compelling evidence that NAFTA failed workers. Yet, even here the evidence is only anecdotal. However, neither side of the NAFTA debate can point to data that tracks workers over time to assess what happens to displaced workers in the long-run: what kind of jobs do they have 10 years later, what are their wages, benefits, in the new jobs, etc.?

Another broad argument, which is the philosophical backbone of the book, is that neo-liberal economic policies have damaged the Mexican economy and worker. There is a particular disdain for privatization and the foreign investor, which pro-NAFTA advocates claimed would provide needed capital to improve the Mexican economy. Yet, one of the most noted "failures" of NAFTA is the flow of capital *out* Mexico and *into* the U.S.[1] Bacon raises this issue (pg. 48), but only briefly.

Furthermore, his discussion of the devaluation of the peso misses the mark. The cause of the devaluation was not malevolent foreign companies actively lowering the real wages of workers. Rather it was a consequence of bad monetary policy by President Carlos Salinas de Gortari, and the inability to effectively manage the subsequent long-overdue devaluation of the peso. [2] The long-term solution was a series of austerity measures that enabled Mexico to pay off its debt. However, in the treatment given by Bacon, the $52 billion lent to Mexico by the IMF, the U.S., and others is motivated not by economic necessity but to an agenda to provide a low-wage workforce for foreign companies. While the consequence was a decline in wages: "The policy [of structural adjustment] uses depressed wages to attract investment" (pg. 39.)

In the author's own words, "NAFTA cannot be blamed for Mexico's economic crisis and the devaluation of the peso, for U.S.-trade related unemployment, or for continuing lack of protection for workers...But critics of the agreement point out that NAFTA liberalized trade without changing social and political conditions" (pg 48). While NAFTA has not reduced differences in the standard of living between Mexico and the U.S., its most notable legacy may be that it created an environment that may inevitable decrease the level of corruption that currently restricts labor's efforts to improve the lives of workers. This is a research topic that would inform the debate on working conditions in the current economic environment.

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[1] DeLong, J. Bradford (2004), "Should We Still Support Untrammelled International Capital Mobility? Or Are Capital Controls Less Evil than We Once Believed?" *The Economists' Voice*, 1(1), 1-7.
[2] Kenen, Peter B., *The International Financial Architecture: What's New? What's Missing*. Washington, DC: Institute for International Economics (2004).