

The most direct expression of the labour movement's concern about the impact of trade liberalization on labour conditions first appeared in respect of the FTA. During the debate over freer trade with the U.S., Canadians were particularly interested in the competitive challenge posed by producers in U.S. States with "right-to-work" legislation. "Right-to-work" legislation allows individual States to prohibit agreements requiring membership in a labour organization as a condition of employment.³³ With the negotiation of a North American Free Trade Agreement, the Canadian interest shifted in part from U.S. to Mexican labour conditions. More generally, there has been a growing interest in the labour conditions in developing countries, principally the newly industrialized economies and Eastern Europe, and what this may mean for Canadian producers. The labour movement and parts of the Democratic and Republican parties in the U.S. have expressed similar concerns, as did labour activists in Europe at the time of Spanish and Portuguese accessions to the European Community and more recently in connection with EU efforts to expand economic relations with Eastern Europe.

5.2 Low-wages

The labour movement's concern with NAFTA was largely centred on relative wage rates and the possible implications this could have for Canadian workers. Wage differentials between Mexico and Canada are large, with Mexican wages about one-sixth or one-seventh of Canadian levels in comparable industries.³⁴ Interest in low wages in the Mexican case stem from the concern that low wages in that country may exert downward pressure on wages in Canada, and that investment will flow to Mexico because of its lower labour costs. The second concern is two-fold: it is feared that new investment will flow to Mexico rather than to Canada, and that companies already in Canada will relocate to Mexico. Canadian outward direct investment is thus a major concern of some labour interests and others. At a minimum, labour groups advocate that trade agreements should include a clause that oblige countries to set and enforce minimum labour rights or standards.

³³ Jim Stanford, Going South. Cheap Labour as an Unfair Subsidy in North American Free Trade, Canadian Centre for Policy Alternatives, Ottawa, December, 1991, p.18.

³⁴ A. Weston, Ada Piazza-McMahon, and Ed Dosman, "Free Trade with a Human Face? The Social Dimensions of CUSFTA and the Proposed NAFTA", The North-South Institute, Ottawa 1992, p.17.