and restructuring the external debt, which rose from about U.S.$86 billion in 1982 to $119 billion in 1993.

Meanwhile, in the United States (in 1994) a conservative Republican majority took control of both houses of Congress for the first time in several decades. While the Republican congressional leadership generally has supported free trade initiatives such as the Uruguay Round of negotiations (1986–94) of the GATT[3] and the NAFTA itself, many conservative members of Congress strongly opposed the NAFTA when it was debated and finally approved in November 1993. Now they and many liberal Democrats, who fear massive job displacements from U.S. multinationals exporting jobs to low-wage Mexico, strongly oppose expanding that agreement and the World Trade Organization, a new, more powerful institution which has supplanted the GATT.

Of course, the Mexican peso crisis provided NAFTA opponents in the United States a splendid example of how closer relations with "unstable Latin American countries" can weaken, rather than strengthen, the U.S. economy. But this view neglects other aspects of the NAFTA story. During the NAFTA debates the United States enjoyed a trade surplus (i.e., exports > imports) with Mexico, which helped compensate for its large trade deficit with Japan and other Asian countries. From this perspective closer trade relations with Mexico looked very attractive; but that perception changed quickly following Mexico's crisis—when the U.S. surplus turned into a deficit—and suddenly the NAFTA appeared to many U.S. observers as simply a bad deal.

Canadians too have had their problems with the NAFTA. Confronted with high unemployment, several years of economic stagnation, and exploding federal budget deficits, they are still adjusting to and debating the impacts of the Canada–U.S. Free Trade Agreement (CUSFTA) implemented in 1989. In recent years the Canadian economy has experienced significant restructuring as both U.S. and Canadian firms adjust to an increasingly borderless economy and the challenges and opportunities it presents. Additionally, the specter of Quebec's secession and a lingering constitutional crisis has taken its toll on Canadian unity and enthusiasm for freer trade.

[3] The Uruguay Round refers to a series of negotiations between 1986 and 1994 that substantially expanded the "rules of the game" for international trade under the GATT. Additionally, a new institution (the World Trade Organization, or WTO) was created that provides expanded powers to crack down on unfair trade practices. For more details, see the discussion of the GATT and the WTO in chapter 2.