

## Editorial

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### **After Deep Integration: Then What?**

NAFTA promised North Americans a new future and an end to narrow nationalist economic strategies. It was also bold in its vision of opening markets, reducing border hassles, and holding out the prospect of closer cooperation between Canada, Mexico, and the United States. The events of 9/11 changed forever the notion that there was a North American community waiting to happen.

For Mexicans who work in the United States but live on the Mexican side of the border, wait times hearken back to the bureaucratic inefficiency of the 1960s. It now takes three hours of queuing and administrative red tape to cross the border. The defining issue is not the movement of goods but immigration into Canada and the United States. Millions of undocumented workers have become the flashpoint for a massive backlash against Mexican immigrants. In Canada, there has been a steady growth in the number of undocumented workers although nothing of the magnitude seen in the United States. While in Spain, Prime Minister Zapatero has recently put 800,000 immigrants on the path to legalization, in North America, there is no equivalent end to the Cold War on immigrants in sight.

### **The Wedge Issues**

Americans are deeply divided by the presence of millions of Mexicans without legal status. The bi-partisan, compromise immigration bill sponsored by

McCain and Kennedy will resurface because Mexican-US relations depend upon a resolution granting full legal rights to the Mexicans living, working, and paying taxes in the US. There is a current of thought in Mexico which argues that the solution to this issue has to be a Mexican solution. Poverty eradication depends upon obtaining higher levels of growth, yet Mexico has one of the lowest growth levels in all of Latin America. Fifteen years of NAFTA has taught Mexicans a basic lesson – Mexico cannot export their way out of poverty; only domestically anchored policies can deliver fundamental change.

Mexico's border has thickened and been securitized to a degree few imagined. Equally the world's longest undefended border in many ways reflects the new tough security regulations imposed by US homeland security and the Patriot Act. As of January 30, 2008, the undefended Canada-United States border vanished into history. Thousands of border patrol officers guard it, and for the first time ever Canadians are required to have a passport or a birth certificate with one other document at all land crossings. Borders are always complex, tense and bureaucratic. North America's borders are no exception. The new border regime is summed up in a single phrase "no documents, no entry." Despite all these post 9/11 security measures, however, trade between the three NAFTA partners has continued to experience record growth.

### **Thicker Borders but Growing Interdependency**

This is the paradox that North Americans are still trying to come to terms with, and certain facts are important to retain – such as the fact that 95% of all continental trucking is not inspected. Most delays are due to inadequate infrastructure at border crossing points and manpower shortages in US border practices. Even the border was subject to neo-liberal cutbacks. Pearson International Airport is an example of highly efficient border practices processing 10,000 to 20,000 passengers a day. It requires at a minimum 30 officers during peak periods to undertake the labour intensive job of verifying documents. If we expect a seamless continent for people and goods, governments have to have a different management strategy.

NAFTA has also been a great source of confusion and anger. It is now a political football in the US presidential campaign; Clinton and Obama proposed reopening the agreement while shopping for votes during the Ohio primary. After fifteen years there are some rude truths to digest. NAFTA was a modest success for US industries in the 90s when the unbeatable combination of low interest rates coupled with strong domestic growth meant that hundreds of thousands more jobs were created than lost to NAFTA downsizing. But since 2000, as US companies have adopted supply chain strategies, hundreds of thousands of American jobs have been outsourced to China. Reopening NAFTA is not going to reverse this reality.

For Canadian exporters, NAFTA provided a psychological boost promising unlimited access to the US markets. But the truth for almost 15 years was that the sixty-three cent Canadian dollar drove Canadian exports not the legal

guarantees promised by the NAFTA text. With the Canadian dollar at par, 150,000 manufacturing jobs have been lost from Ontario and Quebec based industries and unlike earlier job losses, these jobs are gone for ever to low cost sites in China and elsewhere. For four out of five Canadian regions, NAFTA is not a beacon of the hill because the booming economies of British Columbia, Newfoundland and Alberta are driven by record high global prices for Canadian resources – hardly a recognizable NAFTA effect.

### **The Dark Side of NAFTA**

For Mexico the story is more depressing. Cheap US grain exports have driven some two million Mexican peasants off their land according to experts. Many have joined the great exodus north to look for work in the US as undocumented migrants. The contrast with northern Mexico could not be greater where the industrial hub in and around Monterrey is brimming with energy from selling manufactured goods and auto parts to US consumers and factories.

The new geography of power in the global economy has marginalized NAFTA as an export platform. In Ross Perot's words, one can now hear the audible giant sucking sound of jobs leaving. Structurally NAFTA remains integral to North America, but it was designed for a factory economy exporting goods not information. The agreement needs to be re-examined, but politically there is no appetite to do so.

For the US congress and presidency, 9/11 is the undisputable hinge moment that reframed the future of North America and ended a decade of the utopian economic thinking that free trade was a solid platform on which to build a

North American community. Economics is one interest but an inadequate definition of public interest in North America. What troubles North Americans is how the Bush revolution in foreign policy has changed the course of American history. In the public's mind, multilateralism is preferred to unilateralism, the rule of law to the amoral use of power, and cooperation to simplistic ultimatums like President Bush's dictum you are with us or against us.'

### **False Binaries and New Policy Spaces**

In a world dominated by false binary thinking, Canada, Mexico and the United States have grown apart for good reason. Social diversity and the complex nature of life in North America requires a more intellectual and level-headed response at the political and social levels. Transnational issues such as the environment, human rights, poverty, crime, guns, and drug smuggling cannot be addressed within a strictly Canadian, Mexican or American framework. So North America needs to be rethought as the Bush presidency is winding down and pushed off the stage of history by anxious publics. As the policy space in the three countries is being redefined the questions are: what do North Americans want? How will they effectively coordinate and address the things they share in common? How are we going to rebalance deep integration with the renewal of democratic politics triggered by the democratic primaries in the United States and new social movement actors throughout the continent?

The contributors to this special issue of Canada Watch focus on many of the old continuities from the free trade era and some of the most prominent new initiatives in transborder problem solving. The new North America is framed by

security, immigration, the environment, income inequality, and social diversity. There is no ready made consensus on these tough policy battles. In this issue, three framing articles provide new points of departure. First there is Robert Pastor's seminal idea of the need for common institutions and to pool sovereignty between the three countries. Secondly for Michael Adams, North America cannot acquire legs and move beyond deep integration without recognition of the different values that shape each country. Finally, José Luis Valdés Ugalde makes the powerful case that co-operation and mending fences post-Bush will require a very different set of power relations between the three countries.

The experts, the public, and North America's political classes are all trying to get their heads into the game to strategize the next steps. The circumspect reader of this issue will discover that leading academics themselves disagree on many of the fundamentals about security and deep integration. More significantly though, all find common ground around the urgency to put at the top of North America's public policy agenda human rights, immigration, and environment. Commercial integration has to be framed by the new context. The end of deterministic thinking teaches us that even if markets lead, people are not any longer automatic followers. Divergence across North America is highly visible and no longer the exception. The continent is engaged in an unprecedented political u-turn creating new options and even larger policy challenges.

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