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ENVIRONMENT MINISTERS MEET, AGREE ON NORTH AMERICAN ENVIRONMENTAL COMMISSION

The ministers responsible for environmental affairs in Canada, the United States, and Mexico have agreed in principle to the creation of a North American commission on environmental protection, echoing an idea that was first put forth at a NAMI-sponsored, trinational forum on the environment in November 1991. Jean J. Charest, Canada's Minister of the Environment, Luis Donaldo Colosio Murrieta, Mexico's Secretary of Social Development, and William K. Reilly, Administrator of the U.S. Environmental Protection Agency, met on September 17 to hold their first joint discussions on ways to strengthen environmental cooperation in North America.

The goal of the proposed environmental commission would be to "set in motion a process for sustained, long-term and effective trilateral environmental cooperation. Where appropriate, this mechanism will provide for public participation," according to a joint statement issued by the three ministers, who have instructed officials to work expeditiously to develop proposals to implement this structure.

The ministers recognized the important links among trade, economic growth, and the environment, calling the North American Free Trade Agreement "the most environmentally sensitive trade agreement ever negotiated." They noted that NAFTA ensures that (a) the integrity of the parties' domestic environmental regulatory regimes is maintained, (b) efforts are made toward enhancement of standards, (c) disputes concerning environmental measures are resolved in an environmentally sensitive manner, (d) the trade provisions of key international environmental agreements are protected, and (e) parties refrain from attracting or retaining investment by permitting the creation of “pollution havens."

The commitment to increased cooperation among the three nations was underscored by the signing of a Trilateral Memorandum of Understanding on Environmental Education. This agreement seeks to increase public awareness of sustainable development and environmental issues through joint education and training activities. The three countries are already cooperating in a number of areas, including programs to protect transboundary waters and resources, as well as air flows between the three countries, and efforts in cooperative research, education, information, emergency response, and enforcement activities.

The ministers concluded that this would be the first of many meetings. They agreed to meet for a second time in early 1993, when they will review a series of proposals for formalized trilateral environmental cooperation, including the formation of the North American commission on environmental cooperation. (The agenda for the proposed commission will be developed in a trilateral colloquium hosted by the North American Institute on February 12-14, 1993.)

TRINATIONAL ENVIRONMENTAL COLLOQUIUM ANNOUNCED

The North American Institute and the U.S. Environmental Protection Agency will cosponsor a two-day meeting February 12-14, 1993; to establish a stronger framework for cooperation among the environmental ministries of North America. Representatives of the EPA, Mexico's SEDOSOL, and Environment Canada will gather in Santa Fe to discuss ways to meet the environmental challenges facing North America leading into the 21st century. The colloquium will follow upon the Border Environmental Assembly and Colloquium and Borders and Water conference hosted by NAMI last June.

The long-term goals of the February colloquium are to develop stronger and more consistent North American policies and cooperative practices regarding regional environmental matters, such as transborder pollution controls, regulation of pesticides and chemicals, environmental practices of multinational corporations, and the creation of constituencies for building regional environmental cooperation. Participants in the colloquium will identify the existing and future agenda of opportunities in environmental protection suitable for cooperative action by North American environment ministries; outline ways and means to deal with those opportunities; and develop concrete proposals for action.

Proposals developed at the Santa Fe meeting will then be considered by the environment ministers of Canada, the United States, and Mexico at their next scheduled meeting. The outcome should help shape the agenda for the recently agreed-upon North American Commission on Environmental Protection.

Special Issue:

NAFTA, ECONOMIC NEWS

FORUM ON NORTH AMERICAN IDENTITIES PLANNED

Identity, Culture, and North American Society is the title of the next North American Institute forum, to take place November 6-8 in Santa Fe, New Mexico, with a follow-up meeting in early 1993. Scheduled conference sessions include:

Core Values: Cultural values in the three nations of North America that contribute most directly to each country's sense of self and its interests. Themes will include the relative importance ascribed to the group and the individual in each society, the roles played by various institutions in defining and sustaining core values, and the role that different value structures may plan in an increasingly interdependent North America.

Group Identity and Interaction: Examination of the identities of the North American nations and the interaction of major groups directly and through the mass media. Topics include: The Dynamics of Assimilation in the United States; Urban Multiculturalism in Canada; and The Information Age (all in light of increasing continental interdependence and societal change).

Regional Perspectives: Consideration of questions of North America's national, continental, and international identities through presentations on: Quebec, Canada, and North America; Cascadia: the Pacific West; The States of the Gulf: an Emerging U.S.-Mexican Region; Mexamerica: the Broader Border. Issues addressed will include the regional impacts of the NAFTA as well as regional relationships to the Caribbean Basin and Asia Pacific.

The conference papers will be published in 1993 in a volume edited by conference directors John Wirth and Robert Earle. For information contact Kathleen Lyons at the NAMI office in Santa Fe at the address below.

Robert Earle is NAMI Visiting Scholar

Robert L. Earle, a Minister Counselor in the U.S. Foreign Service, has recently begun appointments as Visiting Scholar at the North American Institute in Santa Fe and as Diplomat in Residence at the University of New Mexico in Albuquerque. He was, according to NAMI President John Wirth, a "key player" in the recently concluded North American Free Trade Agreement negotiations. Earle also prepared and negotiated the 1990 and 1991 agreements creating the new U.S.-Mexico Commission for Educational and Cultural Exchange, in association with the Fulbright Program, and the "Fund for Culture", in association with the Rockefeller Foundation. He directed the United States Information Agency's program in Mexico (one of that agency's largest) and advised the U.S. Ambassador and other Washington-based foreign affairs agencies on the full range of U.S.-Mexican bilateral relations.

Earle is currently conducting research on the socio-cultural, political, and economic aspects of North American interdependence in his dual posting at NAMI and UNM. In addition to his research, he will teach and continue extensive consulting work in environmental cooperation in North America and other fields, and will contribute to the volume, *NAFTA and Beyond*, scheduled for publication in early 1993 by the North American Institute and The New Pacific Communications Limited.

Robert Earle has expertise in environmental affairs, U.S. international economic and security interests, educational and cultural exchange, and public communications strategies. He has received numerous awards, including the Christian A. Herter Award for extraordinary contributions to the practice of diplomacy, the Presidential Award, granted by the President of the United States for contributions to U.S. relations with Spain and Mexico, and the Superior Honor Award, granted by the U.S. Information Agency.

CONSERVATION GROUPS CALL FOR TRINATIONAL COMMISSION; LEGISLATION PENDING

The National Wildlife Federation in Washington, D.C., has joined with other conservation organizations in calling for the creation of a North American Commission on the Environment. The groups termed such a commission "essential to the successful implementation of the NAFTA," saying the Commission must be in place prior to final approval of NAFTA. They recommended the commission be given authority in resolution of environmental disputes, enforcement, citizen participation, coordination, and cooperative problemsolving.

In a parallel development, U.S. Congressman Bill Richardson (Democrat, New Mexico) has introduced legislation in the House of Representatives to authorize creation of such a commission.

A House-Senate conference committee has been redrafting language in a comprehensive energy bill calling for the establishment of a Consultative Commission on Western Hemisphere Energy and Environment, an idea that surfaced two years ago in the North American Institute's forum on energy and the environment, held at Oaxtepec, Mexico.

The legislation calls for the coordination of respective national energy and environmental policies of the governments of the Western Hemisphere through regular consultation. The bill calls on Western Hemisphere countries to develop their energy infrastructures in ways that result in sustainable long-term economic growth.

The energy has passed the U.S. Senate, and President George Bush is expected to sign it.

NAMI NEWS is published bimonthly by The North American Institute, a trinational organization providing a forum for the cooperative development of ideas for managing the emerging North American community. The purpose of NAMI NEWS is to monitor and disseminate information about events, publications, and research with potential policy implications involving Canada, the United States, and Mexico. Readers are invited to send articles, notices, and comments to NAMI NEWS, The North American Institute, 128 Grant Ave., Ste.106, Santa Fe, NM, USA 87501 Tel. (505) 982-3657, FAX (505) 983-5840.

Mexico Looms Large, With or Without Trade Pact

David Crane

Geographically, Toronto is closer to Mexico City than it is to Vancouver. But in every other respect, Mexico could be on another continent. Few Canadians learn much in school about Mexico; the Hispanic community in Canada is relatively small; and Canadian exports to Mexico are not significant ($448 million last year out of Canadian exports worldwide of $141.7 billion). Perhaps the most important Mexican connection is tourism. Every winter, Canadians cram charter flights to sunny Mexican resorts.

But all this is changing, and Mexico will loom much larger in Canada's economic future, with or without the NAFTA. As Peter Morici, director of the Centre for Canadian-American Studies at the University of Maine, writes: "Mexico is a large country with vast untapped potential. Its 85 million people are young (57% are under age 30) and literate (more than 80%), giving it a capable and rapidly growing labor force."

Mexico will retain a big wage advantage for some time to come. The average Mexican industrial wage is about 12% of the average U.S. industrial wage today. Even though productivity gains by Mexican workers might justify bigger wage gains for them, Morici says wages would still be just 25% of U.S. levels after 10 years and 50% after 20 years. The huge pool of semi-skilled workers will mean wages will remain low relative to Mexican productivity, making the country an attractive place to invest.

By the turn of the century, Mexico's population will reach about 100 million; by 2025, it is expected to reach about 140 million or more. While the size of its economy today is not quite 40% of Canada's, its growth potential is much greater so that sometime in the early part of the next century its economy could overtake Canada's. By then (or even sooner), with its large and growing economy and huge population, Mexico could be more important to the U. S. than Canada now is.

For Canada, a link-up with Mexico is an unexpected consequence of the Canada-U.S. free trade deal and is largely a defensive measure to prevent the U.S. from gaining an unfair investment advantage by being the only location offering duty-free access to its two continental trading partners. For the U.S., however, the stakes are much higher. As U.S. President George Bush told the Forum of the Americas in April, "the United States economic destiny is linked to Latin America's." He added that "the North American Free Trade Agreement is only a beginning."In his Enterprise for the Americas Initiative, Bush envisions a vast hemispheric bloc extending from Canada in the north to Argentina and Chile in the south, with the U.S. the dominant power. The U.S. sees Latin America as a potentially huge market in which it will have a competitive advantage over the Japanese and Europeans. In 1991, U.S. exports to Latin America reached $63 billion, including $33 billion to Mexico; this compares with $49 billion in exports to Latin America just two years earlier.

Just as Japan is moving many of its labor-intensive production facilities to Asia's newly industrializing countries, staking its future prosperity at home on what it calls "brain capital," the U.S. is looking to do much the same, starting with Mexico. Already, U.S. corporations dominate much of the Mexican industrial landscape, in autos, electronics, and other manufacturing areas. Increasingly, U.S. retail and distribution chains, along with consumer brand-name products, are coming to dominate many segments of the Mexican market. The U.S. sees opportunities for this process to spread throughout Latin America, which has a population of 440 million today and possibly 760 million by 2025. That's a lot of consumers.

The U.S. has other interests in pursuing trade treaties with Mexico and other Latin American countries. It wants to lock in free market reforms being implemented in many of these nations by a new generation of young and often American-educated leaders. It sees the prospects for political stability and democratic advances as being tied closely to the emergence of a strong middle class.

Where does Canada fit into this new hemispheric arrangement? The answer is far from clear. With an economic strategy to build up strong Canadian companies, Canada could realize some economic gains. Indeed, with help from the Export Development Corporation, a growing number of technology-based Canadian companies are starting to make sales to Mexico. The bigger picture is less certain. If the world is dividing into regional blocs, then Canada's future economy will be tied much more closely to Latin America. But that's something the country--and its businesses--have scarcely begun to think about, let alone plan for.

David Crane is a NAMI delegate. This article was adapted from the Toronto Star, *August 9, 1992.*

Canada and Cascadia

*The following is excerpted from remarks made by **Senator Jack Austin** of British Columbia in the Canadian Senate. Mr. Austin is NAMI Co-Convener in Canada.*

Honorable senators, I value this opportunity to share with you some of my views as a senator from British Columbia, which is also a separate region of Canada. I do so in a way that seeks to express the turmoil that this constitutional process is causing in my province. I assure you that British Columbians have followed, as much as any part of Canada has, the constitutional debate that we have had for such a long time now in Canada, and the spirit of Canada is strong in British Columbia. However, there is also a sense of disaffection amongst a substantial number of people in my province about the weight and significance that British Columbia will hold and deliver to the Canadian Confederation of the future.

British Columbians have a sense of themselves as an expanding province, as a province which is Canada's gateway to the Pacific and Canada's western province in the north-south axis of North America. A very substantial number of the people in North America live in the north-south corridor from California to Alaska. It is a region that has an awareness of itself as a region.

In the Pacific Northwest, we talk about regional arrangements and we give it the name Cascadia. There has been a strong movement in British Columbia and Alberta, along with the states of Washington, Oregon, Idaho, Alaska, and some parts of northern California, to develop regional ties, to reduce barriers in trade and the movement of peoples that domestic laws on both sides of the border have created, so as to allow the development of a new sense of society, and of course more active commerce. This development of Cascadia I see, along with many British Columbians, as positive. It has been furthered, however, by an increasing sense of isolation from the east-west ties. What has gone on in central Canada, Upper Canada and Lower Canada, is seen by many in British Columbia as increasingly less relevant to the interests and the affairs of the people of British Columbia. I regret that. The development of positive attitudes to a region is consistent with national loyalties. I believe that the Canada that we have been committed to, the Canada that I believed in and do believe in, is a noble experiment and demands our first loyalty and our first commitment.

NAFTA IN A GLOBAL CONTEXT

Sherry M. Stephenson

As attention is turned to the recently initialed text of the North American Free Trade Agreement, it is important to understand the treaty's global significance, particularly with respect to the other trading partners of the United States, Canada, and Mexico. NAFTA should be placed in a multilateral context, as a part of the GATT system of trading rules and obligations, to which the U.S. Canada, and Mexico adhere. Rather than being viewed as a trading bloc, NAFTA should be understood as contributing to an ongoing process of trade liberalization, a goal shared by the three signatories. This is particularly important because many countries, especially Japan, believe that NAFTA will make North America a more closed marketplace.

NAFTA is a regional preferential trading arrangement. Such arrangements are allowed by the GATT as one of the few exceptions to its basic principle under Article I, that of "the most-favored nation treatment" (MFN). The MFN principle ensures that trade is conducted on the basis of nondiscrimination. Since no country is allowed to give special trading advantages to another, all countries share the benefits of moves by any trading partner toward lower trade barriers.

The MFN principle has been the basis for the longest sustained trade expansion in history, from 1950 through 1990. The expansion in trade has outpaced the growth in world output during this entire period, with the gap between the two continuously widening. During the 1980s world trade showed a remarkable performance, growing by more than 50% in volume and by three-quarters in value . The dynamic performance of world trade has probably been the main factor behind the substantial improvement in living standards in the Western world. The MFN principle has helped to spread this increase in prosperity around the globe, to countries large or small that have not been hiding behind protectionist trade barriers.

Given the strong contribution that the unconditional MFN principle has made to world welfare, exceptions to this principle must be well conceived. This is particularly true when the countries involved are major traders whose actions therefore have large impacts on others, as with the NAFTA signatories.

Placing NAFTA in a global context requires first an understanding of the rules that bind GATT contracting parties in their trade relations with one another and that provide for the smooth and predictable functioning of the trading system. NAFTA, as a preferential trading arrangement, falls under GATT Article XXIV, the article that deals with customs unions and free trade agreements. NAFTA follows a long line of arrangements such as the European Economic Community, the European Free Trade Agreement, the ASEAN group in Southeast Asia, and the Latin American Integration Association, to name just a few.

What is the relationship of such arrangements to the GATT? When exceptions to the MFN principle in the form of customs unions or free trade areas are negotiated, GATT members have the right to examine these arrangements under Article XXIV, which attempts to ensure that regional arrangements do not prove restrictive to world trade. In particular, parties to such agreements must show two things: (a) that substantially all trade between the members of the customs union or free trade area is covered for the elimination or reduction of trade barriers; and (b) that the tariffs and other trade regulations agreed to as a result of the formation of a customs union or free trade area are not more restrictive than those that existed prior to the creation of the trading agreement.

Both of these conditions are set out to ensure that the formation of a regional trading arrangement such as NAFTA is not detrimental to the world trading system as a whole. On the contrary, when such conditions are fulfilled, it can be expected that a trading arrangement should be "trade creating," that is, that it should generate a greater volume of trade than in the previous situation. In such cases, customs unions and free trade areas would contribute to the goal of increased growth and prosperity, not only for the members of the trading arrangement but for their trading partners as well.

At present the GATT contracting parties are reviewing the recently concluded Mercosur Treaty between Argentina, Brazil, and Uruguay, the goal of which is to eventually create a common market similar to that of the EC. NAFTA's aims are more modest, the three signatories wishing to form a free trade area, or a trading unit within which trade barriers are to be removed, with each country retaining its independence in commercial policy with the rest of the world. Even though NAFTA does not go as far in its integration as the European Community or Mercosur, it will nonetheless certainly come under close scrutiny in the GATT.

NAFTA in its present form can be expected to fulfill the above criteria, as it will liberalize trade between Canada, the U.S., and Mexico--major traders within the GATT--without raising additional barriers to trade with the outside world (that is, if NAFTA is not amended by various national protectionist lobbies before it is signed in final form). If implemented as conceived, NAFTA--though an exception to the MFN principle--should represent a stepping stone toward the liberalization of world trade under the multilateral system.

Sherry M. Stephenson

Sherry M. Stephenson is NAMI's new Executive Director, succeeding Jim Polsfut, now a Vice President at GE in Mexico. She has lived in Europe for over the past twenty years but was raised in the southwestern United States and educated at Colorado Women's College, New York University (with an M.A. in economics), and at the Graduate Institute of International Studies in Geneva, Switzerland, where she received her Ph. D. in international economics in 1986.

Dr. Stephenson has had considerable experience in the area of international economic policy, including three years at the GATT Secretariat, two years with the UNCTAD secretariat, and eight years with the OECD Secretariat in Paris, where she published several papers and books on trade and developing countries.

Dr. Stephenson has taught courses in international trade and monetary theory and commercial policy at various academic institutions in Europe, the United States, and India. She has lectured in over thirty countries as a USIA invited expert. In addition to her NAMI position, Dr. Stephenson is teaching at the University of New Mexico and is a Research Scholar with UNM's Latin American Institute.

NAFTA: Impacts from a Mexican Perspective

Exactly 14 months after they started, and 10 years to the date when Mexico's debt crisis began, negotiations leading towards a proposed North American Free Trade Agreement were completed on August 12.

Mexico managed to win special protection in many areas of the treaty. Its dismantling of trade barriers and tariffs will be slower than those of the U.S. and Canada. Mexico also secured exemption for its state oil monopoly, Pemex, under the terms of the agreement. Pemex's crude oil and basic petrochemicals operations will remain free from competition, although the number of petrochemicals classified as "basic," which was 19 up until recently, will be reduced to two.

The market for motor vehicles, which was a major bone of contention in the negotiations, is to be liberalized over a 10-year period. The prohibitive tariffs Mexico now charges on automobile imports will be eliminated at the end of that period. Even used vehicles will be freely traded after 15 years. NAFTA's biggest impact on [Mexico] will be in automobiles and agriculture.

Foreign investment is going to be liberalized in both Canada and Mexico -- the countries which maintain the most restrictive legislation in this matter. By and large, North American investors will be considered local ones for practical purposes. Governments, however, will be able to keep certain specific economic areas off limits to foreign investors.

One clause of the treaty has been designed to further U.S. President George Bush's Initiative for the Americas. According to that clause, nations other than the three original signatories might join the agreement in the future. Chile is, apparently, next in line.

Mexico's trade deficit, which topped 13 billion dollars in 1991, is expected to increase in the short term as a consequence of NAFTA. But Mexican officials remain convinced that the widening trade gap will continue to be compensated by inflows of foreign capital, and that it will tend to be reduced after a while.

(Excerpted from a column by Sergio Sarmiento in *El Financiero International*, Mexico City, August 24, 1992)

Mexican Reaction is Positive

The completion last week of negotiations for the North American Free Trade Agreement (NAFTA) has unleashed a torrent of reaction from all three countries involved in the talks. Reaction from Mexico has generally been positive with only a few opposition groups complaining that the treaty has shortchanged Mexico.

Businessmen's groups throughout Mexico applauded the end of negotiations and congratulated members of the Mexican negotiating team for their efforts. The Mexican Import and Export Association (ANIERM) even published half-page advertisements in leading newspapers following Wednesday's end to negotiations. The advertisements pushed for a quick ratification process, almost a foregone conclusion in Mexico. Business groups have taken an optimistic view of the treaty. The American Chamber of Commerce predicted that the treaty would boost U.S. exports to Mexico while creating 600,000 new jobs in the United States. This prediction makes the American Chamber 450,000 jobs more confident than President Bush. Meanwhile, the National Council on Foreign Trade (Conacex) predicted that the treaty would boost growth in the Mexican economy to over 6% during the next 10 years.

The euphoric mood of Mexican businessmen was also reflected in the claim by a Mexican Business Council on Foreign Trade (COECE) spokesman that the end of negotiations would open the way for 150 million dollars of foreign investment. The Association of Industrial Chambers (Concamin) has gone as far as offering its help to the Mexican government in disseminating information about the treaty to businessmen throughout Mexico.

But while businessmen were applauding an end to 14 months of negotiations, the Trilateral NAFTA Action Front was slamming the treaty. The Front claims that the rapid end to the negotiations had been forced by U.S. political interests, a veiled reference to the upcoming U.S. presidential elections.

(Excerpted from *El Financiero International*, August 24, 1992)

Salinas Promises Growth, Jobs

In a speech on nationwide television, Mexican President Carlos Salinas de Gortari promised that the North American Free Trade Agreement would result in more jobs, better jobs, and increased economic growth for Mexico. The president also assured Mexicans that his government had not compromised the country's key oil industry or exposed its weakest sectors and unskilled workers to an onslaught of products from the north. "The negotiations recognized the difference in the various stages of development between Mexico and its neighbors," Mr. Salinas said. "Therefore, 70% of our exports will gain immediate free access to their markets, while we are liberating only 40% of the products they export to us."

Mr. Salinas also promised that free trade would lead to greater equity and social justice. He cautioned that the pact's expected benefits would not immediately follow its ratification, nor would it "solve all our problems." In a separate interview with Maclean's Magazine, Salinas said he believed the benefits of NAFTA would be felt mainly by the next generation. "Nevertheless," he said, "short-term benefits will flow from the fact that the market will increase along with the opportunities for job creation in Mexico. But I have stated very clearly that the current strategy will only be successful if it simultaneously has a determined social program. Even without NAFTA, the benefits of economic recovery are already being felt by Mexicans, even the poorest ones, because we have an explicit social program in place."

The treaty is expected to sail smoothly through the Mexican Senate, where the ruling Institutional Revolutionary Party controls 61 of 64 seats. The government is preparing another NAFTA legislative packet for the congress, following a set of 28 different law changes approved earlier this year. The government and most newspapers are acting as though NAFTA is now inevitable, with only two Mexico City newspapers mentioning the possibility that the treaty might not happen at all. (*Globe and Mail, Maclean's, El Financiero International*)

Canada

The NAFTA Battle: Net Gains, Lingering Rancor

Columnists and political figures are calling it everything from "A solid achievement for Canada" (Peter Cook, Economics Editor for the *Globe and Mail*) to "a bad deal made worse" (federal NDP leader Audrey McLaughlin) and "Bush's Mexican trade trap" (Peter Newman in *Maclean's*). Trade Minister Michael Wilson says, "This isn't just a trade deal, it's a prosperity deal, while Bob White, president of the 2.3 million-member Canadian Labor Congress accuses Ottawa of showing "contempt" for Canadians for pursuing North American free trade.

Opinion in Canada regarding NAFTA seems more deeply and predictably divided than elsewhere on the continent -- exacerbated by an economy that is at its worst point in 30 years, by the redrawing of battle lines from the 1988 debate on the Free Trade Agreement with the United States, and by widespread suspicion of George Bush's political motivations in announcing the new free trade pact days before the Republican convention.

Public opinion polls indicate that only 29% of Canadians favor approval of NAFTA. Other polls show, however, that, when presented with more complete explanations of the agreement's provisions, people tend to become more favorable.

Business: Generally Optimistic

Reaction of the business community as a whole has been characterized as "cautiously optimistic," although with initial reactions of specific industries ranging from "shock to jubilation, " according to *The Financial Post*. Tom d'Aquino, president of the Business Council on National Issues, representing large business, said that the council's main concern was to protect the Canada-U.S. free trade agreement from erosion, and then to achieve net gains. "It seems to me NAFTA will fit that bill," he said. The principal gain is increased access to Mexico. Reactions of specific industries have been varied:

Telecommunications: Canada's phone companies and suppliers welcomed the opening up of Mexico's telecommunications regulatory procedures and markets for telecommunications equipment.

Banks: NAFTA gives Canadian and U.S. banks and financial firms first-time access with limited market share in the recently privatized Mexican banking industry. Canadian bankers see opportunities in a relatively underbanked economy that is looking to establish large branch networks, which are strong points of the Canadian system.

Autos: Domestic automakers applauded the higher 62.5% North American content requirement (up from 50% under the old FTA), which will enhance Canadian business opportunities and eventually open up the Mexican market. Foreign manufacturers, such as Honda and Toyota, expressed disappointment in the rule, saying it would discourage the establishment of their plants in Canada.

Clothing: NAFTA imposes strict new rules of origin on fabrics used in garments manufactured in Canada. Suit maker Alvin Segal of Peerless Clothing Inc., a Canadian export success story under the FTA, calls NAFTA "a terrible deal." Clothing manufacturers fear the possible loss of 30,000 jobs, or one-third of those in the industry -- 60% of which are in Quebec. U.S. quota increases on non-woolen garments under NAFTA offer little compensation.

Textiles: The textile industry has done well under free trade since 1988, as it has gained access to U.S. markets. Industry representatives expect to do even better under NAFTA, with increases in the amount of nonqualifying goods that can be exported under free trade tariff levels.

Agriculture: Little has changed from the FTA to NAFTA. An exemption has been allowed for Canada's 38,000 egg, poultry, and dairy farmers.

The Opposition

Liberal and New Democratic opposition leaders have called for a new federal election based on the North American free trade agreement. Robert White, president of the Canadian Labour Congress, said NAFTA will spark "a debate not about what will happen to us, but what already has happened under the Canada-U.S. free trade agreement, (which) has been a disaster for all sections of the country except perhaps for some of the corporate elite." The CLC plans to use free tradein a campaign to defeat the Conservative government in the next federalelection.

Reaction from provincial governments has been mixed. One of the most vocal critics of NAFTA has been Ontario Premier Bob Rae, who denounced the agreement as a "sellout" that will allow George Bush to stage publicity events to enhance his re-election chances, echoing a recurrent theme among critics of the pact. "I don't think it's appropriate for us to be cheerleaders in the American election campaign for the re-election of George Bush," Rae said.

"On Balance," An Improvement

Terence Corcoran, writing in *The Globe and Mail*, summed up the assessments of many newspaper columnists with the "emerging operative fudgification...that NAFTA is on balance an improvement over the existing Canada-U.S. free trade agreement," and a "small step in the long march to free trade." Writers praise Wilson for "negotiating a deal that appears to give up little while hitching Canada's wagon to the U.S. desire to get into booming Mexico;" for strengthening dispute settlement and consultation processes in the new agreement; and for maintaining restrictive screening of U.S. investment in Canada.

Responding to critics, a confident and somewhat feisty Prime Minister Brian Mulroney said "Everybody said we couldn't sell free trade to the Canadian people. You just wait and see." (*Globe and Mail, Financial Post, Maclean's*)

Wilson Links NAFTA, Yes Vote

International Trade Minister Michael Wilson sees a link between promoting the North American Free Trade Agreement and campaigning for the Yes side in Canada's constitutional referendum. "It's very easy for me to sell NAFTA and to sell the Yes vote on the constitutional accord at the same time, because both are very important for Canada," Wilson said in French after a recent Toronto speech. The trade minister said Canada achieved its three principal objectives in the NAFTA: getting greater access to the Mexican market, preserving and enhancing the benefits of the 1988 Canada-U.S. trade deal, and reinforcing Canada's position as a desirable place in North America to do business. Wilson said Canada-Mexico trade, worth $3 billion last year, could hit $5 billion in just a few years. He said he was concerned that people thought this imperfect trade accord could be shelved and that Canada could try changing the constitution again in five years, which would likely be extremely difficult. (*Toronto Star*)

Forget the Critics--Free Trade Works

John Crispo

The Free Trade Agreement is having the desired effect on Canada's future industrial structure. Corporate rationalization, realignment, and restructuring are evident everywhere as Canadian subsidiaries of foreign firms fight for product mandates and domestic firms struggle for market niches. Our enterprises have to prove that they can do as good a job as anyone else, or better, and more and more of them are doing this.

Meanwhile, the FTA countervail-subsidy dispute-settlement mechanism is working well for Canada by providing a binding non-political procedure--something not available to any other country. Without it, we would be losing rather than winning the growing number of cases that arise because of mounting protectionist pressures in the United States--pressures that have nothing to do with the FTA.

The case for North American free trade is, admittedly, not as compelling as the FTA case was, at least in the short run. Canada's trade with Mexico, while having a huge potential, is still infinitesimal compared with our dealings with the U.S. Still, we couldn't afford to stand idly by while Washington negotiated a separate agreement with Mexico. And this is not just because such a pact could dissipate some of the advantages we derive from our own distinct deal with the U.S.

Far more significant is what could happen if the U.S. continued to negotiate separate bilateral agreements with other individual countries in the Western Hemisphere. This would allow Washington to divide and conquer all those involved, by making the U.S. the only logical place to set up a new facility--since only from there could any enterprise easily serve all the countries tied to America by different agreements.

At the other extreme, NAFTA will undoubtedly lead to a comprehensive Western Hemispheric free-trade regime--something Canada would have to join at some point whether it liked it or not.

The critics of NAFTA make much of Mexico's low wages. These pose much less of a threat than the critics would have us believe. Except in a limited range of labor-intensive industries, wages are a relatively minor cost in most forms of production. In today's manufacturing, labor amounts to between 10 and 15 percent of the total costs of production. Far more important are such factors as the local infrastructure, access to raw materials, a skilled labor pool, modern technology, and top-flight management. While Mexico may have lower wages, it has a long way to go to catch up to Canada in most of these categories. In time, however, Mexico will indeed attract more of our labor-intensive industries. But this is exactly as it should be, as long as Canada replaces its losses in such industries with more high-tech, high-value added jobs, which are the only ones that can draw the high wages to which we have grown accustomed. The only problem we will have then is to help those thrown out of work in Canada because of freer trade switch to comparable, if not more lucrative, new openings that result from that same trade. This we have failed to do.

All this aside, there are legitimate concerns to raise about NAFTA. One can argue that the treaty does virtually nothing to improve the elementary rights of workers in Mexico to join unions of their own choosing, and to bargain collectively. One can also object to the relatively weak environmental standards that have been written into the treaty to compel Mexican industry to operate more cleanly. Mexico simply refused to yield much, if any, of its sovereignty in these areas. Also important, from my point of view, are the protectionist measures written into the treaty. Especially in clothing and autos, the North American content rules go too far. They threaten to create a frightening Fortress North America mentality, which is totally contrary to the spirit of the free-trade principle. However, the treaty is consistent with the General Agreement on Tariffs and Trade, a point to be stressed.

These criticisms aside, NAFTA does create a strong North American free-trade regime in which, over time, the vast majority of goods and services will flow unimpeded among the three countries. To preside over this regime, it introduces a more permanent countervail-subsidy dispute-settlement mechanism than some observers believe is embodied in the FTA. The treaty also maintains the protection of our cultural industries and our social services that was built into the FTA. And Canada maintains the same right to review foreign investments as under the FTA.

When I weigh everything, I have to come out forcefully in favor of NAFTA, not just because of its importance to Mexico and ultimately to most other developing countries in the Western Hemisphere, but because it is crucial for Canada to be part of this burgeoning free trade. The alternative is to become an economic backwater.

It will be tragic if the paranoia and parochialism of the critics drown out the calls for freer trade. There is no future for an isolated and sheltered Canada. It is essential to participate in NAFTA and what is to follow. Not even our agreement with the U.S. will save us if we stand aside as the rest of the hemisphere heads toward a freer trading relationship.

John Crispo is professor of political economy at the University of Toronto and a member of the International Trade Advisory Committee. This article was excerpted from The Globe and Mail, *August 13, 1992.*

United States

NAFTA in the Press: A Done Deal?

Recently we asked a friend who runs an agricultural business with a Mexican partner about the possible impacts of the North American Free Trade Agreement on his business. "Not much," he replied; "it will simply formalize what's been going on for years."

Clearly NAFTA is designed to do much more than that. And yet, there is widespread feeling in the U.S. (as in Mexico, which drastically reduced many of its tariffs early in the Salinas administration, and in Canada, which has had a formal Free Trade Agreement with the U.S. since 1988) that the North American economic integration represented by NAFTA is not only inevitable but is well under way.

Since the announcement of the completion of negotiations, virtually all the major newspapers in the U.S. have editorialized in support of the Agreement, in spite of concerns expressed about environmental safeguards and possible job losses. A *New York Times* editorial discussed the expected benefits of NAFTA to the consumer, lamenting the fact that products will not contain "brought to you courtesy of the North American Free Trade Agreement" on their labels. Even prior to the completion of negotiations, the *Times* had run a three-part, in-depth analysis of the potential impacts of NAFTA on the U.S., Canada, and Mexico (quoted in NAMI NEWS).

The *Wall Street Journal* has run a number of editorials supporting NAFTA, including one urging Democratic Presidential candidate Bill Clinton to express his strong support. In a front page article on August 13, the *Journal* noted that NAFTA is likely to increase trade and investment even before it is approved by Congress: "As U.S. companies rush to share in the benefits of Mexico's economic revitalization, the pact will 'unleash a surge of trading activity with Mexico, already our third-largest trading partner and fastest-growing export market,' says Kay Whitmore, chairman of Eastman Kodak Co."...Although the pact won't begin to take effect for about a year and a half, it could quickly, albeit modestly, bolster the U.S. economy as businesses invest and otherwise get ready to take advantage of the falling trade barriers. Several analysts cite the push for a single European market by the end of 1992, which sparked an investment boom in Europe in the late 1980s, long before its scheduled arrival. "I think the same thing is going to happen in the U.S." says Vladi Catto, chief economist at Texas Instruments Inc. The *Journal* followed its initial coverage with a 28-page World Business supplement on September 24 focused largely on NAFTA, including a a lead article entitled "One America."

Clinton Endorses NAFTA

Democratic Presidential candidate Bill Clinton endorsed the North American Free Trade Agreement on October 4, but said he would not sign it unless additional steps were taken to protect American workers. "If it is done right, it will create jobs in the United States and in Mexico," the Arkansas governor said in a speech in North Carolina. Clinton said he would insist on three side agreements, to make sure Mexico followed environmental and worker safety rules, and to make sure Congress gave the president broad authority to renegotiate the pact in case areas of the U.S. economy were unexpectedly changed. Clinton also criticized opponents of the free-trade agreement, saying protectionism would only result in the United States losing ground to its international competitors. (The Associated Press, *New Mexican*)

U.S. Companies See NAFTA Benefits

In a recent Roper/Wall Street Journal poll of 455 top U.S. executives, 71% of the respondents felt the North American trade pact would benefit their companies, with 81% expressing overall approval of the agreement. An additional 15% said they weren't sure what the impact would be, and 14% said it could hurt their business.

Support for the pact was strongest among larger corporations. Among companies with $1 billion or more in sales, some 95% endorsed the trade pact, while only 70% of those with fewer than 500 employees approved. With respect to expanding to Mexico, 40% said it is likely they will shift some production to Mexico in the next few years. Support for NAFTA was surprisingly low among companies in states that border Mexico, with one in five opposing the pact.

Over one-quarter of the executives said they are likely to make a capital investment in Canada in the next few years. Overall, 23% of the executives said the 1988 Free Trade Agreement with Canada led them to increase exports to Canada. Some 9% said they invested more in Canada, and 7% said they faced increased competition from Canadian companies. Several said they are more likely to take advantage of liberalized trade rules once the Canadian economy picks up.

Over one-third of the executives polled thought that NAFTA will be at least "somewhat unfavorable" to American workers, although one pointed out, "We're adding jobs in North America -- we're bringing them back from Southeast Asia." Most favored the development of regional trading blocs in general. By a 3-to-2 margin, executives said they would support an even wider regional trade agreement that would cover all of Latin America.

Nancie Johnson, head of trade policy for the Du Pont Co., observed, "The real, special value of the trade pact is that it makes the region more competitive vis-a-vis the rest of the world." (*Wall Street Journal*)

NAFTA May Hurt Workers, Congressional Study Says

A report by the U.S. Office of Technology Assessment says that the North American Free Trade Agreement could hurt American workers unless the government adopts policies to foster productivity growth and protect less-educated employees. The report asserts that without the proper policy changes, the trade accord could lead to downward pressure on U.S. wages and labor standards, with less-educated workers likely to lose 1% of their inflation-adjusted wages annually. Wages in Mexico would also remain low in the short run, the report said, causing continued emigration to the U.S.

The study said that reducing tariffs in the short term would be more likely to increase U.S. exports to Mexico than Mexican exports to the U.S. The study offered recommendations to increase worker skills and to improve productivity, resulting in rises in living standards of 1% to 2% annually over 15 years. The proposals include readjustment assistance, increased training, increases in the minimum wage, efforts to narrow pay differentials between top executives and hourly workers through wage and tax policies, and efforts to extend union representation. (*Wall Street Journal)*

Clinton's Shaky "Yes" to Free Trade

Let there be no mistake, Arkansas Gov. Bill Clinton deserves credit for having finally endorsed--however conditionally--the proposed North American Free Trade Agreement among the U. S., Mexico, and Canada.

There are significant factions in the Democratic Party that would just as soon their presidential candidate oppose NAFTA outright. The qualifications in Clinton's endorsement of NAFTA raise questions. The biggest is one of time: Will Clinton's expression of his concerns serve to delay NAFTA's implementation? We hope not, but that is the risk posed by the candidate's statement.

NAFTA would only formalize and regulate a process already well under way -- the integration of the U.S., Mexican, and Canadian economies into a single market stretching from the Yukon to the Yucatan. The process has been accelerated by the vision of Mexican President Carlos Salinas de Gortari, who has rightly turned his back on generations of Mexican protectionism in order to move a fast-growing Third World nation into the ranks of developed countries.

What's in it for the United States? Foreign trade is the one sector of the U.S. economy that's growing, even booming, in the current recession. It would thus be shortsighted for any U.S. political leader not to accept Salinas' offer to negotiate any remaining reservations about NAFTA.

It's true that President Bush has sometimes tried to rush NAFTA along with unseemly haste. No major trade treaty should be put into effect without consideration of its side effects and the possibility of unintended consequences. Salinas agrees, but would prefer that issues such as the treaty's environmental impact and possible job losses for both U.S. and Mexican workers be dealt with in a separate negotiation.

That is what Clinton says he wants. But, again, the element of time is pivotal. Even the best treaty can be derailed by diplomatic and bureaucratic delays. Clinton's concerns about jobs and the environment must not be used to sabotage an historic pact that will so clearly give long-term benefits to all North America.

--***New York Times***, October 7, 1992

ECONOMIC NEWS

The U.S. Economy

Consumer Confidence and Other Indicators Decline

Consumer confidence fell in September for the third consecutive month. The consumer confidence index, based on a monthly survey of 5,000 households by the Conference Board, a New York-based research organization, dropped to 56.4 this month from 59 in August. This is the lowest reading since February, and the lowest level this close to an election in the 20 years of the survey. Since the survey began, the incumbent political party has held onto the White House only when the confidence index was 100 or higher.

The Commerce Department reported on September 29 that its index of leading economic indicators fell 0.2% in August, following a 0.1% rise in July and a 0.3% decline in June. Lawrence A. Hunter, chief economist at the U.S. Chamber of Commerce, said, "The August leading indicators show that the economy again has stopped growing." Sung Won Sohn, chief economist of Norwest Corp. of Minneapolis, estimates third-quarter growth of the country's gross domestic product at a 1.5% annual rate, due mostly to "unwanted inventory pileup."

Unemployment edged down by one tenth of one per cent in September to 7.5%, after hitting an eight-year high of 7.8% in June. Approximately 9.57 million Americans were officially listed as unemployed (not including so-called discouraged workers, who have given up active job hunting). Economists noted that the drop in unemployment occurred not because people found more jobs, but because the size of the labor force shrank as people went back to school or simply stopped looking for work.

New orders to American factories plunged 1.9% in August, the second straight decline and the biggest in eight months. Demand for nondurable goods suffered the biggest setback in 17 years. (*Washington Post, Wall Street Journal, New Mexican*)

New Home Sales Fall 6.1% During August

Sales of new, single-family homes fell 6.1% in August to a seasonally adjusted annual rate of 570,000, even though interest rates are at their lowest in 20 years, according to the Commerce Department. This follows a rise in July of 4.5% to 607,000. The August decline was the largest drop since sales fell 11.5% in March.

A recent Harvard University study shows that the number of households able to afford buying a home is rising, but so is the number of households without the means even to rent basic shelter. The report, published annually by Harvard University's Joint Center for Housing Studies, estimates that the cost of owning a house is at its lowest point in 15 years. However, this was partially offset by a decline in inflation-adjusted real income for buyers. Renters are faced with income erosion and rental costs that have stayed near their 20-year peak. Rental costs as a percentage of renter income rose above 30% for only the third time in 25 years.

The report attributes the low-income rental crisis to 15 years of declines in the supply of low-cost rentals, coupled with sharp increases in the number of poor renters. In 1990, the number of poor renters jumped 9.5% to 8.1 million from 7.4 million the previous year. *Wall Street Journal*)

U.S. Trade Deficit Widens During Second Quarter

The U.S. merchandise trade deficit rose 42% to $24.4 billion in the second quarter, the worst showing in a year and a half, as Americans purchased more foreign goods and export growth dwindled, the Commerce Department said. Surpluses in services and investment income narrowed. The current-account deficit, which reflects financial flows as well as trade in goods and services, expanded to $17.8 billion in the second quarter from $5.9 billion in the first.

Because of contributions from U.S. allies to pay for the Persian Gulf War, the U.S. ran a current-account surplus in the first half of 1991. But with foreign economies weakening and demand for U.S. goods falling, the deficit is growing again. (*Wall Street Journal, Toronto Star*)

The Mexican Economy

Mexican Economic Growth Slows; Inflation Reduced

Economic growth in Mexico slowed to 1.5% in the second quarter, Mexico's worst quarter-ly performance since 1988. Analysts estimate the year's growth in gross domestic product to be about 3%, down from the 4% average for the past two years. The Bolsa, or stock market, is down more than 30% since June, with weekly declines of 7% and 8%. During the first four months of the year, industrial production grew at an annual rate of 1.9%, down from 4.3% for the same period last year, according to the National Geography and Statistics Institute (INEGI). A rare bright spot has been the auto industry, which grew 7% in the first half of the year, with other growth coming from mining, construction, and water and gas supply.

Economists attribute the slowdown to a number of factors. "The emphasis that has been placed by the government in fighting inflation will have repercussions on the rate of economic growth," reported Arka, a major Mexico City stock brokerage. The government's top priority has been to arrest inflation, which it has done, bringing the inflation rate down from 170% in 1987 to 19% last year, and to 7% through July, Mexico's lowest in almost 20 years. The Central Bank has tightened monetary policy, raising interest rates to about 18% from as low as 11%.

A 5.67% drop in exports has been caused in large part by the recession in the U.S., the market for about two-thirds of Mexico's exports. Economists report that recession-racked U.S. companies have redirected production to Mexico, competing with Mexican industry, and increasing imports, resulting in a deterioration of Mexico's balance of payments. Analysts expect a deficit of $18 billion in 1992, compared with $13 billion last year. Foreign investment has slowed from $16 billion last year to an estimated $13 billion in 1992, partly from, some economists think, uncertainty in the U.S. economy and doubts about U.S. approval of NAFTA.

Many observers in Mexico see the economic sluggishness as temporary and even healthy (with the reduction in inflation) and expect improvement by the second quarter of next year. (*Wall Street Journal, El Financiero International*)

Modernization Takes Toll in Jobs

An estimated 50,000 jobs will be lost as a result of Mexico's modernization plans, according to two announcements made in early September. Merchants in Monterrey will lay off 35,000 employees during the coming year as part of a modernization program. Ferrocarriles Nacionales de Mexico has accepted voluntary retirement applications from 18,000 workers, as the railroad monopoly moves to trim its workforce by 20%. The government has asked for the voluntary retirements June 1, after having already cut 4,310 workers from the railroad in 1990 and 1991, according to figures in the 1991 Federal Public Account. (*El Financiero International*)

Labor Problems Mount

A wave of labor conflict has swept through Mexico, with 21 strikes implemented since the beginning of July. More than 22,000 unionized textile workers walked out in an industry-wide action, while some 15,000 autoworkers were locked out at the Volkswagen plant in Puebla after a contract strike began there July 1. Meanwhile, about 5,000 former employees of Pemex, the government oil company, were camped in Mexico City's main plaza after a 1,250-mile protest march from Tabasco and Veracruz. The Pemex workers, who were demanding severance pay, were among 100,000 workers laid off by the government during the past year. Labor Secretariat figures for the first seven months of 1992 show 116 strikes, compared to 92 for the same period last year, an increase of 20%.

Mexican Ports to be Privatized

The Salinas Administration announced on August 2 that the government-controlled port system will be sold. Puertos Mexicanos is being transferred from the communications Secretariat (SCT) to the Finance Secretariat (Hacienda) as the first step in preparation for the sell-off. The transfer will follow a similar procedure to the sales of Teléfonos de México (Telmex) and the national rail car constructor Concarril, according to a recent press release from Puertos Mexicanos. (*El Financiero International*)

Final 24 State-Owned Companies Up for Sale

The federal government has announced that it expects to earn around 10 trillion pesos from selling 24 state-owned companies by the end of 1992. According to the National Statistics Institute (INEGI) and the finance Secretariat (SHCP), these will be the final state-owned companies to be privatized. The companies include: Almacenes Nacionales de Deposito (ANDSA); Asegudora Mexicana (Asemex); television station Canal 7; Compañia Operadora de Estaciones de Servicio, S.A. (Codesa) and Fertilizantes Mexicanos S.A. (Fertimex). Various banking institutions will be named as sales agents for the companies. (*El Financiero International*)

Migrants Send $2 billion a year to Mexico

Representatives of the Colegio de México, who publish a yearbook on U.S.-Mexico relations, estimate that Mexican migrant workers in the United States send almost $2 billion a year (officially) to their families in Mexico -- a sum which "is 20% higher than the budget for President Salinas' Solidarity program." The Colegio de México's yearbook contains 11 articles by scholars from the U.S., Canada, and Mexico about the possible effects of the North American Free Trade Agreement, as well as a summary of a roundtable held on the same subject. Texts are in Spanish, with abstracts in English.

Scotiabank Invests in Mexican Banking Group

The Bank of Novia Scotia has become the first Canadian or U.S. bank to buy into a Mexican financial institution. The bank announced that it paid $90 million for 5% of Grupo Financiero Inverlat, a holding company that owns Mexico's fourth largest commercial bank and its second largest investment dealer. "The draft North American Free Trade Agreement makes this alliance strategically important for both parties," Scotiabank chairman Cedric Ritchie said. "It is vitally important that Canadians recognize the potential opening up in Mexico." (*Vancouver Sun, El Financiero International*)

ECONOMIC NEWS

Canada's Economy:

Canadian Prime Rate Rises

Canada's six leading banks have raised their prime lending rates by 2 percentage points, in the largest increase in interest rates sinced the Depression. The move was in reaction to volatility in financial markets caused by fears that voters would turn down a constitutional referendum on October 26. The rate change, effective September 30, brought the prime rate to 8.25%, its highest level since March. The banks' action followed an upsurge in money market rates that was triggered by warnings from Prime Minister Brian Mulroney and others about the risks the country faces if Canadians vote down proposed constitutional changes. Mulroney said a no vote will be interpreted "as the second last step" before the separation of Quebec from Canada.

The move was seen as a blow to possible recovery by Canada's sluggish economy. Mortgage rates had been as low as 5.9% at the Bank of Montreal. (*New York Times, Wall Street Journal*)

$25 Billion Fund Planned to Spur Canadian Economy

The federal government is expected to announce a major public works program designed to create jobs and improve the country's infrastructure. The bulk of the $25 billion program, $19 billion, will go toward upgrading Canada's 24,500-kilometer (15,224 mile) highway system. Provincial studies have shown that about 1,700 new jobs are created for every $100 million spent on highway improvement. An additional $6 billion will be spent on paving runways at federally run airports and on construction of a fixed link between Prince Edward Island and New Brunswick.

The spending plan, which would be a cost-sharing program, represents a turnaround for Prime Minister Brian Mulroney, who had ruled out using taxpayers' money on public works programs. Federal officials said that the change came about as the number of the country's unemployed reached 1.6 million. They also acknowledged that Ottawa wants to be seen boosting the economy at the same time it is pushing to resolve the country's constitutional problems. (*Toronto Star*)

Inflation Down; Spending, Unemployment Up

The International Monetary Fund has predicted that Canadians will enjoy the lowest inflation rate among the major industrial countries this year and next, while at the same time suffering the highest unemployment rate, now at an eight-year high of 11.6%. Leading the provincial unemployment figures was Newfoundland, where the cod crisis has led to the loss of thousands of jobs, with unemployment well over 20%. The little job creation that has occurred has been in part-time jobs, which have increased by 60,000 in the past 12 months, while 190,000 full-time jobs have disappeared during the same period.

Slight increases in consumer spending may be leading the economy out of recession, Statistics Canada said at the end of August. Statistics Canada's composite leading indicator showed monthly increases of 0.1% in May and).2% in June, driven by increases in housing construction, furniture, and appliance sales. "Largely exports and housing have been driving this recovery," said Statistics Canada economist Philip Cross. "These are the first indications...that the household sector is picking up. Housing starts and house sales picked up sharply and auto sales were quite strong as well." (*Toronto Star* and *Vancouver Sun*)

Business Leaders Plan Aggressive Yes Campaign

Key Canadian business executives will campaign aggressively for a Yes vote in the upcoming constitutional referendum, according to Tom d'Aquino, who represents 150 chief executives from the country's largest corporations. D'Aquino and other members of the Business Council on National Issues believe that "a rejection of the Charlottetown (constitutional) agreement could impose incalculable costs on all Canadians. Those costs will be reflected in political strife, social divisions, and severe economic consequences." The group feels that a negative vote would raise doubts about Canada's political stability among both Canadian and foreign investors. Group members include such companies as the Royal Bank of Canada, Noranda Inc., the Molson Companies Ltd., and the Laurentian Group Corp. (*Toronto Star, Vancouver Sun*)

RECENT AND UPCOMING CONFERENCES

North American Economic and Political Integration, University of Toronto, July 12-18, 1992. Sponsored by the Social Sciences and Humanities Research Council of Canada, the University of Toronto, and the University of Western Ontario. Contact Alida Minchella, Public Affairs, University of Toronto (416) 978-4289 or David Conklin, Centre for the Study of International Economic Relations, University of Western Ontario (619) 661-3735.

North American Trilateral Conference on Higher Education, Wingspread Conference Center, Racine, Wisconsin, September 12-15, 1992. Discussions involving 60 participants from Canada, the U.S., and Mexico, on internationalization of higher education, trilateral collaboration, enhancing informational and educational exchange. Contact Leonard L. Haynes, Dir., Office of Academic Programs, U. S. Information Agency, (202) 619-6409.

NAFTA, the Pacific and Australia/New Zealand, University of Texas at Austin, October 1-2, 1992. Culmination of an 18-month study of how NAFTA will affect economic and political relations between North America and the Asia-Pacific. Contact John Higley or Michael Sutton, Edward A. Clark Center for Australian Studies, Harry Ransom Center 3.362, University of Texas, Austin, TX 78713-7219, tel. (512) 471-9607, fax (512) 471-8869.

Trade Disputes: Settlement Mechanisms & Future Prospects, Westin Harbour Castle, Toronto, October 19-20, 1992. Sponsored by the Canada-U.S. Business Association. Contact CUSBA, 1 Eva Rd., Ste. 409, Etobicoke, ON, Canada M9C 4Z5, tel. (416) 621-1507, fax (416)620-5392.

Canada and the World, Agenda 2000: An International Forum, November 11-14, 1992. Sponsored by the Royal Society of Canada and the International Council for Canadian Studies. Contact Exec. Director, International Council for Canadian Studies, 2 Daly Ave., Ottawa, ON, Canada K1N 6E2.

Sustainable Integration: How Far? How Fast?, Mérida, Mexico, November 12-14, 1992 (tentative). Sponsored by PROFMEX-ANUIES. Contact PROFMEX Mexico Policy News, Institute for Regional Studies of the Californias, San Diego State University, San Diego, CA 92182-0435.

PUBLICATIONS

Proceedings of the **U.S.-Mexico Border Environmental Assembly and Colloquy**, held June 25-26, 1992, in Santa Fe, will be available this fall. To receive a copy, call or fax Keith Hinds, University of New Mexico School of Engineering (505) 272-7343; fax (505) 272-7355.

Learning for Life: Education for an Economically Competitive and Socially Responsible North America, Rod Dobell and Michael Neufeld, eds. Proceedings of NAMI Conference at Ottawa, Ontario, Canada, May 22-24, 1992. Oolichan Books/The North American Institute. Contact Kathleen Lyons, The North American Institute, 128 Grant Ave., St. 106, Santa Fe, NM 87501, (505) 982-3657, fax (505) 983-5840.

The State of Canada's Environment, the second national examination of Canada's environmental condition, was released April 9, 1992. The report's 27 chapters discuss ecosystems, environmental components, human activities, regional concerns, and other topical environmental issues of domestic and international import. To obtain a copy, contact International Specialized Book Services, 5602 NE Hassalo St., Portland, OR 97213; (800) 547-7734, fax (503)264-3859.

Implications of a North American Free Trade Region: Multidisciplinary Perspectives, Joseph A. McKinney and M. Rebecca Sharpless, editors. Each section of this 215-page volume contains papers by scholars from the U.S. and Canada with commentary by a Mexican scholar. Available for U.S. $25 from Baylor University Program for Regional Studies, PO Box 97400, Baylor University, Waco, TX 76798-7400. For information, call (817) 755-2190, fax (817) 755-1368.

Canada's Unity Crisis: Implications for U.S.-Canadian Relations, Earl H. Fry. New York: Twentieth Century Fund Press, 1992.

NAMI To Co-Publish NAFTA Book

The North American Institute will join with The New Pacific Communications Limited of Vancouver, B.C., to publish a volume of essays tentatively entitled *NAFTA and Beyond*. The book will present a balanced view of NAFTA from the perspective of North America as a whole, incorporating an understanding of the continent as a discrete region within a global context. It will focus on key priorities, including such issues as the prerequisites necessary to maintain and develop investment in Mexico, and why it is in North America's interest to secure medium-to long-term growth in Mexico.

The publication will target business and political leaders in the three countries, including members of the United States Congress and the Canadian and Mexican federal governments; the executive branches of government in all three countries; the national and regional media; state and provincial governments; corporations; leading educational institutions; and various other nongovernmental organizations with an interest in these issues. The book is scheduled to be published in early 1993.

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