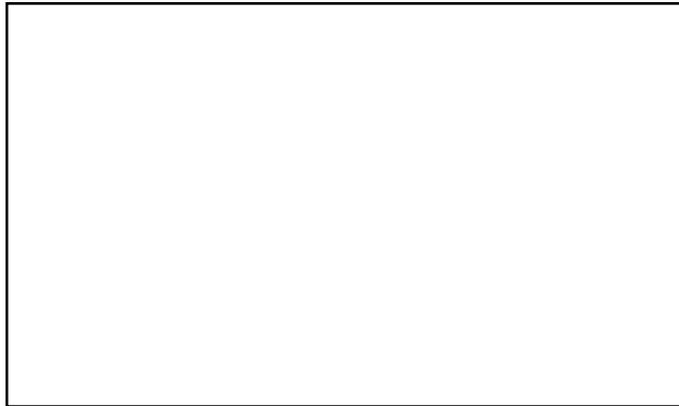


NAMI FORUM EXPLORES NORTH AMERICAN IDENTITIES



President Miguel de la Madrid, John Wirth, Rod Dobell

Identity, Culture, and North American Society" was the subject of the North American Institute's ninth international forum, held November 6-8 in Santa Fe. Leaders from Canada, Mexico, and the United States gathered to discuss the nature and interrelationships of core cultural values in North America. Speakers included former Mexican President Miguel de la Madrid, former governor of Louisiana Buddy Roemer, and Keith Spicer, chairman of the Radio, Television, and Telecommunications

values and ideals, which he said included tolerance, equality, order, and peace. He characterized Canada's current constitutional debates as a period of "spiritual destabilization" or restructuring of values. It is a difficult but exciting time in Canada's history--an opportunity to "get to the bottom of things." (He noted with some irony that the Toronto Blue Jays -- a team consisting largely of Americans, Dominicans, and Puerto Ricans--

Commission of Canada.

NAMI President John Wirth began by asking how we take on new identities, given that national identities are being altered by increasing globalization and by increasingly pluralistic societies.

Canada's Keith Spicer presented a lively exploration of Canadian

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North America's Concern with the Environment : How New?

Sherry Stephenson

Concern with the quality of the environment in North America may not be as recent as we imagine. What we have come to know as "sustainable development" has been debated under the label of "conservation" by policy-makers since the beginning of this century. The call for the creation of a North American Commission on the Environment by the three environmental ministers in Washington D.C., on September 17, 1992, was preceded by a similar suggestion made over 80 years ago at a trinational conference in 1909.

In 1902, following the appointment and organization of the National Conservation Commission, members of Theodore Roosevelt's cabinet suggested that he bring together a North American Conservation Conference. Roosevelt immediately approved the idea and extended personal invitations to Lord Grey, Governor General of Canada, and President Diaz of Mexico. The North American Conservation Conference was duly organized and included

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North American Free Trade Agreement Signed

In three separate ceremonies, the leaders of Canada, Mexico, and the United States each signed the North American Free Trade Agreement (NAFTA) on December 17. In Mexico City, Mexican President Carlos Salinas de Gortari called the pact a powerful engine to "move Mexico forward." In Ottawa, Prime Minister Brian Mulroney's signing ceremony was interrupted by anti-NAFTA demonstrators. Mulroney told the demonstrators, "You made your case against the free tradement [with the U.S.] in 1988, and the people of Canada democratically spoke and they said yes to free trade and no to you."

Speaking at the headquarters of the Organization of American States in Washington, U.S. President George Bush spoke in broad, political terms, saying the deal would help solidify democratic institutions throughout the Americas: "We can build in the Americas the world's first completely democratic hemisphere....Think of the example for the rest of the world." Bush called NAFTA "the first giant step toward fulfillment of a dream"--that of a free-trade zone from Alaska to Argentina. (For more news on NAFTA, see page 5.)

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three representatives each from Canada, Mexico, and the United States.

The Conference assembled on the morning of February 18, 1909, in the White House. In his opening statement, Roosevelt said:

"In international relations the great feature of the growth of the last century has been the gradual recognition of the fact that instead of being normally to the interest of one nation to see another depressed, it is normally to the interest of each nation to see the others elevated." He added: "I believe that the movement that you this day initiate is one of the utmost importance to this hemisphere and may become of the utmost importance to the world at large." The Conference atmosphere was apparently cordial, permeated by a spirit of mutual respect and cooperation, and all actions were taken without a dissenting voice.

Out of the North American Conservation Conference came a Declaration of Principles, adopted on February 23, 1909, which is highly relevant to our understanding of what is taking place today in the environmental arena and, in particular, to the work of the recently proposed North American Commission on the Environment. The Declaration of 1909 included the following preamble:

"We recognize the mutual interests of the Nations (which occupy the Continent of North America) and the dependence of the welfare of each upon its natural resources. We agree that the conservation of these resources is indispensable for the continued prosperity of each Nation. Natural resources are not confined by the boundary lines that separate Nations. We agree that no Nation acting alone can adequately conserve them,

and we recommend the adoption of concurrent measures for conserving the material foundations of the welfare of all the Nations [concerned], and for ascertaining their location and extent."

"We recognize as natural resources all materials available for the use of man as means of life and welfare. We agree that these resources should be developed, used, and conserved for the future, in the interests of mankind, whose rights and duties to guard and control the natural sources of life and welfare are inherent, perpetual, and indefeasible. We agree that those resources which are necessities of life should be regarded as public utilities, that their ownership entails specific duties to the public, and that as far as possible effective measures should be adopted to guard against monopoly." [Excerpted from *Breaking New Ground*, the autobiography of Gifford Pinchot (first chief of the Forest Service under Theodore Roosevelt), Island Press, Washington, D.C., 1947, section 64.]

The Declaration went on to suggest some policy-oriented action to deal with environmental issues in the areas of public health, forests, waters, lands, and minerals. Two highly important recommendations, extremely pertinent to the present, closed the Declaration. The first called for the creation of a Conservation Commission in each of the three countries. These Commissions were to provide machinery for the exchange of information and the coordination of policies among Canada, the United States, and Mexico. The Commissions were to provide ". . . a system of intercommunication, whereby at stated intervals, all discoveries, inventions, processes, inventories of natural resources, information of a new and specially important character, and seeds, seedlings, new or improved varieties, and other productions which are of value in conserving or improving any natural resource shall be transmitted by each Commission to all of the

others, to the end that they may be adopted and utilized as widely as possible."

The second recommendation of the 1909 North American Conservation Conference was a proposal for an international conference to consider the subject of "world resources and their inventory, conservation, and wise utilization, which would be held in the interests of the people of all Nations."

Fifty-eight nations were invited to attend the conference, which was to be held at The Hague. Thirty countries had accepted when President Taft, who succeeded Theodore Roosevelt in March 1909, put a halt to the idea. After World War I, President Wilson also took steps toward enlisting worldwide cooperation in the conservation of natural resources, but met with little success.

The world had to wait more than eight decades until the problems caused by environmental destruction and resource depletion, especially in the context of accelerated economic development, would be addressed in a similar global conference, at the Earth Summit in Rio de Janeiro in June 1992.

As for environmental cooperation in North America, the precedent set by the 1909 North American Conservation Conference will probably be put on a practical, working basis through the establishment of the North American Commission on the Environment, parallel to the NAFTA Treaty, in response to growing international awareness of important environmental issues. (The NAMI/EPA conference to be held in February 1993 will explore just this theme. See conference listings for more information.)

Sherry Stephenson has recently resigned as Executive Director of the North American Institute to serve as an advisor to the government of Indonesia on foreign trade matters, under a contract with the U.S. Agency for International Development.

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have become a symbol of national pride and unity.)

Historian Mark Pachter identified some fundamental core values in the U.S.: *choice* (the importance of having options; mobility; competition; the freedom to "pursue happiness"), *change* (including a hunger for novelty), and a *distrust of centralized government and long-term planning*.

Novelist Alberto Ruy Sanchez resisted cataloging Mexican core values, citing the notion that Mexicans are "an emerging invention" with a long tradition of asking what it means to be Mexican. He noted that Mexican national identity is "not an essence as much as a contrast or a situation." Daniel LaTouche of Quebec added that the search for values is itself not a value-free exercise.

Sissela Bok of Brandeis University presented a fascinating overview of the search for common philosophical and ethical values among the world's cultures. Professor Bok put forth the case for minimalist ethics, in which basic, general precepts can be drawn from the world's major moral and religious traditions. Using this approach, two principal ethical threads have emerged: constraints on *violence* and constraints on *deception*.

In his keynote speech, former president of Mexico Miguel de la Madrid emphasized the historical pluralism that characterized all of North America and he noted Mexico's determination to be open to its North American neighbors while seeking to nurture its distinctive Ibero-American roots.

Discussions throughout the weekend were wide ranging and characterized by an unusual degree of openness and willingness to share areas of both agreement and differences, among and within the delegations from the three countries. The multifaceted exchanges were testament to the fact that cultural identities are neither static nor easily defined or circumscribed by the listing of national traits or shared values.

Conference co-director Robert Earle, Diplomat in Residence at the University of New Mexico, emphasized the impact that information age technologies are having in bringing North Americans closer together: "For researchers, business leaders, and politi-



Celine Hervieux-Payette (Canada), Adrian Lajous (Mexico)

cians, a simple fax machine turns places like Quebec and Albuquerque into fully functional electronic neighborhoods." NAMI President John Wirth called the conference "a watershed in terms of how our respective societies perceive themselves and are planning to interact within the dynamics of free trade and rising economic interdependence." Wirth noted that with increased social and regional interaction come "a whole new range of policy implications in the fields of public finance, transport, education, immigration, and trade."

Presenters at the forum will reconvene in Santa Fe in January to refine their papers for inclusion in a North American Institute volume entitled *North American Identities: The Search for Community*, to be published simultaneously by the Stanford University Press and by Fondo de Cultura Economica.

Carrillo Featured on TIME Magazine Panel

Enrique Carrillo Gamboa, NAMI Co-Convenor for Mexico, was featured on a panel assembled by TIME Magazine International to consider various aspects of Canada's future following the October 26 national referendum, in which voters rejected a series of proposed constitutional reforms. The panel was called together for an article that appeared as the cover story in TIME in Canada and as a major feature in the publication's international editions.

The panel was asked to analyze the future relationship between federal and provincial governments; the impact of free trade in North America; the social and legal upheaval sparked by the 1982 charter; and Canada's role on a rapidly shifting international stage. Carrillo is a lawyer, business executive, and former Mexican ambassador to Canada.

The Informing Spirit: Art in the American Southwest and Western Canada in the 1920s, 1930s, 1940s

Sharyn R. Udall

The twentieth-century search for a North American identity in the visual arts is the subject of a planned exhibition of painting from Canada and the American Southwest. Funded in part by the binational Donner Foundation, the show will open in early 1994 at the McMichael Canadian Art Collection near Toronto and will travel to its co-sponsoring institution, the Colorado Springs Fine Arts Center, before continuing on to other museums in Canada and the United States. The cultural "twinning" of these museums provides an opportunity to compare parallel development in two regions where the landscape provided strong inspiration for artists in the 1920s, 1930s, and 1940s. Curated by Sharyn Udall of Santa Fe and Megan Bice of the McMichael Museum, the exhibition will show the relationships between various experimental artists of the pre-World War II decades and present the conclusions of their quests for deeper levels of meaning in landscape painting. The exhibition will include approximately 100 works, ranging from representational through varying degrees of abstraction.

With attention to the rich intellectual atmosphere and context of this artistic activity, the exhibition promises a new look at the multiplicity of approaches New Mexico and Canadian painters took in searching for the essences--both formal and spiritual--of the powerful landscape they represented. Within that focus, the curators hope to present a "portrait" of a particular, specifically North American sensibility in the visual arts.

Sharyn Udall is an art historian, university teacher, and independent curator.

Festival to Feature Music of North America

The Santa Fe Chamber Music Festival has announced that in 1993 it will shift the focus of its popular Music of the Americas series from primarily Latin American folk traditions to the music of North America. In addition to featuring folk and popular music, the series will explore the origins and diverse styles of one of North America's most significant music forms--jazz.

David Crane

The following are excerpts from three recent columns written by Canada NAMI delegate David Crane, Economics Editor for the *Toronto Star*.

Mexico Is a Land of Opportunity for Canadian Know-How

Whether or not there is a North American Free Trade Agreement, Mexico and the Mexican people need to be taken a lot more seriously by Canadians. Mexico has a long and proud history stretching back several thousand years, a rich culture, enormous ambitions, and great potential. Mexico's current population of 85 million could increase to 150 million within the next 30 years, with a profound economic, political, and cultural impact on North America as we enter the next century.

While there is a tendency in Canada to see Mexico as simply a competitive threat to our own jobs, the reality is that Mexico faces enormous difficulties in developing a sustainable economy. One challenge is education: barely half of eligible students complete primary school. A poorly educated population has little chance of moving out of poverty. And while Mexico has a highly educated elite--its leading politicians are much better educated than their Canadian counterparts--the average Mexican is ill-equipped to meet the challenges of modern society. This would seem to be one area where Canada could help--from training teachers and advising on school design and teaching materials to attracting more Mexican young people to Canada to study here.

The environment is another big problem facing Mexico. Whether it is in helping Mexico acquire natural gas-fueled buses, dealing with municipal waste, cleaning up toxic wastes, or developing environmental standards and enforcement systems, Canadians should be able to play a role here as well.

The infrastructure is a third area where Canadians can help Mexico build a new economy. Roads, ports, railways, phone systems, power systems, and water and sewage systems are all in relatively poor shape and yet will face increasing demands due to population and economic growth.

In the early part of this century, Canadians

were quite active in Mexico, building power plants and rail systems. But all this was interrupted by the Mexican revolution, ensuing political instability, the 1930s depression, and World War II. With next year marking the

50th anniversary of Canadian-Mexican diplomatic relations, now would seem to be a good time for Canadians to develop a new relationship with the Mexican people.

New Nation Called Cascadia Rising on Both Sides of Border

While Many Canadians are focused on what Quebec will do, perhaps it's time to pay more attention to what's going on in western Canada as well. As Paul Schell, a Seattle lawyer and regional planner, spelled out at the recent NAMI conference on North American identities, a new almost-a-country is developing on the west coast and it includes a big chunk of Canada. This is Cascadia, a region that includes the states of Oregon, Washington, Idaho, western Montana, and Alaska, along with the provinces of British Columbia and Alberta, as well as parts of the Yukon and Northwest Territories.

Cascadia is physically larger than the European Community, though with a population of only about 6 million people. But its gross national product of \$250 billion is nearly the size of that of the Netherlands, and its three core cities--Seattle, Portland, and Vancouver--are closely linked in an increasingly important common corridor.

Cascadia sees much of its future potential coming from its links with Asia and even Europe, and not with other parts of Canada or the United States. "The relationships we develop overseas will have far more to do with our future than those we may have had with Chicago, Los Angeles, or New York," Schell says. Or with Toronto or Montreal, a Vancouverite might say.

Institutional arrangements are emerging that could lead to Cascadia operating in the rest of the world as almost a country. Washington and British Columbia are promoting the "two-nation vacation," and the Discovery Institute, a Seattle think tank, is looking at ways to promote regional tourism for Cascadia as one

entity. Other kinds of links are being studied. One is the possibility of a high-speed train running from Portland through Seattle to Vancouver, and also linking the Vancouver and Seattle airports.

In the private sector, law firms, accounting firms, advertising agencies, banks, and TV stations in Seattle and Vancouver are busy opening offices in each other's city. The sharing of educational facilities is under study. The strengths of colleges and universities in the area should be coordinated, says Schell, to develop "centers of excellence" and "magnet schools," with the elimination of overlapping programs and an end to out-of-state or out-of-province tuition fees.

The next step, according to Schell, is the formation of some kind of regional council to formalize the relationship between the participating states and provinces. Some forums already exist. The Pacific Northwest Economic Region, composed of elected officials from state and provincial legislatures, looks at cooperative approaches to a number of regional issues, such as marketing and environmental controls. The Pacific Corridor Enterprise, consisting of Canadian and U.S. business executives, also meets to discuss regional business and economic issues. And U.S. President George Bush has signed legislation creating the Cascadia Corridor Commission. Working with elected Canadian officials, its task is to coordinate regional environmental, transportation, and growth issues and foster regional cooperation.

While a disappearing border may be in the cards for the Cascadia region, there is another important issue Canadians have to think about as well. That is how to strengthen east-west links across Canada so that the regional arrangement doesn't become more important than the country as a whole.

Ideas, Inventions, Innovation Are Real Engines of Economy

With the Bill Clinton team getting ready to move into the White House, there will be much more talk south of the border about how to get the economy moving again, as well as how to build a new kind of American economy. That kind of talk will put added pressure on Brian Mulroney's government to rethink its economic policies as well.

There is no doubt, as we can see with stagnating paychecks and governments increasingly hard-pressed to fund health care and other

NAFTA Notes

important public goods, that we are not generating the wealth to support a rising standard of living--or even to sustain the standard of living to which we have been accustomed. But before we try to fix the economy, we had better figure out what exactly is wrong. And what is fundamentally wrong is that the economy that made us prosperous in the past can't make us prosperous in the future.

Our mines, paper mills, wheat fields, and factories are no longer generating the products that the rest of the world wants to buy. Without a new Canadian catalogue of things to sell to the rest of the world, we cannot generate the wealth to provide well-paying jobs or to support the kinds of civil society that comes from decent health care, a durable social safety net, and investment in education. The key question, then, is what kind of new economy can produce the wealth we need if the old economy cannot.

Enter Paul Romer, one of the world's most promising young economists. An expert on economic growth, Romer teaches at the University of California in Berkeley and is a fellow at the Canadian Institute for Advanced Research in Toronto. Like a growing number of younger economists, Romer rejects the old-fashioned idea that free markets alone will solve our problems--the head-in-the-sand notion that zero inflation and a passive, minimalist government will somehow bring to life a bright new economic future.

In Romer's view, wealth is derived from ideas--from big inventions in science, countless little changes in the way we make things or in the things we make, new designs of products, reorganization of work places, the acquisition of new skills, innovations in marketing, the development of software, new relationships between the public and private sectors. While all this depends on education and skilled people, it also depends on institutions to facilitate innovation and on inventions of new or improved products.

"In a world with physical limits, it is the discovery of big ideas (for example, how to make high-temperature superconductors) together with the discovery of millions of little ideas (for example, better ways to sew a shirt) that make persistent economic growth possible," Romer argued at the World Bank's annual research conference earlier this year.

"Ideas are the instructions that let us combine limited physical resources in arrangements that are ever more valuable." A personal

Deal to Free Trade Inside Canada. The Federal and provincial governments have agreed to work toward dismantling trade barriers inside Canada within two years. Under pressure from the business community, ministers responsible for internal trade have agreed to abandon the sector-by-sector approach they have taken--with little success--for the past six years. Instead, they will take an approach that will result in an all-or-nothing deal by June 30, 1994, with enabling legislation to be passed by the middle of 1995. Federal Trade Minister Michael Wilson likens the process to that used in the recently concluded NAFTA negotiations, in which "everything is on the table. And nothing is agreed until everything is agreed." A new spirit of cooperation has emerged following the constitutional debate. In addition, the Canadian Chamber of Commerce issued the results of a survey in which all of its members said they had gotten no benefits from internal trade barriers. In November, the Conference Board of Canada said it was easier for many Canadian companies to do business in the United States than in other parts of Canada.

computer today is about 50 times faster than one made a decade ago yet contains the same raw materials and is made basically the same way. The increased value is created by ideas, Romer argues: "Whether it takes the form of hardware design, software code, or an instruction manual, an idea is used to mix or arrange the same physical ingredients in ways that are more valuable."

In the economy of the future, based on ideas and innovation, public policies are more important, not less important. Education is the most obvious example. An ideas-based economy depends on well-educated and highly skilled people. It also depends on innovative research and development, from basic research to commercialization. It depends on high-tech infrastructure, such as advanced computer networks, rather than on just paving more roads.

The move to an ideas-based economy has profound implications for Canada, since such a move will force a fundamental change in our policies and institutions. But if we fail to make the transformation, we face the real prospect of a declining standard of living and social breakdown.

Mexican Government Reassured of Clinton's NAFTA Support. Top Mexican government officials held a crisis-management meeting at Los Pinos, President Salinas' official residence, immediately following the U.S. presidential victory of Democrat Bill Clinton. The group was reassured by Commerce Secretary Jaime Serra Puche, who reiterated Clinton's campaign statements in support of NAFTA. Worries persist in the Mexican government about Clinton's emphasis on political reform. A Clinton advisor said, "A Clinton foreign policy will have elements of continuity, namely its commitment toward regional trade and multilateral diplomacy, but he will also introduce elements of change on democracy and the environment. Mexican democracy will become an issue in the Clinton agenda."

President Carlos Salinas de Gortari telephoned President-Elect Bill Clinton on Nov. 5--the first time the two had spoken to each other. The call resulted in an agreement to create a new commission that would review all matters on the bilateral agenda. In spite of some concern in Mexico over the Clinton victory, some observers have noted that Salinas is actually closer to Clinton philosophically and politically than to Bush. Some analysts believe that Clinton's commitment to environmental and labor rights provisions will actually strengthen the likelihood of NAFTA's ratification by the U.S. Congress.

Mexico To Ask for Aid from U.S., Canada.

President Salinas indicated in a recent interview with the *Wall Street Journal* that he will ask the governments of the United States and Mexico to establish a special economic support fund to ease Mexico's entrance into the proposed North American Free Trade Agreement. Modeled on a similar European Social Fund created by the E.C. to assist less wealthy European member states, the proposed fund would provide Mexico with capital to bolster infrastructure development and environmental protection. Salinas said that such support is necessary because of the great disparities in the economies of the three countries. (Mexico's gross domestic product is just 3% of that of the U.S.)

(Sources: *Wall Street Journal*, *El Financiero International*, *Toronto Star*, *Vancouver Sun*, and *Globe and Mail*.)

Mexico

Slow Growth, Reduced Inflation Continue.

Mexico's economy grew by 2.8% during the first three quarters of 1992, according to figures from the Finance Secretariat released November 13. Growth was most pronounced in the industrial sector, which registered a 3.1% expansion during the first nine months of the year. Construction grew by over 13%, while energy production grew by 5.4%. In general, the figures reflect Mexico's continued economic slowdown from the expansion rates of between 3% and 4.4% during the last three years. Analysts attribute the slowdown to the government's anti-inflation monetary policy and to sluggish demand in weak markets elsewhere in the world, especially in the U.S. Responding to suggestions urging faster economic growth, Finance Minister Pedro Aspe cites the need to first reduce inflation and to pass NAFTA: "When these two things are locked up, then we can follow a more aggressive growth strategy."

Inflation during 1992 has been 11%, according to Finance Secretariat officials, with an expected rate for 1993 of 7%. Gasoline prices and electricity rates will increase during the next 14 months. The monthly minimum wage will increase by 7%, and contractual wages will rise by 9%.

Work Force Reduced. More than 90% of Mexico's top companies have cut their labor force this year due to the economic slowdown, according to figures released by the Mexican Stock Exchange. Grupo Desc, a diversified manufacturing company, has cut its staff by 40% since January. Seven other companies, including Telefonos de México and Grupo Industrial San Cristóbal have laid off close to 30,000 employees since the beginning of the year. Salaries of Mexican workers have failed to keep pace with inflation, according to a study by researchers at the National Autonomous University of Mexico (UNAM). Real purchasing power by workers in some industries has been cut by 25% to 50%. The minimum wage in Mexico is now 48 times what it was in 1982, but prices have multiplied 151 times.

Current Account and Trade Deficits Loom. Mexico's current account deficit for the first half of 1992 ballooned to \$10.11 billion. By comparison, the country's current account deficit for all of 1991 was \$13.28

billion. At the same time, the flow of foreign capital has slowed to \$10.91 billion, still enough to pay for Mexico's imports, according to figures from the Banco de México. The trade deficit has grown by 121.89% for the first half of the year to \$9.4 billion.

President Salinas Announces 1993 Budget.

President Carlos Salinas de Gortari announced his government's proposed 1993 budget in his annual Informe, or state of the nation address to the Mexican Congress. The president set the tone of the message by saying, "We will not relax fiscal discipline and we will maintain the financial surplus in the public sector." The federal budget will indeed maintain strict fiscal discipline to attain an inflation rate of 7% and a growth rate of between 2.5% and 3%, with a projected federal government surplus of 0.7%.

The goal of the 1993 federal budget is to consolidate sustained economic growth and improvements in public well being. Finance Secretary Pedro Aspe told the congress in November that the country's economic slowdown has ended, with third-quarter growth in several sectors, including construction, the industrial sector, services, and transportation. (Agriculture showed a decline of 1.3% in the third quarter.) Aspe argued that a long-term current account deficit will be necessary in order to keep resources from being transferred abroad. "A nation like ours, which has a large population, large labor resources, and little capital, must have a structural current account deficit for many years," Aspe said. Referring to public debt, Aspe said the debt load will be reduced from 17.7% of the GDP four years ago to just 3% in 1993.

Canadian Firms to Help Draft Environmental Standards.

Five Canadian companies have signed contracts worth a total of \$330,000 (U.S.) with the Mexican Secretariat of Social Development (Sedesol) to draw up new and tougher environmental standards and impact studies for specific industrial sectors. The signing of the contracts comes three months after Sedesol signed a credit agreement with the Canadian government. Under its terms, Canada provided Mexico with \$830,000 (U.S.) for its environmental protection program, with the proviso that all outside contracts had to be awarded to Canadian companies. As of October, companies had been invited by Sedesol to compete for 42 contracts, with

another 50 contracts scheduled to be put out.

Mexico Considered by Trilateral Commission, OECD.

Mexico is becoming a "fully fledged industrialized democracy," says the Trilateral Commission, which, in a departure from its tightly restricted membership rules, will soon open the prestigious group to leading Mexican citizens. Founded in 1973, the Trilateral Commission is a non-official group of prominent politicians, businessmen, and public opinion makers from North America, Japan, and Europe--the "three pillars" of the industrialized world. Charles B. Heck, North American director of the Trilateral Commission, said, "Mexico's entrance would not reflect that we want to open the membership generally to developing nations, but rather that Mexico is on its way to becoming a fully fledged industrialized democracy, and that with the participation of Mexico in the North American Free Trade Agreement, Mexican membership makes sense." President Carlos Salinas de Gortari addressed the Trilateral Commission at a private meeting in New York earlier this fall.

The Organization for Economic Cooperation and Development (OECD) has lauded the "notable success" of Mexico's economic reforms, but also pointed out that the nation still faces major problems, including its current account deficit, the fall in internal savings, poverty, inflation, and poor working conditions. These conclusions were contained in a recent OECD report on Mexico, the first such report on a non-member country. The report asserted that implementation of NAFTA "will increase national, as well as foreign investor confidence" in Mexico's growth potential.

Meetings between OECD officials and the Mexican government have produced a long list of requirements Mexico has to meet before it can be considered for membership. One of the principal requirements is that Mexico must establish accurate statistical information to measure activity in the so-called informal sector of the economy--i.e., the tens of thousands of garbage pickers, sidewalk vendors, taco sellers, beggars, and dealers in barter. The OECD urged adoption by Mexico of the U.N.'s National Accounts System as a precursor to possible OECD membership. (Sources: *El Financiero International*, *Wall Street Journal*)

Canada

Slow Growth. Canada's gross domestic product rose 0.4% in the third quarter, led by increases in consumer spending, business investment, and exports. Growth was at a compound annual rate of 1.4%, according to Statistics Canada. The third quarter's advance was spurred by a decline in short-term interest rates during the summer, but since September rates have risen more than 3.75% because of selling pressure on the Canadian dollar. Economists expect an overall 1992 growth rate of around 1%, improving to around 3% in 1993.

Unemployment Rises, Hits White-Collar Workers. Canada's overall unemployment rate hit 11.5% in November, the highest figure in a decade. Almost 100,000 people entered the job market in the month, but the economy created only 13,000 new jobs. Fears of job losses are now spreading from blue-collar and public service ranks to white-collar workers in the private sector, including those in banking, insurance, and public utilities. The Canadian Imperial Bank of Commerce announced that it plans to reduce its work force by 2,500, following erosion of the bank's profits from \$811 million last year to this year's \$12 million. Canadians have become accustomed to such announcements in the manufacturing sector, and the bank's announcement kindled fears that a new wave of unemployment is about to sweep the country. According to Ottawa economist Gordon Betcherman, it "sent shock waves because the banking industry in Canada is viewed as the stable rock-solid sector--if there is one." The Royal Bank of Canada has cut 1,100 employees during the past year, and analysts expect an additional 2,000 jobs to be lost in banking industry during the coming year. Analysts attribute the layoffs to excessive expansion and investment in technology and infrastructure during the 1980s.

Managers, Investors Seem Relieved Following Constitutional Vote. Despite alarmist predictions prior to the constitutional referendum, the resounding No vote seems to have had little impact on the Canadian economy or on investment patterns. The world's seventh largest economy is still there and still stable. One Toronto money manager said of all the hoopla, "It's really a bit of a yawn." Business bankruptcies fell in October, in Ontario and in the country as a

The United States

Signs of Growth. The U.S. economy is growing, but with minimal creation of new jobs. A number of signs are positive:

- Housing starts were up 1.5% in November, which is the second rise in a row and the highest level in 8 months, reflecting improvement mainly in the South and West (according to the U.S. Commerce Department).
- Industrial production is up .4%, according to the Federal Reserve, the second consecutive monthly increase.
- The Commerce Department reports that the economy expanded at an annual rate of 3.9% in the third quarter, far above the department's earlier estimate of 2.7% and the highest since the fourth quarter of 1988.
- Orders to U.S. factories grew 1.7% in October, to a seasonally adjusted \$244 billion in September, the largest increase in three months.
- The Labor Department reported that the productivity of American workers increased a 3% annual rate in the third quarter.
- Income from wages, salaries, and all other sources grew by 1% or \$51 billion, the biggest monthly increase since last December.
- Retail sales rose 0.9% to \$163.31 billion in October, the Commerce Department said.

whole. However, concern continues to mount as the Canadian dollar falls and interest rates climb, posing potential problems for Christmas season retail activity and for the recovery in general. Statistics Canada reported on December 11 that average real family income fell by 2.6% last year to about what it was in 1980. The number and proportion of families falling below Statistics Canada's low-income cutoff jumped 16% or 4.2 million.

Federal Deficit Climbs. The Canadian Finance Department announced that the federal deficit is expected to hit \$35 billion, exceeding this year's target by \$7.5 billion, and a \$10 billion increase over two years ago. The government blamed the deficit on the erosion of federal tax revenues caused by the recession. Robin Richardson, research director for the Canadian Taxpayers Federation, said, "A \$7.5 billion overrun is not just a small 'oops', its a major problem."

(Sources: *Toronto Star*, *Vancouver Sun*, *New York Times*, *Wall Street Journal*)

Even though the total output of goods and services has grown 2.2% in the past year, employment has risen only 175,000, or less than 0.2%. According to the *Wall Street Journal*, in a typical recovery, 300,000 new jobs would be created each month. In this recovery, 340,000 jobs have been created in the past nine months. Analysts hypothesize that businesses are forcing themselves to improve efficiency and productivity, in order to get along with fewer employees.

Unemployment Falls Slightly. U.S. unemployment fell in November for the fifth consecutive month, dropping to 7.2% from 7.4% in October. The Labor Department reported on December 4 that the number of non-farm payroll jobs rose by 105,000, following a revised gain of 34,000 in October. Most jobs created have been in the manufacturing and service-producing sectors of the economy.

Trade Deficit Holds, Despite Increases in Exports and Imports. The U.S. trade deficit was \$7.03 billion in October, down from \$8.31 billion in September, and \$8.95 billion in August. Exports and imports continue to reach record highs. Exports were led by chemicals, semiconductors, computers, and telecommunications equipment. Imports were dominated by autos and other consumer goods. Analysts predict that the trade deficit is likely to worsen as the U.S. pulls out of its economic slump while economic conditions in Japan and Europe remain weak.

U.S. Ranks Fifth in World Competitiveness. A 1992 Swiss study ranked the U.S. fifth in competitiveness, behind Japan, Germany, Switzerland, and Denmark--a decline from its second-place ranking in 1991. The study, "The World Competitiveness Report," is published annually by the Institute for Management Development and the World Economic Forum in Switzerland. George Melloan, writing in the *Wall Street Journal*, notes that the report applies 29 different principles in its analysis of the competitiveness of 37 key national economies around the world. Factors inspected range from the incidence of drug alcohol abuse in the workplace--where the U.S. ranks worst--to the number of scientists and engineers in industry, where the U.S. is by far the best supplied.

(Sources: *Wall Street Journal*, *New York Times*, *Globe and Mail*)

CONFERENCES

NAMI/EPA Environmental Meeting, Santa Fe: The North American Institute and the U.S. Environmental Protection Agency will co-sponsor 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 E.P.A., Mexico's SEDOSOL, and Environment Canada will discuss ways to meet the environmental challenges facing North America. Proposals developed at the Santa Fe meeting will be considered by the environment ministers of Canada, the U. S., and Mexico, and will help shape the agenda for the North American Commission on Environmental Cooperation. Contact Kathleen Lyons, North American Institute, 128 Grant Ave., Santa Fe, NM 87501. Tel. (505) 982-3657, fax (505) 983-5840.

Trade Agreement, Santa Fe, New Mexico, October 1-3, 1992. Sponsored by the United States Mexico Law Institute, Inc., in cooperation with the Mexican Law Committee of the Section of International Law and Practice of the American Bar Association. Contact Professor Frank Gill (505) 277-2146.

North American Free Trade Area, 320 West Paces Ferry Road, Atlanta, GA, October 28, 1992. Sponsored by Southern Center for International Studies and the Canadian Studies Center at Duke University. Contact Dr. Cedric Suzman (404) 261-5763.

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PUBLICATIONS

Implications of a North American Free Trade Region: Multidisciplinary Perspectives, Joseph A. McKinney and M. Rebecca Sharpless, Editors, 1992. Articles by NAMISTAS Don Newquist, Richard Estrada, John Wirth, and Charles McMillan.

Settling U.S.-Canada Disputes: Lessons for NAFTA, Annette Baker Fox. *Canadian-American Public Policy*, No. 11, September 1992. Available from The Canadian-American Center, University of Maine, Orono, ME 04469. Tel. (207) 581-4220.

Border Links, a quarterly newsletter published by the U.S.-Mexico Border Progress Foundation, a binational organization formed to support and undertake community-based projects in the areas of environment, health, housing, and education in the U.S.-Mexico border region. For information contact Border Links, U.S.-Mexico Border Progress Foundation, PO Box 70164, San Diego, CA 92167. Tel. (619) 453-0352; fax (619) 453-2165.

SourceMex: Economic News & Analysis on Mexico, a weekly on-line publication providing in-depth coverage of the country's economic developments, including financial markets, investment, free trade policy, debt service, forecasts and statistics by industry, environment, and much more. For information contact Latin America Data Base, Latin American Institute, 801 Yale NE, University of New Mexico, 87131-1016. Tel. (800) 472-0888 or (505) 277-6839; fax (505) 277-5989.

Borderlines, a new quarterly focusing on Mexico-U.S. border issues, highlighting the problems and successes of popular organizations and government agencies in resolving common concerns. Also offers investigative reporting and policy analysis about Mexico-U.S. relations. Contact Inter-Hemispheric Education Resource Center, Box 4506, Albuquerque, NM 87196. Tel. (505) 842-8288.

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