

Renewing Federalism in North America: Diversity of Peoples, Community of Purpose

A Forum Sponsored by
The North American Institute and The North America Forum

Conference Narrative

**Stanford University
March 22 - March 24, 1996**

Prepared by Kai-Alexander Kaiser

This conference was made possible through the generous support of the Canadian

Ministry of Foreign Affairs, the Ford Foundation, and the Hewlett Foundation.

Conference Summary	i-vii
Conference Highlights	
NAFTA After Two Years: How Fare the New Institutions?	
Resolving Trade Disputes - Robert E. Lutz	1
Environmental Cooperation - John D. Wirth	2
The Labor Side Agreement - Robert Finbow	4
Discussion.....	6
Evolving Federalism: The Role of the State in North America	
Market-Preserving Federalism - Barry Weingast	7
The New Federalism in Mexico - Esteban Moctezuma Barragán	8
Canadian Federalism Revisited - Senator Jack Austin	9
Discussion	10
Managing the Nation-State: Subsidiarity and Fiscal Federalism	
Introduction - The Hon. Michael Harcourt	10
Funding Infrastructure Needs and Fiscal Federalism in Mexico - Dip. Suárez Dávila	11
Capital Markets and Fiscal Federalism in Canada and the U.S. - Ronald McKinnon	12
Discussion	13
A New Model for Sub-National Regions in North America	
Opening Comments - Alex Inkeles	14
A New Model for Sub-National Regions in North America - William F. Miller and Kim Walesh.....	14
Discussion.....	15
Downsizing and Devolution	
Federalism and Regionalism in Canada: Rebalancing or Offloading? - Katherine Swinton	16
Welfare Programs: Sinking Swiftly and Silently - Mark Carl Rom	16
Reshaping Mexican Politics and Institutions - Senator Luz Lajous Vargas	17
The Role of NADBank as a New Institution	
Keynote Speech - Alfredo Phillips	18
The State of the North American Community	
The Requisites of Community - Renato Rosaldo	19
The Erosion of National Social Capital in Canada - Michael Mendelson	20
The Unsuitable North Americans - Marc Pachter	21
Discussion.....	22
Conference Participants	25

Conference Summary¹

Fiscal strains and political change are but a few of the shared features of North American federal systems today. Global challenges such as international trade and the environment are forcing Canada, the United States and Mexico to come together. The common search for new communities designed to cope with the pressures faced at the transnational, national, and sub-national level proved to be a unifying theme throughout the forum. Only by identifying a basis for collective action can the citizens of North America begin to address these issues.

The challenges facing these three nations were the subject of a spirited three-day meeting in late March at Stanford University, co-hosted by The North American Institute (NAMI) and the North American Forum. The discussion included such topics as Canada's threatened sense of nationhood; the disparity between the Americans' strong advocacy of market-preserving federalism and the reality of deep societal rifts; and the stresses of reorganizing Mexican institutions to encourage and sustain participatory democracy in the midst of severe financial constraints and economic uncertainties.

In particular, the border regions of North America are creating new initiatives to deal with common problems. For example, the Transborder Resource Inventory Project (TRIP) is a regionally-based initiative which seeks to have the shared resources of the United States-Mexico border region measured, mapped, and made available through the Internet on a Geographic Information System (GIS). Special attention is paid to natural resources such as airsheds, aquifers, surface waters, hydrocarbons, ecosystems, and renewable energy sources. The initiative also captures other significant transboundary resources, ecosystems, and other areas of intense cross-border interaction that pertain to public health, transportation, population movements, and economic activity.² Also, transnational accords such as the Juarez-El Paso agreement on air-basin management are linking private business and non-governmental organizations with governments in new ways.

The forum opened with an assessment of the new trilateral institutions established under NAFTA. Robert Lutz, professor of law at Southwestern University in Los Angeles and a trade dispute panelist at the Trade Secretariat in Mexico City, commented on developments in commercial law and the evolving procedures for dispute settlement. John Wirth, professor of history at Stanford and a member of the Joint Public Advisory Committee (JPAC) for the Commission on Environmental Cooperation (CEC) in Montreal, commented on the emerging scope and mission of what is arguably the most ambitious and imaginative of the institutions spawned by NAFTA.³ Robert Finbow, Professor of

¹ The conference summary is based on remarks made by Rod Dobell, and previously appeared in NAMINEWS. Additional revisions were provided by John Wirth and Rebecca Bannister.

² For further information, contact TRIP General Secretary Tyrus Fain, Texas General Land Office, 1700 North Congress Avenue, Austin, TX 78701-1495. Phone: 512/305-8996, Fax: 512/463-6311, E-mail: aguerrer@glo.state.tx.us.

³ Victor Urquidi provided a discussion paper titled "Environmental Policy in Mexico and Federalism: Toward Environmental Regionalization." The purpose of the paper is to draw attention to the need to supplement the federal

economics at Dalhousie University, proceeded to assess the labor secretariat which is based in Dallas and is only now coming into its own after a modest start. While the three institutions have limited powers of enforcement, they are building and reinforcing intergovernmental and societal relationships while promoting transparency and the exchange of information. They provide an entirely new focal point for citizen comment, thus stimulating a civil society that is not only nationally based but also increasingly interactive on a regional scale.

That evening a "State of the Nations" panel brought participants up to date on current developments. All three countries are in a slow growth scenario in the midst of political change. David Crane of the *Toronto Star* said that Canada is faced with an impending fiscal crisis whose consequence will be widening income inequality. Quebec's near separation from the rest of Canada (ROC) is accelerating the devolution of powers to the provinces. And in terms of Canada-United States and Canada-Mexico relations, the North/ South linkage is in some conflict with Canada's traditional East/West linkages. In Canadian politics, the role of governance itself is subject to debate.

NAMI-U.S. president Don Newquist said that for the duration of this year until the November elections, politics will be paramount in the United States. People still want the very thing that Clinton campaigned and won in the last election -- change. Meanwhile, Clinton faces very sticky foreign affairs challenges in Bosnia, China, Cuba, Israel and the Middle East, Northern Ireland, and Russia. Another very important change on the horizon for American politics is the recently passed Farm Bill which will fundamentally change American rural society. Finally, Newquist predicts that the United States will become increasingly aggressive in enforcing its trade laws to appease certain Congressional interests.

Emilio Carrillo, president of NAMI-Mexico, said that while last year was the worst Mexico has seen in 50 years, the political environment is much more stable now than is generally perceived. Only two out of 17 state elections held in the last year were contested.

Last year Mexico's GDP declined seven percent; a million jobs were lost; there was over 50 percent inflation and high interest rates; and banks struggled with non-performing loans. Mexico has lost its capacity to finance growth due to a falling internal savings rate. However, the government remains committed to a continued free market and private-investment fueled economy. If NAFTA becomes part of the political agenda in the United States, this will be bad for Mexico.

The Mexican government is deeply committed to modernizing its country's politics. There is a sense that while 1995 was a very difficult year, now in 1996 Mexico is on the right road, with political consensus building around political reform.

A roundtable discussion on the emerging role of the state in the new federalism began

decentralization approach explicitly adopted in Mexico's 1988 Law on Ecological Equilibrium and Environmental protection with a clear notion of environmental zoning and regionalization as a basis for an effective environmental policy.

with Stanford Professor Barry Weingast. His description of the conditions for market-preserving federalism include: a hierarchy of governments with a delineated scope of authority; subnational governments with primary authority over the economy within their jurisdictions; a national government with the authority to provide a common market to ensure the mobility of goods and factors across subgovernment jurisdictions; a situation in which all governments face hard budget constraints and revenue sharing among governments is limited; and an institutionalized degree of durability protecting the division of authority (e.g. the national government cannot arbitrarily assign or remove powers from the subnational units).

Special Assistant to the President of Mexico for New Federalism, Esteban Moctezuma Barragán, described Mexico's attempt to reform institutional structures in the direction of a welfare-enhanced, sovereignty-preserving federalism. Senator Jack Austin described Canada's struggle to find a society-preserving federalism in the face of Quebec's "sovereigntist" challenge and the attempt to maintain a national sense of community in a nation with no single ethnic core and a relatively weak national identity. He added that the stakes are high and emotions run deep.

Next, the group discussed in detail the financial side of federalism. Former Premier Michael Harcourt of British Columbia described the postwar evolution of enlarged federal roles in Canada and then the subsequent devolution of responsibilities to the provinces. He suggested that this downsizing and right-sizing is driven not so much by goals of effective service but by the race to shift financial responsibility to non-federal levels of government.

Stanford economist Ron McKinnon elaborated on the idea of a market-centered federalism. Chamber of Deputies Finance Committee Chairman Francisco Suárez Dávila discussed the decent from strong central control into the depths of fiscal anarchy and back again to a more decentralized system in Mexico, passing greater tax powers and more responsibilities to state and local authorities, an important development in the shape of Mexico's federalism. Participant Clifford Walsh made a key observation that the search for a tidy fiscal structure is fine, but in the end democracy is messy. In the final analysis, democratic governments must respond to citizens in ways that reflect more the messiness of pluralism than the tidiness of market driven federalism. This can contradict the goals of rational market sustaining federal fiscal systems.

An interesting model for subnational regional development in Silicon Valley was the focus of the next session. Bill Miller, director of the North American Forum and the Stanford Computer Industry Project, and Kim Walesh, director of Collaborative Economics, described a different concept of a community of industrial clusters working together in the face of global economic challenges. The Joint Venture Silicon Valley Network is the result of an economic region coming together as a community, where the businesses, governments, and institutions (education, etc.) collaborate to compete globally, addressing regional economic issues and opportunities. The Silicon Valley Joint Venture approach is interesting because of its emphasis on social capital and community assets which, when properly exploited by business, can create a competitive cluster of global economic networks.⁴

⁴ See also Joint Venture (1995), The Joint Venture Way: Lessons for Regional Rejuvenation and Joint Venture's Index of Silicon Valley, San Jose, CA: Joint Venture, Silicon Valley Network (Tel: 1-800-573-JVSV).

These networks emphasize businesses' sense of connection to and interdependence with their community and its resources. (Note the difference between this approach and the old transnational corporation approach in which TNCs have global operations with no real home). This model stresses control through local networks and coalitions of stake holders. Silicon Valley poses an interesting comparison to the notion of bioregions, in which the idea is that natural groupings form across political boundaries. In Silicon Valley, it is information and shared business challenges that bring competing businesses together for a shared purpose across locally fragmented political boundaries.

The next session looked beyond fiscal federalism to the more general division of authority. University of Toronto Professor Katherine Swinton picked up on Prime Minister Harcourt's comments on shifting fiscal responsibilities to the subnational level, noting that in Canada the federal government is dis-spending not just by pulling out of areas of provincial jurisdiction, but also by pulling back in areas of its own jurisdiction, this has indirect adverse consequences for the provincial governments which have to pick up the pieces. Provincial governments are not only faced with greater freedom but also reduced resources.

While some wonder whether this marks the end of Canada, Swinton suggests it may be the end of Ottawa. Swinton also introduced the notion of a democratic deficit. The effectiveness of federalism in protecting not just the economic union but the social union and national community in Canada is in question. One response is that civic society is clamoring to be part of the decision making process. Civic society in its frustration is bypassing the government and appealing directly to the courts, making direct appeals to supranational institutions, virtual communities, and transborder citizen networks. Georgetown University Professor Mark Carl Rom talked about the social union and the assignment of responsibility for funding welfare. He concluded that democracy is messy and a mixed federal/state system, surprisingly not unlike the current mess in the United States, is about as good a compromise as can be found in this period.

Senator Luz Lajous Vargas discussed the reform of democratic institutions in Mexico, the search for participation, the emergence of citizen groups, the blooming of civil society, the strong focus on electoral reform and the transition from elite authority to participatory democracy. She concluded that the Mexican people are suffering a cruel economic transition, but have signaled their clear demand that the government put in place for them effective working democratic institutions.

The dinner plenary speaker, Alfredo Phillips of the NADBank, described some of the challenges to his infant institution -- namely the vagaries of funding allocations by the U.S. legislature, and the perils of being zeroed out in the process (a fate happily averted thanks to the effort to pull together the diverse and disparate constituents of the NADBank in order to secure the United States' funding commitment to the bank). He also described the challenges of lending \$3 billion for waste and water projects along the border in such a way as to get the funds back. NADBank is, after all, a bank. Furthermore, it must operate in a unique border region far from all centers of government where "cooperation is demanded but intervention is refused."

The final session addressed the cultural dimension of federalism: history, identity, and diversity. In trying to build another layer of shared interests in a North

American Community, the group concluded that there are three crises in three countries: Canada with a sense of nationhood on trial, Mexico with an institutional crisis, and the United States with a real challenge to institutional integrity, the national balancing of culture, class and race.

Stanford anthropology Professor Renato Rosaldo discussed models of unity and community. There can be a national regime of equality and social justice, but also conditions which lead to a coerced conformity. He is working on a "contact zone" model or borderlands model that looks at how larger communities can span large differences (but maybe not inequalities of wealth). Rosaldo said there is "no need to panic in the face of differences or diversity."

Michael Mendelson of the Caledon Institute discussed three decentralizing forces in Canada: federal devolution of authority and responsibilities to the provinces, the continuing debate over Quebec's separateness and globalization. The impact of Quebec's separate identity has led to the breaking up of national groups into subnational groups which affects the networks of relationships that reinforce nationality. NGOs, once national, have followed the political trend and divided into Quebec and ROC organizations -- lateral rather than central. There is a cascading downwards of power and responsibility from the national to the subnational and civic society has to reorganize to contend with this change.

Finally, Marc Pachter of the Smithsonian Institution presented a provocative analysis of the Americans. Starting with the notion of a transnational community in North America with a shared destiny, he said that perhaps there are transnational common interests on trade issues and environmental issues, but these are "high concepts" and do not resonate as daily concerns to most of our citizens. It needs to be made clear why North America needs to work together. Neither is geography and proximity that powerful a force to bring about a true sense of community. In Canada there is a fundamental sense of nationhood on trial asking the question, "can we remain a state if we can't become a nation?" Mexico faces the profound challenge of making the transition from authority to democracy; they know Mexico is a nation but is it a legitimate state? The United States is in a profound crisis of national identity: can the nation survive the nations within it?

In the United States, despite the frequent bemoaning of lack of civic involvement, there is no real institutional crisis. Pachter feels that the leanness in American civic involvement, as manifested in such things as low voting rates, reflects confidence in our constitution. Civility has never been a fundamental American attribute -- individuality has. The essence of America is conflict and its challenge is a class crisis embodying, of course, race. Can Black and White see themselves occupying the same space and the same institutions? While Americans generally believe in diversity, at the same time they believe that the American way is the only true and correct way; that is, they do not tolerate, nor can they imagine political diversity in a shared regional space. (As Pachter concluded in the recent NAMI book, *Identities in North America: The Search for Community*, "In the long run, [America's] growing association with Mexico and Canada will require of it a tolerance of diversity in political style and national culture functioning *outside* the moral dynamic and purpose of its own national life. It will find, in the end,

that being North American is not the same as being American.")⁵ Mexico's condition today represents a burden of history; Canada's represents a belief in the government as social guarantor; and Americans mistrust their government. Americans aspire to be an island unto themselves. The melting pot identity in the United States is a 20th Century construct in which the goal is to melt together into a New Englander prototype with New England behavior and values. The essence of being an American is, in Pachter's words, "participating in the dynamic -- bumping against one another in all spheres."

There is a pragmatic response to American diversity through created hybrids such as the green bagel on St. Patrick's Day. What can be more American than this? In the United States the challenge of race is strong. Voices in the black community cry out for some form of communal governance as a response to perceived political homelessness. In Canada and Mexico similar cries have been heard especially from native peoples. But the justification and response have been very different for indigenous peoples. Pachter believes that self-government for Blacks in the United States would mean the definite end of the U.S. nation as we know it.

The discussion left the group with the idea that Americans really want to be an island unto themselves if only they could put an ocean around all borders, and yet the marriage of cultures which occurs in the United States is the ultimate expression of American society. The United States is also a peculiar blend of a secular and religious state. While the United States does not allow for religion as an element in addressing civic issues, collectively we are a very religious society. And yet we refuse to allow religion to motivate issues.

The three countries' common problem of squeezed fiscal conditions and public resistance to taxation was also discussed. Canada is perceived as a provider nation. But now it faces tax revolt, tax competition, attacks on government and attacks on community. In the United States, wars have kept Americans somewhat tolerant of taxes. For example, the New Deal was defined rhetorically as a war. Yet in the United States, taxation is always seen as an attack on the autonomy and sanctity of the individual, and there is no perceived enemy today.

At this meeting, the participants explored some new facets of North America: the emotional Canadian, the forthright Mexican, and the self-preoccupied American. What counted was the shared recognition of these differences. When all is said and done, the comments of NADBank CEO Alfredo Phillips captured the sense of these discussions, based as they were on a genuine appreciation of interdependence. He had said, in a discussion of border groundwater, "Down

⁵ Earle, Robert L. and John Wirth (1995). Identities in North America: The Search for Community, Stanford University Press p. 39.

there, the lines don't matter." One neighbor can draw the water, the other can pollute it, and at the end of the day both sides suffer. There is an expression that "good fences make good neighbors." The principles of market-preserving federalism seem to come from these roots. But down there in the aquifers, in the global commons, the fences can't work and cooperation is demanded. Finally, the nation-state is changing and federalism is certainly evolving, but they will both be with us for quite awhile

Conference Highlights

NAFTA After Two Years: How Fare the New Institutions?

Resolving Trade Disputes - Robert E. Lutz

The most active and developed area under the trade dispute process established by NAFTA has been Chapter 19, which addresses the resolution of dumping and subsidies. The Canadians' initial unwillingness to have to go through U.S. courts due to a fear that these courts might be in favor of U.S. industry led to the creation of a binational system of arbitration although with no existing institution during the United States-Canada Free Trade Agreement (CFTA) negotiations. Arbitrations would be conducted under binational panels in lieu of submitting trade disputes through the individual legal system of each country. Recent statistics show that since 1989 eighty cases have been submitted under both NAFTA and the CFTA. Of these, twenty-two cases have come under NAFTA's Chapter 19 and fifty two under CFTA procedures. In comparison, the General Agreement on Tariffs and Trade (GATT), has handled approximately 200 cases since its creation in the late 1940s. Also under NAFTA is an investment dispute resolution process that allows private parties harmed by the country in which they invest to make complaints and enter an arbitration process. Article 14 addresses disputes involving banks and other institutions which provide financial services.

Financial disputes can also come under Article 20.

There are still a number of problems with the process. Although a recent report by the U.S. General Accounting Office (GAO) approved of how deadlines were met, and found that impartiality is guaranteed and that there is support for the process, differences in the three countries' legal procedures and cultures pose some problems. The difference between common and civil law systems introduces some of the major obstacles. There are entirely different approaches to the law and the source of law in Mexico, a civil law society. Furthermore, Mexico's investment and trade law is very new. Mexico's history of import substitution and heavy government support of domestic industries often led to biased laws. Today, this has changed, but Mexico's experience with regulating trade on an even-handed basis is very new, and administration of the new laws is inadequate. Also, Mexico's experience with judicial review of trade law enforcement is also very new. Cultural issues are having an impact on how the texts are negotiated and refined in two languages. Understanding the other legal culture's style and learning how to write a binational or trinational opinion has been interesting. Developing friendships between the lawyers and judges on the panels have had a great impact on the negotiating and opinion-rendering of the panel.

There are marked differences in procedure in Mexico, notably the formal style that characterizes the legal culture. Under GATT and NAFTA there are transparent provisions to the anti-dumping code; these notions of transparency are often not as familiar or comfortable for the Mexicans. Mexican agencies have not yet developed the internal mechanisms to deal with confidential information in a way that is consistent with transparency. Arbitration panels have also had to contend with the question of gaps in the written rules of procedure under NAFTA. Faced with the question of which laws to turn to when there are gaps, Mexican lawyers wanted to resort to the more formal Mexican laws, mired in detail. The Canadians and Americans preferred a more open and international process. Finally, there are strict ethical codes of conduct for all the judges on the dispute panels. Since these judges are selected from a very small bar of experts in Mexico they are struggling with conflict of interest issues. Concerns about the trade dispute arbitration panels will always have to do with the impartiality of the panelists and the integrity and independence of the system. A number of panelists have resigned as a result of being discovered in abuses of ethical boundaries; this is a problem for the American panelists too. With the United States and Mexico's Chapter 19 system under NAFTA we are still working through the codes of conduct. We need to come up with a permanent and well-compensated court allowing for the financial independence of the judges. Furthermore, in Mexico there is a controversy among the panelists on political issues. Some lawyers who have sat on panels that have made tough rulings have been given a difficult time politically; this has to stop.⁶

Environmental Cooperation - John D. Wirth

The NAFTA environmental institution came out of the demands of citizen groups to be heard and to add "social" issues to what was originally a straightforward trade agreement.

⁶ For additional comment on the dispute panels see John Barton's article in NAMINEWS, Spring 1996.

Their impact can be seen not only in the Commission for Environmental Cooperation (CEC), but also in the Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADBank). Because of these new institutions, we now have a set of associations that allow problems to be processed, not as foreign policy issues but rather as regional issues. These are examples of how domestic policy spills over into international policy within a regional context.

Non-governmental organizations (NGOs) forced a shot-gun marriage between trade professionals, who focused on free trade and economic liberalization, and environmentalists, who wanted a trade agreement which wouldn't hasten environmental destruction. The differences between these two groups were profound. Trade negotiators stress secrecy and discretion to avoid premature revelation of the negotiating strategy. On the other hand environmentalists revel in premature revelation, and are concerned with moral issues and not complex details. In the United States, there was an underlying sense of unease that environmental standards would race to the bottom as a result of dirty industries or "pollution havens." In Canada there was a fear that the environment would be used by the United States as protectionism and had to be approached carefully so as not to beat up on Canadian industry. In Mexico there was unease about the enforcement provisions. Mexico had been strengthening its environmental laws but did not have enough resources yet to achieve the level of the other two countries. To be acceptable to all three parties, the environmental agreement had to set up mechanisms that did not emphasize punishment, but stressed cooperation and information.

The CEC promotes cooperation in environmental matters by studying common concerns such as migratory birds, toxic release inventory, harmonization of environmental laws, and by monitoring and capacity building. One important CEC initiative is to create a databank of North American environmental laws. The CEC will make these laws available on a comparable basis and has set up an office in Mexico City to help Mexican citizens access this information via computers. Second, the CEC promotes enforcement of domestic laws. The "teeth" of the environmental agreement only sink in at the end of a lengthy process of study and consultation, and only after approval by the three environment ministers who form the secretariat. The CEC's impact is more likely to come from the power of information and exposure, "intrusive sunshine," than from punitive trade-related measures. One example of how the CEC is working is the migratory bird die-off problem. This issue was handled under Article 13 of the environmental agreement by a trinational panel of scientists which gave specific remedial reports and linked the problem to the trinational responses which can be implemented along the entire flyway through North America. The process pinpointed the problems (botulism from sewage) by linking it to trinational issues. The final report on Presa Silva is an artful piece of work which is available from the CEC in Montreal..

Something to watch for as the CEC takes hold is how the trade/environment linkage plays out. This linkage is not generally accepted in the trade community. The World Trade Organization is just beginning to explore incorporating this NAFTA innovation into their work. One way to handle the problem of environmental disputes leading to trade conflicts is actually to focus on dispute avoidance, using the power of information and negotiation before it becomes a problem. The trade community wants the CEC to go slow on the trade/environment linkage, but part of the mandate of the CEC is to make the linkage work.

In Wirth's experience as a member of the JPAC to the CEC, there is an emerging sense of

common space and experience in managing that space in North America. The JPAC's 15-members' bonding experience, the web of associations, and the density of contacts is creating an awareness of partnership although the JPAC has only been meeting for a year and a half. From the outset they met as North Americans and not as national representatives advancing purely national issues. When the question came up as to whom should serve as chair, Wirth suggested following the NAMI model and having the chair rotate from country to country. The JPAC functions by consensus with only an occasional vote. This method has proven useful to the environment ministers. For example, the still inchoate rules of procedure for the CEC were heavily disputed at the level of the deputy ministers for quite some time, because the NAFTA side agreement itself contained rules of procedures which were still full of disputed language. The wrangling over verbs and definitions threatened the functioning of the CEC. JPAC intervened and held public meetings in the three countries for citizens to comment on the rules of procedure. The hearings resulted finally in joint recommendations by the Deputy Ministers which were forwarded to the Ministers. In Wirth's opinion this process would not have gone forward without the JPAC working as a trinational group of North Americans in a trustee capacity lifting the debate out of the level of bureaucratic caution and national interest.

Regarding the expansion of NAFTA and what this means for further environmental agreements, it is difficult to predict due to the upcoming elections in the United States. The U.S. Congress was unable to agree to a "fast track" procedure for future trade negotiations. Currently, there is no public love of trade agreements and congressional representatives do not feel any public pressure to expand U.S. trade linkages at this time. Furthermore, the trade/environment linkage has threatened to become unstuck. The U.S. Chamber of Commerce and National Association of Manufacturers took advantage of Congress' discomfort with the environmental agreement to come out against the linkage. Environmentalists have fought hard but the Clinton Administration, while in favor of free trade with Chile including an environmental agreement, has not fought hard for it. Canada, to its credit, will be signing a trade agreement with Chile which will include the environment. They will use the text of the NAFTA environmental agreement and set an example for the United States to follow.

The Labor Side Agreement - Robert Finbow

The NAFTA labor agreement has demonstrated potential within the limited goals set for it. Free traders feel that regulatory competition between economies is a good thing. Fair traders think it is an unhealthy route to reduced labor standards -- a negative subsidy. NAFTA's labor agreement is nowhere near a European-style social charter with enforcement ability. However it can stop a "race to the bottom" in labor standards from occurring and can fight disguised protectionism. Finbow is interested in looking at the labor commission's potential for creating a trinational labor culture. The dire predictions of what would come about as a result of NAFTA were based on an exaggeration of problems in Mexico and an overestimation of NAFTA's actual impact on tariffs (which were already quite low). But even now, NAFTA is not only a target of the left, but also of rightist populists like Republican presidential candidate Patrick Buchanan.

Like the CEC, the North American Labor Commission (NALC) puts cooperation, consultation, and communication at the forefront, and sanctions apply only in very limited areas. Each party enforces its own laws and citizens are given recourse through domestic channels. Complaints are allowed to be brought before the NALC if they are

relevant to trade. NGOs resisted the construction of genuinely trinational standards or systems because labor unions didn't want transnational norms to disrupt their existing arrangements. Each country has a National Administrative Office (NAO) for the NAFTA labor provisions which are unique among these trinational institutions. The NAOs are domestic organizations within the Labor departments that report directly to the minister of labor in each country. NAOs have the power to accept or reject a petition to the NALC on their own, without having to work within a tri-national agreement. Most NALC cases will be negotiated bilaterally by officials in the NAOs and only occasionally will they reach the ministerial level. Domestic actors bring their cases to the NAO and it decides whether or not to hold public hearings. When these procedures were being established, business was against public hearings.

Nevertheless, the U.S. NAO has held a number of hearings already. The first case was filed against Honeywell and General Electric for infringements of trade union affiliation rights, health and safety issues, and denial of benefits. The U.S. NAO said that no sanctionable issues were involved, but these cases led to a series of meetings between the government, the unions, and business actors of the three countries. These extensive consultations forced officials to respond in public to the criticisms that had been levied. The second case filed was against Sony for rejecting an application for an independent union on dubious grounds. This led Secretary of Labor Reich to meet with his counterpart to improve the right of association laws in Mexico. The third case filed had to do with Sprint disbanding its Spanish language long-distance subsidiary nine days before a unionization decision was to be voted on. The communications union requested this case on behalf of the American union. Sprint claimed it was the result of economic conditions. Mexico called for ministerial talks. The Communications Workers of America have been happy with the strength of the action.

No cases have been brought against Canada to date, probably because cases are complicated by Canada's restrictions on the federal government's authority to negotiate treaties that cover areas of provincial jurisdiction. Ninety percent of Canada's labor laws fall under provincial jurisdiction. Only the province of Alberta has signed the NAFTA labor side-agreement. Quebec had agreed to sign it, but the government has changed and is no longer friendly with Ottawa. A high level of provincial participation must be reached before Canada can make complaints or be complained against. The trade union movement in Canada has been sending fact finding missions to Mexico and will probably emulate the Americans in pushing acceptance of this side agreement. Finbow sees increased exchange of ideas, training programs, and cooperative activities as a result of the Labor secretariat but it is not bringing about a transnational regime of standards. He does see the emergence of a nascent culture of cooperation between the unions and bureaucrats on transnational labor issues, however. Because the Labor agreement allows societal actors to bring forth complaints, it has created new venues for civil society to become involved.

Though it is hard to judge a two-year old institution, Finbow believes there are four areas where the NALC has had an impact. Transnational union connections and interactions can be observed. The NALC process requires unions to cooperate because NAOs can only hear complaints from their own domestic actors. This process could affect the entire culture of the trade union movement. The NAOs are bringing together, under their auspices, NGOs, unions, and other civil society actors, making them more active players in at least one aspect of the bureaucracy of the labor ministries. There is also an impact on the domestic industrial relations of the three countries. The increased presence of

unions is being felt by businesses who feel their ability to raise complaints in other arenas strengthening. Finally, there is the potential for transformation of practices by the official unions as a result of their work and contacts with their counterparts in the other countries. In conclusion, Finbow suggested the NALC offers the possibility that a new transnational corporatism comprised of labor, business, and government will emerge. It also has the potential to achieve trade liberalization without inducing the costs of regulatory competition and a race to the bottom.

Discussion

Barnes inquired how laws could effectively evolve into a transnational context if there is no precedence and no real authority for implementation. While the three countries did not want to supplant their own laws, ventured Lutz, some harmonization had taken place because of GATT. NAFTA and CFTA were intended to replace court systems so that there would be greater fairness in the national representation of actors. This led to binational panels which are now charged with applying the law of the country under which the decision is reviewed, as a court in that country would. In the United States there are limitations at the constitutional level given that any subsequent laws passed by Congress take precedence over agreements made under an international treaty. The focal point of such a conflict would have to do with our international obligations being consistent with domestic law. Typically, however, every effort is made to make constitutional law consistent with international obligations.

Reynolds asked if there were indications that the dispute settlement procedures have improved the efficiency or equity of trade. What has happened, responded Lutz, is that we have created a more accessible process. Trade laws as a trade remedy only came of age in the mid-80s as one of several new options to articulate complaints regarding anti-competitive behavior. Practitioners are now more familiar with the process that is available. In the case of the environment, the new procedures and institutions allow NGOs to play a more constructive role in the trade process, and the CEC and the Border Environment Commission (BECC) especially want them to participate. Moreover, added Finbow, these agreements allow for guarantees that regulatory regimes are adequate. While American unions still see the NAFTA labor agreements as a paper tiger, in such cases as the brewing United States-Mexico trucking dispute, Finbow argued that powerful unions, especially in the trucking industry, would use any leverage they can.

Perhaps some of the most important longer term implications of the NAFTA institutions lie in civil society. In both the labor and environment arenas, these institutions are providing actors with incentives to establish greater linkages. For example in the labor arena, complaints brought at the national level tend to be a joint venture, given that Mexican complaints about the United States need to be raised by an American. Wirth noted that one harbinger is that associational activity on the southern border is now becoming rich, something that began on the Canadian-United States border 15 years ago. On the United States-Mexico border this has only begun to emerge in the last five years. There is now an inter-penetration of NGOs at the local level that is consistent with new federalism to a degree that several organizations in Mexico and the United States can now be characterized as bi-cultural, binational, and bilingual.

Evolving Federalism: The Role of the State in North America *Market-Preserving Federalism - Barry Weingast*

The framework of market-preserving federalism can be used to think about federalism in a comparative perspective. When economists talk about federalism they typically focus on the gains from specialization and exchange and experimentation. Yet how can these discussions be reconciled with different economic performances throughout the world, for example in Russia, the United States, China, and Latin America? Ideally, federalism provides a set of incentives for elected officials to abide by the rules. In this respect, there are two fundamental dilemmas of federalism. First, how do you prevent the national government from destroying federalism by overwhelming the constituent units (states, provinces, and so forth)? Second, how do you prevent the states from undermining federalism by free-riding and failing to cooperate with one another? In other words, how do you prevent national governments from being too strong without losing states sovereignty?

Under ideal circumstances “market-preserving federalism” meets five conditions.⁷ The conditions include: (1) a hierarchy of governments with a delineated scope of authority, i.e., two levels of government or more with specific powers; (2) the subnational governments have primary authority over the economy within their jurisdictions: property law, civil law, etc.; (3) the national government has the authority to provide national public goods, in particular a common market, and to ensure the mobility of goods and factors across subgovernmental jurisdictions; (4) all governments face hard budget constraints and revenue sharing among governments is limited; (5) there is an institutionalized degree of durability which protects the division of authority so that the delegation of authority is not at the discretion of the national government. In Argentina and India, for example, the national government can take over a state.

This framework can be seen as ideal from an economic perspective to enhance prosperity as it guarantees optimal incentives for individual states. Throughout history the richest countries have been de facto federalists, including the Dutch federation, Great Britain, and the United States. But meager growth has been a feature of modern Russia and of post-war Argentina, Brazil, India, and Mexico. In contrast, the United States has managed to meet all of five conditions of market-preserving federalism. It is interesting to ask what happens if any one of the conditions is fundamentally compromised? Since 1937, the second and fifth has been compromised in the United States. Much of Latin America, including Mexico, has experienced disappointing nominal growth. To date, Mexico’s *de jure* federalism has only met condition one. Condition two has been compromised in fundamental ways while condition five has been compromised because of revenue sharing.⁸

The New Federalism in Mexico - Esteban Moctezuma Barragán

Mexico is experiencing a shift in public policy from a debate centered on “what should we do?” to “who shall decide?” Federalism offers a way of structuring responsibilities

⁷ A summary of his arguments was passed out during the symposium and is available at the North America Forum.

⁸ For further readings see Weingast, B. (1995). “The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development.” Journal of Law, Economics, & Organization 11(1): 1-31 and Quian, Y. and B. R. Weingast (1995). *China’s Transition to Markets: Market-Preserving Federalism, Chinese Style*. Stanford, Hoover Institution

and addressing “who shall decide?” Pluralist tendencies in Mexican society have created a need for a new federalism. In its Latin derivation, federalism meant alliance. Historically, Mexico has experienced a struggle between the periphery (liberals) and the center (conservatives) which culminated in the establishment in 1917 of a democratic federal state. However, Mexico has been unable to reach the potential of federalism because *de facto* centralization has burdened and constrained *de jure* federalism. Centralist features in terms of politics and the economy have been advanced constitutionally and metaconstitutionally. The power of the president is great in comparison to the subnational governments.

The new federalism implies a deep transformation of the Mexican state in its legal definition and practice. As centralism is increasingly less efficient, the executive has transferred resources to states and municipalities. Different measures have been taken in the last year to further decrease the metaconstitutional powers. First, a reorganization of the Supreme Court of Justice has been undertaken to make it independent from the executive and to give states and municipalities the capacity to appeal. Furthermore, the nomination of ministers to the Supreme Court has been delegated to the Senate. In the need to balance the three branches, the legislative branch’s contributions have been strengthened. The following are examples of functions and activities that were previously in national hands and now are delegated to states: agriculture, health, social development, communications and transportation, and education.

The Mexican government remains committed to improving the quality of life for Mexicans in the whole country. Federalism is seen as a means to such an end. Federalism itself is not the objective. Many Mexicans still believe that economic and political decisions come from the top. Yet the reality is otherwise. Federalism should be seen as a code of values. To have a stable and equitable development, federalism needs to support national unity and look for equity in the spirit of “co-responsibility.” The federal government has been especially active in fostering greater economic capacity in a context where the president is mainly concerned with promoting a better relationship between states and municipalities. Yet federalism needs to have deep democratic roots so that all of society participates and so that it does not become an imposition from the federal government. Given the entrenched power of caciques in Mexico, federalist measures run the danger of being kidnapped by such local interests. Moreover, many times states and municipalities may not have capabilities to deal with new responsibilities. There is a misconception that Mexico’s new federalism is about allocation but it is a broader attempt to create wealth.

Canadian Federalism Revisited - Senator Jack Austin

The national referendum on federalism led by Quebec represented a rejection of the concepts of nation offered by the leadership. A brief history of the United States, Mexico, and Canada reveals that there are different types of federalism best suited for different societies. The American society’s “life, liberty, and the pursuit of happiness” bespeaks a kind of market society; a society which has a strong sense of its own identity. On the other hand, Mexico’s struggle for independence and revolution have created a strong sense of the Mexican ethnic self. Whereas the later could be termed nation-states, Canada remains a state-nation. The Canadian constitution is different than the United States’ and was created for the purpose of peace (in relations with rest of world) and order (good structures). Rather than a melting-pot, Canadians have tried to build a mosaic based on tolerance rather than a mixture. The attitude in the United States that

government is intrusive has not been adopted by Canadians. Instead, government is seen as acting on behalf of the individual. Canada continues to deal with its identity, as it has since its creation.

The lack of resolution between French and English ethnicities has prevented the evolution of a cohesive society. The first comings together of the Canadian society was due to the first world war, a depression, and a second world war. Unlike the equivalent of the American or Mexican Revolution, Canada was created by obligation. Canada has two challenges. It must agree on the type of state it wants, given the globalization of finance and communication, and it must decide which type of borders it will maintain to protect what interests. While the challenges of global change affect all countries, Canada is particularly vulnerable because its ethnic identity has not been resolved, posing a challenge to the sense of community.

The challenge of finality has been aggravated by the fact that both sides are weary and lacking capacity to find a middle ground. Quebec Premier Lucien Bouchard has proved to be amazingly adroit at exploiting the dissatisfaction with the state of Canadian federalism. In the last three days of the referendum, he was able to bring a swing to the close vote of 50.4 to 49.6 percent, barely rejecting an independent state for Quebec. Mr. Bouchard is now adopting a change of strategy, stressing measures of a revised economic partnership with the rest of Canada, therefore leaving the political for later. His thesis is that separation can come at very little cost.

The on-going crisis will confront ministers in the first quarter of 1997. Prime Minister Jean Chrétien needs to bring the separatist process to an end. The long agony of Canada's internal debate must be brought to a conclusion. While there is a need to have cultural and linguistic laws so as to protect those in Quebec, further decentralization must be pursued cautiously in order to safeguard the capacity to respond to a crisis. Canadians have told Mr. Chrétien that they want to participate in establishing criteria under which Quebec would be allowed to succeed should it choose to do so. The next referendum will probably follow the next provincial election around 2000 or 2001. Quebec will then make the decision as to where it wishes to be. This is a very painful process full of fear that the country will be broken up with major repercussions.

Discussion

A participant questioned the effectiveness of the current Zedillo administration in implementing change. Since Zedillo took office there has been a campaign to characterize him as a weak president. However in the interim, Zedillo has modified one of the three branches of government, the judiciary (supreme court). Over the course of approximately one month, he initiated an extensive reform of the supreme court despite vocal opposition. Furthermore, Zedillo gave the senate greater participation in determining who was going to be a minister of the supreme court, as well as decentralizing the process of choosing the president of the supreme court. The arrest of former president Carlos Salinas de Gortari's brother was also a show of decisiveness. Additionally, peace was negotiated with the Zapatistas. The president has opted to leave the resolution of internal problems to the states out of choice. This is not a matter of capabilities but of decisions. While substantial reforms and changes have occurred in Mexico, the political culture continues to be very vertical and its citizens like to be told what to do. But this is changing, allowing the relationship of society and government to mature. At present, the federal government needs to raise most revenues and then

distribute them among the states. Many governors want more redistribution but do not want to raise local taxes. There needs to be an understanding that we are in an era that calls for co-responsibility.

Managing The Nation-State: Subsidiarity and Fiscal Federalism

Introduction - The Honorable Michael Harcourt

The evolving federalism in many developed countries such as Canada appears to be largely driven as a response to fiscal deficit problems. The depression of the 1930s and 1940s brought about centralization in Canada. Many American cities have already been afflicted by tragedies of the poor on the streets, a diminishing middle class, and the flight of the wealthy, thereby irrevocably destroying community. This phenomenon is now affecting Canada. Montreal and Toronto's downtown reflect a similar division with the rich getting richer and the poor getting poorer.

Under Canada's Tory government there was a change within the social contract. The federal use of spending power in the 1960s was aimed at bringing about national Medicare, social services, and education training on a 50-50 cost-sharing basis. Every province came into these programs which created new universities and provided a social safety net. Just as these programs were hitting their full capacity, a cap came into effect and the federal government began to withdraw from these programs. Under the present liberal government, the \$2.2 billion funding in British Columbia will decrease to \$1.4 billion over the next thirteen months and then will be eliminated in the next five years. The federal government is now in the final stages of withdrawing funds from these programs. Within 36-48 months, there will be no funding at all from the national government.

Another issue addresses regional winners and losers. The fiscal federalism and the new federalism in Canada's social transfer plan is but a cover for abandonment of the national standard. The province of British Columbia (BC) is in a relatively good position to absorb these changes. In the recent period, the BC economy created 40% of Canada's new jobs. This increase in new jobs is in part due to the 500,000 people who are fluent in a diversity of languages, especially those of the Asian Pacific region, who help facilitate joint ventures and the expansion of trade with Asia. Less fortunate areas going through economic stagnation will see the better educated leave for other areas. Certain areas of Quebec and other provinces may be confronted with a permanent crisis as people move to Alberta and British Columbia. Twenty percent of Atlantic Canada's population may leave. Newfoundland has lost 35,000 jobs. Furthermore, the shift from rural to urban will create greater demands for resources at the same time that funding to municipalities is cut. The current retrenchment of national social standards puts further strain on British Columbia, which receives 100,000 Canadian immigrants a year. Its citizens are now paying 100% of the cost but can afford it because of a healthy economy.

Funding Infrastructure Needs and Fiscal Federalism in Mexico -

Dip. Francisco Suárez Dávila

Mexican federalism has had a distinctive history since its beginning struggles started in 1824 between the centrists and the federalists. Federalism held the country together in the 19th century when the government was fiscally weak and dependent on foreign capital. The states had internal customs and toll taxes which made the states stronger vis-a-vis the central government. After the Revolution, the distribution of power went to

another extreme as all basic tax powers were given to the central government. The federal government played a major role in modernizing the country. In the context of fiscal federalism a significant change that took place in the system was the modern sales tax. In 1990, a valued-added tax was implemented and a new covenant of fiscal coordination was provided.

The states receive about twenty percent of their tax revenues from the federal government and must give municipalities about twenty percent out of that amount. Tax sharing agreements represent about eighty percent of a state's revenue with twenty percent going to the municipalities. The current debate revolves around decentralization as the government and an increasingly multi-party Congress acknowledges the need to do so. Neo-liberalism gives more power to the market. Federalism is an approach to how much power to give to the states, rather than to the federation. Last year, tax sharing to states increased to about twenty-two percent. A fundamental change in education has also occurred and reforms are now underway in issues of health and agriculture. Changes in the democratic process are evidenced in that four governorships, fourteen state capitals, and hundreds of municipalities belong to the opposition. About thirty percent of the Mexican people are now governed by the opposition. The pitfalls of federalism can be seen in the corruption at the local level where public management takes place. Mexico has also suffered from a severe case of debt abuse. The Constitution prohibits states from borrowing abroad or within the country unless authorized by the government. When the states were allowed to borrow, interest rates rose and this created a need for restructuring. Meanwhile, Mexico has made progress on its fiscal design and process resulting from the political struggle. One can see this process as a federalist revolution. Now Mexico needs to create a better balance. Optimally, expenditure should be on a 50:50 ratio. Mexico needs to give states a greater burden, thus encouraging co-responsibility. Decentralization should not occur unless it includes the decentralization of power and responsibility. The current economic crisis, however, provides very little leeway in the area of infrastructural investment.

Finally, there is a need to have an industrial and regional policy to prevent disparities that have produced uprisings in Chiapas. As northern Mexico stands to benefit disproportionately from NAFTA, new concerns arise over regional inequalities. Initially, NAFTA should have played a larger role in correcting regional disparities. Instead, there is now a need to inter-construct a supportive incentive so that states and municipalities will have transparency in funds and present projects that have better probabilities of success. Citing Carlos Fuentes, Dávila stressed that there was a need to reconcile global economic demands and nationalistic claims. Somewhere there is a balance between the demands for integration and the divergence of nationalities that can be met through federalism.

Capital Markets and Fiscal Federalism in Canada and the United States -

Ronald McKinnon

The massive build-up of debt in many European states should draw attention to those governments which appear to have acted more prudently. One case in point is the relative fiscal discipline manifested by the U.S. states. The sum of American state and local debt has remained fairly constant as a share of GNP since 1929.⁹ This feature

⁹ A handout titled "Capital Markets and Fiscal Federalism in Canada and the United States" was distributed at the symposium. For further readings see McKinnon, R. I.

stands in stark contrast to the explosion of debt at the federal level. The key to this feature was already mentioned in Weingast's presentation, namely the fact that all levels of government under market-preserving federalism must face hard-budget constraints.

The question of why there is such a contrast relative to the United States government is addressed by linking it to Weingast's condition 4: where all governments must face hard-budget constraints. The United States and Canada are among the many federal governments which own their central banks. In effect, government can control the means of settlement on their own terms. The national government consequently has the best credit rating, as reflected in treasury bills and industrial bonds. The government of Canada can always issue debts. Through the ownership of the central bank, the central government can easily borrow. The hard-budget constraint faced by U.S. states is complemented by a clear separation of economic jurisdictions. If all powerful governments are centralized, then government cannot limit itself to allow the bankruptcy of states. As is known, this led to inefficiency in the ex-Communist states. In many other federal systems, such as those in Europe and Canada, governments have intricate sharing programs which undercut hard-budget constraints, fueling excessive borrowing and inefficient allocation of resources.

Until recently, Canada was running a state system which blurred the lines of fiscal separation due to excessive federal cross-subsidization. Since capital markets viewed the provinces as an extension of the federal government, this allowed them to build up a very serious debt. In the past, provinces were seduced into major projects. Presently, part of the change in the federal level is to put caps on the availability of generous monies. Although this creates a tremendous transitional problem, Canada will be better for it in the long term. What is significant is that the provinces have an adequate tax base of their own. The federal government continues to have an important role to play in maintaining free trade within the country and in providing national public goods, such as defense and forestry.

McKinnon did not share Harcourt's bleak assessment of the current adjustment process in Canada. Until mid-way through this century, per capita income in the southern United States was half the national average. After WW II, there was a tremendous revival in this region with no massive transfer of any sort except fiscal separation. The success of these states and their process of convergence was the result of a number of market-enhancing initiatives, including the abolition of the archaic Jim Crow laws. The Taft-Hartley labor law, which allowed southern states to have unrestricted competition, provided another incentive for industry to flow south. Admittedly, citizens enjoyed lower benefits for a long time, but these have since equalized. A similar revival could be fostered in Canada through competition and hard budget constraints. Yet if states are in competition with each other under a soft-budget constraint in the European sense, state-owned enterprises crop up and wasteful investments occur due to excessive subsidization. Vigorous U.S. competition between states has succeeded not because of national efforts but through the function of horizontal competition under a hard-budget constraint. The idea is to set up state taxation for local government services that they would deliver. Some Canadian provinces are now being down graded due to excessive borrowing, in contrast to the vast majority of U.S. states.

(1994). Market-Preserving Fiscal Federalism in the American Monetary Union. Stanford, CA (unpublished MS).

Discussion

In reference to McKinnon, Crane questioned the impact of spending and debt on future generations and the impact of underspending on welfare and education on those generations. Limits on borrowing will most directly curtail social spending. The California public has often lost out in a similar process. In the case of the revival of the southern United States, massive federal defense spending undoubtedly must be considered.

The challenge of striking the right balance between equity and efficiency in a federation are evident in the case of natural resources. The issue of resource taxation in the U.S. case of Montana was settled by granting the state a 32% severance taxes on coal; one of the highest severance taxes recorded. The courts determined that this was consistent with the national common market provisions. Similar debates as to the levels and incidence of natural resource taxation are evident in Mexico and Canada. For example, Chiapas is a major hydrocarbon producer. The Mexican government has sought to keep taxation in this regard, with important exceptions in gas and oil, from such states as Chiapas and Tabasco. In Mexico, the real revolution in fiscal matters has been at the municipal level. Under past revenue sharing schemes, 70% of municipal funds came from the federal government. In the last 10-15 years, particularly in large cities, there has been a decrease in their reliance on federal funds by 30%. More importantly, these lower levels are now doing more with available resources.

A New Model for Sub-National Regions in North America

Opening Comments - Alex Inkeles

A case like China suggests that the engines for growth are the cities like Shanghai and Canton, which are growing rapidly with complex ties to the outside world. The generation of wealth is important and must be driven by increasingly local models. Consequently, national (and most notably federal) and sub-national models must focus more on the creation, rather than the distribution of wealth.

A New Model for Sub-National Regions in North America -

William F. Miller and Kim Walesh

The demise of socialism provided a signal to governments that they needed to pay greater attention to efficiency rather than equity, while looking for a better balance between equity and efficiency. This shift needs to be implemented at the community level. The new globalism leads to localism. The experience of Silicon Valley provides a generic model of regional prosperity that operates best under market-preserving federalism. A research team at Collaborative Economics, drawn largely from former Stanford Research Institute (SRI) international staff, has applied this experience in more than twenty local economic development projects. Other areas that have adopted regional models include Florida, Indiana, Kansas, Arizona, Minnesota, and Texas (although not at state level).

A convergence of forces leads to regional advantage. Silicon Valley has been able to successfully generate high-tech firms for a generation. Yet as David Packard stressed, firms need to pay attention to four things: share holders, employees, customers and community. The lesson of Silicon Valley is that sometimes one must cooperate in order to compete. In the early 1990s, Silicon Valley was confronted with slower job growth,

fewer start-ups, and high-tech companies who chose to expand elsewhere after leading the nation in growth from 1972-84. The high-productivity community was faced with the fundamental challenge of how to adjust to technological and economic changes. Regional initiatives with little or no federal government intervention emerged. But, the initiative relied on the local community and the help of the Irvine Foundation. There was a huge disjunction between economy and community, suggesting the need to create a total quality community. Though it was no longer possible to rely on top-down processes in an environment where innovation had become increasingly accelerated, a new kind of innovative organization emerged. It was pioneered by Joint Venture Silicon Valley and based on six principles: 1) communities must take responsibility; 2) clusters drive regional economies; 3) collaboration links economy to community; 4) continuous improvement is the ethic; 5) civic entrepreneurs are the catalyst, not the government; 6) commitment to implementation is key, and success is reflected in how its is measured.

Discussion

Although Joint Venture is by no means the only factor in the recent upturn of Silicon Valley's prospects, in response to a question, Miller said that it is at the margin where joint venture appears to make a difference. Ultimately business confidence in the region is critical. One advantage of private sector leadership is that people tend to believe their time will not be wasted. Joint Venture relies on the private sector for about 95% of its support. One of the positive sum gains is that it goes deep into the community because business recognizes its role in the development of the community. The average citizen can track the progress of business' role in community development through benchmarks published annually and quarterly on the Internet and in printed form. Increasingly, the press is very supportive. From the start, the Joint Venture Silicon Valley initiative ensured that the process was inclusive by bringing in union members to the board.

A participant asked if Singapore is similar to the Silicon Valley model. Miller suggested that it was a somewhat different example, given that it was both a nation and a community. In the case of Singapore, Fukuyama's notion of social capital resides largely with government. Yet government is reaching the limit of what it can do. By following the Soviet model "top-down", Singapore has not sufficiently fostered the emergence of independent entrepreneurs. An important aspect of this type of social capital in civil society is that people do believe that they have gained access to capitalism. The Silicon Valley model is not just a cultural phenomenon although it is, of course, more apt to work in certain settings. To a large extent the Silicon Valley model transcends culture. For example, the model has been applied in Philadelphia and in Mississippi where Native Americans have become an economically viable community, creating jobs and raising the standard of living. In Adelaide, Australia, noted Walsh, there were efforts to see if government could make a difference.

Was the Silicon Valley group doing anything to bridge divisions and increasing inequality in the California economy? Welsh noted that the group was working with other communities, such as San Diego and Santa Barbara. Ultimately, the incentive had to come from the regions themselves. The main reason communities sink is due to a lack of training and education. Communities must do a better job giving people the skills needed in the economy.

Downsizing and Devolution

Federalism and Regionalism in Canada: Rebalancing or Offloading? - Katherine Swinton

The federal government in Canada has used the more positive term of re-balancing to describe offloading/decentralization. Historically, Canada has gone through periods of centralization and decentralization. Although the distribution of legislative powers has been much the same since 1867, the judiciary has experienced an important evolution. Spending power has been an important way for the federal government to influence provincial jurisdiction, often seen as improper by Quebec.

As the federal government increasingly pulls back, this will impact all types of social assistance by the state. Although lower levels are given room to experiment more, they must do so with less money. Many on the left see this as analogous to what is happening under the NAFTA regime. Rather than a transfer of power to lower jurisdictions, rebalancing signifies an increasing transfer of power to the market. Many believe that shifting towards a more competitive federalism will also make the system more accountable. Yet the current changes in Canadian federalism suffer from a “democratic deficit”, with many of the decisions being made hidden behind arcane negotiations. Canada is going through a (small c) constitutional change with very little public debate. The frustration of civil society in participating in Canada’s federalism has generated efforts to apply pressures through the courts, by referring for example to human rights provisions.

Although interdependence will not decrease, this may signify the end of Ottawa. While the federal government is pulling out of health, it will be still be interested in children. However, the federal government will use different instruments. The myth is that there are real national standards. Currently there are five principles of Medicare. If the federal government does not pay, to what degree should it be able to set national standards? Ultimately, there will be a need to get away from the idea that national standards should be federal standards; in fact they should be more cooperative. Federalism is also important in the effort to preserve different types of national communities. Canada remains a country of competing constitutional visions. What is the role of Ottawa in all of this? Is Ottawa becoming so weak that the country will lose a sense of the national? Ottawa is still active in criminal law, trade and commerce, international trade, banking, and the environment. Where should Ottawa be involved? The Quebec separatists have in part made federal off-loading responsible for their own fiscal woes. Yet for many, the Quebec agenda has not just been to recover powers lost, but to step out of union. In the past, the “intrusive” nature of federal policies were designed to promote national unity.

Welfare Programs: Sinking Swiftly and Silently - Mark Carl Rom

The Republican Congress has asserted that it wants to end welfare as we know it by transferring these programs to lower levels by means of block grants. Politicians claim that we need to do something dramatic to end the sixty-year old welfare experiment. These measures, however, may be akin to solving the health problem by killing the patient. The present problem is that too many people are dependent. Central control, it is argued, threatens only to magnify the failures of welfare. The idea is that ending central control on welfare will give the states greater incentive to innovate. Liberal states can then be more liberal, and conservative states more conservative. Yet if the programs of the liberal states work, they will attract the poor, promoting the notion of a race to the bottom. More important, we would lose knowledge by turning full control over to the

states. The notion of the race to the bottom will discourage states from experimenting. There would be little incentive for states to study their welfare policies, as these are expensive and potentially embarrassing. Republicans are aware of this and aim to structure the federal system correspondingly.

The “war on poverty” initiated in 1964 has undoubtedly absorbed extensive federal resources. But we must recognize that these are not problems that can be eradicated. Hunger is not something that can be solved as it returns every day. Poverty is a problem that can be better managed over time, it can’t simply be abolished. Possibly the best analogy is that of a good diet, as it needs persistent attention. Consequently, the best option for the welfare system is probably a shared system, structured much as it is currently, to maintain a social safety net. Under this system the Clinton administration already gives states the power to experiment through federal waivers. This is for example the case in New Jersey where the state is required to study its actions.

Reshaping Mexican Politics and Institutions - Senator Luz Lajous Vargas

Amidst one of the worst years in its recent history, Mexico has had to grapple with the fact that its traditional politics and institutions are obsolete. All the political parties have felt pressures to change and strengthen themselves, as well as to strengthen the system. There is an on-going search for new rules. The current atmosphere is one of anxiety, but also one that represents an historic watershed for all participants. The PRI lost many elections last year. Although the PAN has won most of these, it too is looking for a strategy. The PRD has lost space and has not been able to consolidate. All three parties are currently in the process of changing their top leadership.

The Mexican people have demanded elections as their legitimate way to express opinions in a clean and fair system. Consequently, the main issues being discussed at the current time is electoral reform. Another important issue is the financing of parties. Since the parties are seen as part of the public sphere, there is a consensus that they should be, in large part, publicly financed. The balance of power between branches of the federal and state governments is another important issue. Also being debated is the question of the rule of the federal district, and the rights of native peoples.

Over the last the two years, there has been an on-going effort to arrive at a broad consensus. Everyone, including the parties, civic organizations, and the media, is participating in this process. At any one time, fifty or sixty negotiation groups are in progress. The center of negotiations, however, has occurred at the “mesa central”, which includes the party leaders, senate head, and the interior minister. The central issue has been electoral reform. Since the PAN has decided to leave the table, the PRD is now cooperative. However, any agreement would require changes in the constitution, in which a two thirds vote is needed. Although no one party can pass these measures on its own, there is hope that all three parties can do it together. There appears to be little belief that these reforms will happen quickly. The only concrete institutional changes that have happened to date are those advanced by the president in which he has agreed to act only within the strict boundaries of the Constitution. Most notably, the judicial system has been completely revamped. The Mexican people have suffered extensively in the last two years and are now demanding sound institutions in return. In response to a question asked by a participant, Senator Lajous said that, to date, the Mexicans have increased their voter participation with a 75% voter turnout in the 1994 register.

The Role of NADBank as a New Institution

Keynote Speech - Alfredo Phillips

The consolidation of the North American Development Bank (NADBank) has been a delicate matter from its inception. A recent effort to pass the second tranche of capital, held in the U.S. legislature, was made possible only with the help of a public rally of support, most notably from Senator Pete Domenici (R-NM). The Bank is now able to pursue its founding objective, namely to improve the quality of life along the border.

Why a bank for the border? The situation along the border is perhaps best captured by Carlos Fuentes' remarks that "the present international context demands cooperation but refuses intervention." Common problems such as water and solid waste are becoming increasingly important, while pollution does not require a visa to cross the border. Such issues as water underscore that it is impossible to put a fence below the ground to meet the challenges of sustainable development along the border. Currently there are more than 14 pairs of major cities or towns along the border. Agencies such as the International Development Bank and the World Bank do not lend in the United States, and typically lend only to governments. Yet border residents feel very distant from national capitals. Based in San Antonio, Texas, the NADBank has been formed to develop environmental infrastructure along the 100 km border, an area with over thirteen million inhabitants. As the Bank lends directly to projects, it has found itself working directly with communities, in part to ensure guarantees. The organization promises to remain small as the Bank tends to work with the help of external consultants.

Although the Bank has not yet actually engaged in lending, projects in the Mexicali area are close to being finalized. The NADBank's six member board of directors is divided between the United States and Mexico. Secretary of Hacienda Guillermo Ortiz heads the board until September when U.S. Treasury Secretary Robert Rubin will succeed him. Eventually, the Bank will be capitalized with three billion dollars to bring forward lending of ten billion dollars. Although the Canadians were not party to the Bank's creation, they can participate, for example, through credits for Canadian environmental capital equipment. Although binational differences still persist, efforts are being made to bridge these differences. In Mexico, for example, states and municipalities cannot borrow in foreign currency, although efforts to work around such problems have been evident in a trust fund set up by President Zedillo.

The State of the North American Community

The Requisites of Community - Renato Rosaldo

Two contrasting models of community can be proposed. The first represents a model of national community or "coercive conformity." Although the model might now be thought of as an obsolete product of the 19th century, it is still very much with us. Following this concept, European immigrants shed their former identity to become what Arthur Schultz termed "the new man," or "the new man in the new world." Identity meant the same language and culture, in the context of a shared territory. Benedict Anderson, a political scientist very sensitive to cultural issues, talked about the "fraternal order of the national community." But he literally meant equality and fraternity as the national ideology. Such notions produce narratives of national citizenship like those portrayed in the movie *Forrest Gump*. In order to achieve a national community, you do not need a great deal of talent, you need massive innocence and some male bonding. This can be sustained as a narrative of who truly is the citizen, the citizen soldier.

Another concept that went with this model was the notion that the condition of equality and justice in the nation was for everybody to be the same, and that it was very hard without this condition to maintain a regime of social justice. This model should be understood as obsolete, certainly in the strong sense -- if not at the ideological level then at the analytic level.

Now another model is emerging, which goes in the face of what we have all learned in school in the United States. As opposed to a "national community model," there is now a contact zone or borderlands model. The basis of unity in this model is quite different from that evident in the "coercive community." The idea is that you can forge larger communities when there are differences present. There can be differences of language, of heritage, there can even be differences such as inequalities of wealth (although one obviously does not want these to get out of hand). The operative term is *solidarity*. Rather than despair that chaos will break out, fearing that a domino theory of norms will operate, the focus should be on the factors that forge the unity, seen in the kind of operational model evident in Durkheim based on the social division of labor in modernity. Solidarity comes out of the fact that people actually realize that they are doing different things in order to survive. There is no need to panic in the face of marked differences.

A research project in San Jose, California, which Rosaldo hopes will serve as the inspiration for a short book on national communities, focuses on the patterns of interaction which may sustain unity in a community. Each group may operate under a different "reasonable person standard." His research looks at the values individuals carry with them, discovering that "the reasonable man's" standards may not be the same as a "reasonable woman's." Among Hispanics in a California community, the research illustrated shared values at the level of importance accorded to such ideas as "dignity" and "civility." Perhaps a way to look for ways to have diversity coexist with a sense of unity is to look at the family. Families tend to be units not only of biology but also of shared interests; people are not all the same in families, each member has his/her own identity. Yet they are still a unit, out of a sense of solidarity, if not identity.

A common feature of democracy is a sense of dignity and self-respect. For example, in San Jose's Mexican-American community, the foremost thing that comes to people's minds when thinking of social relations is not civility but *respeto*, respect. Most people learned this term from the father.

Political discourse in the public arena is however still largely based on the obsolete model of community, which nevertheless seems to have a monopoly on our attention. The other model of unity based on solidarity based on divisions of labor has not yet caught our attention. There is still the sense that with differences things will fall apart. There are possibilities for building larger identities.

The Erosion of National Social Capital in Canada - Michael Mendelson

The decentralizing forces in the Canadian federation are leading to a rapid deterioration in the "national social capital" and undermine the prerequisites of a national community. This process is evidenced at the level of national communal organizations. Changes at the level of federal government can determine whether an organization remains national or refocuses itself as a sub-national organization according to which form is seen to best meet an organization's objectives. The trend in decentralization subsequently threatens

to cascade downwards to communal organizations as the center of power shifts from a national to a sub-national level. Such a process can snowball, ultimately feeding on itself. For example, the Canadian Council of Social Development, a major social policy advocate group, just recently broke up into two groups, no longer making it a pan-Canadian organization. The organization was recently strained after the Quebec delegation brought forward sixty-seven different bylaw measures designed to split it. Earlier the group stayed together because of federal support. A different kind of organization is the Canadian Labor Congress, which is also split along its Quebec affiliation. Although this is by no means a scientific survey, it does indicate that these kinds of voluntary organizations which form the backbone of national community are splitting between Quebec and the rest of Canada.

Similarly the Canadian Conservative party split into the PQ and the Reform party. The Mulroney coalition was really a coalition between western conservatives and separatists. Mulroney made a deal with the devil to get himself into power, based on an agreement that they would support each other's projects by means of decentralization. Many in the PQ are not conservatives but social democrats. The ability of the Quebec government to collect the goods and services tax has given it the power to truly govern. Many people believe that Canada should continue on the path of decentralization to appease groups; others feel that we have gone too far, that center programs need to be maintained to show groups that there is a reason to remain in the federation. Yet this analysis indicates that the federal government should be pursuing public policies to promote the endowment of national social capital. In this vein, decentralization appears like shoveling coal into a fire to put it out. Ultimately, there may not be enough left to appease the contending groups.

The Unsuitable North Americans - Marc Pachter

The effort to forge a transnational community in North America represents a special challenge given the fact that Canada, Mexico and the United States have very different national ideologies. In contrast to Latin America, which is a community by cultural affinity, North America has always been seen as an Anglo-concept, which in the past has never included the Québécois or Mexicans. Rather than culture and ideology, common interests and geography must provide the underpinnings for the North American community. In this respect, environmental concerns probably represent one of the strongest rationales for continental cooperation.

The case of Canada, which has also come about primarily through geography, may best exemplify the limits and perils to forming a national community. Canada has been based on common interest, on providing the "good deal." Yet Canada represents an on-going crisis of nationhood, one which must constantly examine its *raison d'être*. In contrast, the United States and Mexican national identities are "soaked in blood." Each of these countries nonetheless suffers from a different type of crisis. Mexico's crisis is a combination of political and economic crisis, a crisis of shared-governance. The United States is also in a profound crisis of national existence; a crisis where whole groups of the society no longer feel that they belong or fall under the institutions of the nation. Although the crisis is typically perceived as being about race, it is more fundamentally about class. The crisis has little to do with the current electoral environment. Elections in the United States always tend to be centrist, and low voter turn-out has tended to be more a sign that the majority of Americans are comfortable with their national constitution.

American ideology makes its citizens unsuitable North Americans. The American ideological transformation has to do with a lack of contiguousness, the centrality of having crossed oceans, of having separated oneself physically and geographically from cultural origins, which makes being comfortable with transnational identity difficult. This does not happen for Mexico and Canada. The melting-pot notion of America was really a liberal notion of the early twentieth century. The standard of being American was seen as being, looking, and behaving like a Northern European Protestant. Liberal notions later infused this concept with the assumption that you don't have to be born Northern European to act. Being American was no longer hereditary, which was after all an American heresy. Being American means being part of a dynamic, a process of "bumping against each other." To be Asian-American or Latino is simply to be part of the process of bumping up each other, to be part of the process of conflict which stands at the core of American society. The "green bagel" syndrome of St. Patrick's day embodies the notion of American eclecticism, the capacity for "created identities."

Yet while diversity is accepted as given, Americans are universalistic in that they do not believe in political diversity within the American political framework. Their world view is one that believes that it is the ambition of all the world to be American. Canada and Mexico represent two of the models of which Americans are most anxious to divest themselves. Mexico represents the burden of history. Canada is a nation that historically believed in a central government as the guarantor of social well-being. Most Americans fundamentally mistrust the central government as a guarantor of fundamental things. The only reason the constitution was accepted was because of the Bill of Rights, which was a restriction on government. It does not seem possible to think that Americans could ever understand political diversity. Americans are still engaged in "political masturbation," and are unable to think outside themselves.

Discussion

The American fascination with crossing oceans, noted Wirth in his commentary, proves especially interesting in the current context because the major source of U.S. immigration now comes overland. For example, many immigrant communities now see themselves as truly transnational, members of multiple spatial worlds, where half a village lives in the United States, the other half in Mexico or Central America. Overseas Chinese are another example of a network of people that is not nationally based.

The other interesting notion is that of borders. The entire country of Canada is really a uniquely border society, lacking the continental sense of the United States and Mexico; consequently, this is reflected in the real importance of Canada for defining North America. As Alfredo Phillips mentioned in the case of the United States-Mexico border society, there is Mexico, there is the United States, and then there is something different in between; such places represent locations for types of interactions that are fundamental to our identity. With globalization, the sub-regions of North America will also become more important in defining who we are.

Concerning NGO's, Robert Putnam argues that environmental organizations create weak social capital. His analysis, however, is based on examining broad-based national organizations such as the Sierra Club. Missing from this picture are the local and state-based environmental groups described in this meeting, which have recently exploded. Few have really thought of the link between these organizations and the national arena, a

citizenship from the bottom up.

With an example such as Switzerland before us, which is able to function quite well with regional and linguistic differences, Hervieux-Payette stressed that it was hard to believe that Canada had become unmanageable. The dominant issue dividing Canada has been the “distinct society.” It is important to remember, however, that the term distinct society does not mean the same thing in French as it does in English. The English Canadians feel that Quebec’s demands have to be continually met. Yet given the fact that French Canadians adhere to civil law, they only feel that it truly exists once written into law. The rest of Canada should be able to understand this. Consequently, there should be less of a fear that a formal asymmetrical type of federalism necessarily would put the country as a whole in jeopardy. This fear suggests that Canada is stuck in the frame of an English model, whereas until the 1960s Canada was a very decentralized federation, and may simply be returning to this state. Rather than a marriage of love, Canada has been a marriage of convenience, which after all may be the type that lasts the longest. On the economic front, NAFTA may facilitate this relationship. Although Mendelson agreed that some type of asymmetric federalism is desirable, his concern was more for those features which would keep the country together. Whether this was still possible was uncertain.

Canadians, noted Crane, are always struck by the American belief that the United States is a nation created by God, and the fact that politicians are constantly having to demonstrate that they have religious convictions. In Canada, the public does not have the vaguest idea if politicians go to church or not. Pachter commented that this “religious impulse” was one of the great paradoxical facts of American life. The notion that the country is one chosen by God for a special people, starts with the Puritans. This then connects with the revolutionary era, which was informed by a French enlightenment transformation of those earlier notions of divine right. This is why America is the oddest combination of a secular and a religious society. Most of the time Americans don’t worry about this because the state is not under one religion. This is an important distinction. The most interesting feature, however, is that although most of our people are religious, most of our elites tend to be secular. It is this tension that tends to be the most interesting, because one doesn’t admit that religion animates, and it surely does.

Rosaldo stressed that a more appropriate question should be where should we centralize and where should we decentralize. A lot of these questions should take into consideration which races the proposed measures impact. Maybe the best model of community is not about coming together because people have things in common, but with a concern that there has to be another unifying model. It may be important to learn from the collapses of past societies not so much by looking at long-term declines or transformations, but rather at short-term critical instances. A participant noted that this is especially important since many processes have been accelerated. A useful analogy, suggested Rosaldo, is the carrying capacity of the land and its viability as a working system.

The revolutions in corporate culture, suggested Cowan, have parallels to the debate around new federalism. In business, reinventing the organization means going from vertical hierarchies where strategic and potentially strategic information is fed in at the top and filtered down to more horizontal organizations, with more distributive processes. There are striking similarities between these innovations in business and what was talked about in the forum. Given that the external environment is changing so rapidly, we are

all facing an information crisis. A closer look at the parallels between how firms are coping with these challenges, and how communities and public institutions are confronting challenges such as an exhausted population carrying capacity, climate changing, and other environmental changes, may be worth a further meeting.

* * *

At this meeting, concluded Dobell, everyone started departing from their national types, to become the emotional Canadians, the very forthcoming Mexicans, and the reluctant Americans. In this spirit NAMI is an example of the social capital that will contribute to the backbone of an emerging North American community. There is a tradition in the United States that good fences make good neighbors, and market-preserving federalism in a sense comes from those roots. Such an approach reflects a search for neatness, each tub on its own bottom. But as Alfredo Phillips noted, with respect to groundwater under the border, “down there the lines don’t matter.” It is in the challenges of the commons where NAMI has to think more about its program. The nation state and federalism are still evolving and underscore the need for a “bio-sphere enhancing federalism.” This meeting focused on three parallel experiences with federalism, thereby seeking to gain greater insights into the powerful transitions occurring in North America as a region

List of Participants

Canada:

Senator Jack Austin

NAMI-Canada and The Senate of Canada

Tim Barber
Office of Senator Jack Austin

David Crane
The Toronto Star

Edward Daughney
Merit Kitchens

Rodney Dobell
NAMI-Canada and University of Victoria

Robert Finbow
Dalhousie University

Hon. Michael Harcourt
Premier of British Columbia

Senator Celine Hervieux-Payette
The Senate of Canada

Brian Long
Department of Foreign Affairs

Ian Mallory
Westcoast Energy International, Inc.

Michael Mendelson
Caledon Institute of Social Policy

Katherine Swinton
University of Toronto

United States

Rebecca Reynolds Bannister
NAMI-U.S.

Thomas Garden Barnes
University of California, Berkeley

Norman Collins
The Ford Foundation

George A. Cowan
NAMI Board and Santa Fe Institute

Larry Diamond
Stanford University

Allen Ellis

Ellis Interfin Services, Ltd.

Walter Falcon

Institute for International Studies

Jody Freeman

UCLA School of Law

Margaret A. Gray

NAMI Board and Nonprofit Consultant

Andrea Guerrero

Texas General Land Office

Jacqueline Hoefler

Hoefler Scientific

Alex Inkeles

Stanford University

Kristin Johnson

Stanford University

Richard Kiy

Scientific Applications International Corp.

Steve Knaebel

Cummins SA de CV

Diane Lindquist

The San Diego Union-Tribune

Robert E. Lutz

Southwestern University

Bill MacGillivray

NAMI Board and Hughes Aircraft, (Ret.)

Ronald McKinnon

Stanford University

William F. Miller

Stanford University

Don E. Newquist

NAMI-U.S. and
U.S. International Trade Commission

Hon. Frank V. Ortíz

NAMI Board and U.S. Ambassador, (Ret.)

Mark Pachter
Smithsonian Institution

Jim Polsfut
G.E. de México

Clark W. Reynolds
Stanford University

Victoria Rodriguez
University of Texas, Austin

Mark Carl Rom
Georgetown University

Renato Rosaldo
Stanford University

Kenneth E. Scott
Stanford University

Albert E. Utton
NAMI Board and University of New Mexico School of Law

Kim Walesh
Collaborative Economics

Peter Ward
University of Texas, Austin

Barry Weingast
Stanford University

Mason Willrich
Energyworks

John D. Wirth
President, NAMI and Stanford University

Mexico

Emilio Carrillo Gamboa

NAMI-Mexico and
Bufete Carrillo Gamboa

Senator Luz Lajous Vargas

Mexican Congress/Senate

Cesar Lajuds

Consulate of Mexico

Esteban Moctezuma Barragán

Special Assistant to the President
on New Federalism

Blas Pérez Henríquez

Consulate of Mexico

Alfredo Phillips

North American Development Bank

Carlos Phillips

Grupo Interindustrias, S.A. de C.V.

Dip. Francisco Suárez Dávila

Diputado

Victor L. Urquidi

Colegio de México

Australia

Cliff Walsh

Adelaide and Flinders Universities