

Jerry Haar, Leslie Hulser, and Raúl Montalvo, *Forces and Factors Shaping North American Economic Integration*

There are eight forces and factors that are interactively shaping North American economic integration; and all of these, to greater and lesser degrees, will determine the future success and sustainability of a fully implemented NAFTA. Given the symbiotic relationship between Canada, the US, and Mexico, macroeconomic factors will have a significant impact at both the regional and global levels. Policy stimuli, exchange rate developments, the ability to harness the gains from global trade, and ongoing developments in business regulation and corporate reorganization will pose daunting challenges within and among the NAFTA partners. Increasing competition from Asia, migratory pressures, and the factors of technological capacity and workforce skill levels will confront government, business, and labor with difficult choices. Nevertheless, despite the numerous vulnerabilities that NAFTA members share—such as weak infrastructure in Mexico, high taxes and labor costs in Canada, and huge fiscal deficits in the US—all three nations possess specific competitiveness strengths and corporate cultures that recognize and respond to the promise of broader and deeper regional economic integration.

Stephen Clarkson, *Does North America Exist?*

Understood as one among a number of world regions, North America is an enigma displaying many diverse realities. Seen

in its formal but ineffectual at ineffectual institutionalization by the North American Free Trade Agreement, it is considerably less than meets the eye. When examined in such governance spheres as transborder water management or agriculture where geographical proximity matters, it turns out to have considerably more substance than first meets the eye. In other cases, such as the regulation of financial services or intellectual property rights, what appears as continental policy harmonization is really a manifestation of globalization. In contrast, anti-terrorist border-security measures are just what they seem: US-driven inter-governmental policy coordination in which the hegemon ends up depending on the periphery's collaboration.

Global market consolidation in the steel and automobile industries suggests that the continent has lost its chance to become a regional regulatory space. The failure of the 2005 Security and Prosperity Partnership of North America to reconcile the US government's fixation on border security with the continental market's need for free trade confirms that North America is not about to develop along the lines of the European model in which the wealthy help the poor and continent-wide infrastructure knits are the member states together.

Laura Macdonald and Jeffrey Ayres, *The Song Remains the Same: The role of Civil Society in the North American SPP Process*

International negotiations involving trade rules and regulatory harmonization continue to be dogged by questions over transparency, legitimacy and effectively, popular democracy. Analytically, the older "club model" of multilateral negotiations has been delegitimized by a process of "complex multilateralism," that permits the inclusion of perspectives from a wide range of

civil society organizations. However, the trilateral process that created the the Security and Prosperity Partnership of North America (SPP) between the three NAFTA states has resisted this trend towards expanded political opportunity by decentering the process of trilateral (and bilateral) negotiations, and shifting the center of decision-making power toward bureaucratic structures that are resistant to democratic accountability. Instead, in the post-September 11 context of heightened security concerns, the SPP process has restricted the forms and opportunities for citizen engagement and deliberation about the future of North American integration. A powerful network of political and economic actors has crafted a narrow vision of a post-September 11 economic and security space at the expense of other civil society actors (non-business). In this paper, we examine the constrained multilateral political opportunity structure in the North American region by documenting the unequal opportunity structure for consultation available to business as opposed to non-business civil society actors within the SPP process, as well as legislative actors.

Giovanni Peri, America's Stake in Immigration: Why Almost Everybody Wins

While competition from new immigrants reduces wages in some segments of the US labor market, the evidence suggests that the great majority of American workers benefit from the influx. Immigrant labor over the last decades has only very slightly depressed the wages of the least-educated US workers, but it has increased the wages of workers with high school diplomas or more. As of 2006, 89 percent of native workers had a high school degree or more, and only 11 percent lacked any degree and the number of native workers with no degree has been

shrinking fast. US-born workers are climbing the educational ladder, acquiring interactive/analytic skills and progressively leaving the manual jobs that are those in which immigrants are typically found. If the trend continues as expected most of the manual labor could soon be performed by foreign-born labor. This would imply large wage gains for native workers, since they will be able to specialize in language-intensive and interactive tasks that are typically far better paid. In summary, as citizens of the US, Europe and Japan become both more educated and older (and quickly so), they are becoming increasingly complementary in production to potential immigrants, who are less educated and younger. These potential gains, for both immigrants and receiving countries, will only be realized to the degree that immigration restrictions are relaxed.

Joseph Dukert, *Energy Interdependence in North America: The New World Faces a New World*

Dramatic adjustments in energy and environment offer new challenges, but also opportunities for freshly creative collaboration among Mexico, Canada, and the United States. They could build on the new US President's hope to address climate change issues while emphasizing efficient energy use and "clean energy" cooperation.

These three nations are a continental energy market—not only for oil and petroleum products, but also for natural gas and electricity moving in both directions across each border. With "conventional" hydrocarbon reserves dwindling, each country needs liquefied natural gas imports. Environmentally acceptable investment is also needed in deepwater offshore drilling, Canadian oil sands, and US shale gas. Yet global eco-

conomic distress and uncertainty about future oil costs and prices discourage risk-taking.

Suggestions include coordination of energy and environmental policy within each nation under an international umbrella, regional cooperation, trilateral meetings of federal legislators, and a biennial North American Energy Outlook based on official data with projections to the future. Leaders of all three countries are urged to make such activities “as transparent to the public as possible, to avoid misunderstanding of their intentions and to help improve public understanding and support.”

Sidney Weintraub and Francisco E. González, *Energy Policy and Climate Change: North America in the Context of the Western Hemisphere*

In this article, Sidney Weintraub and Francisco González address the issues of energy policy and climate change in the Western Hemisphere. Specifically, their debate focuses on which would be the best regulatory framework for the control of future emissions of CO₂ and other gases that contribute to global warming in the energy/climate change subsystems of North America (Canada, United States and Mexico) and the South American subcontinent, where energy is less integrated and per capita consumption is lower compared to the former. If the United States adopts a cap and trade system, they argue, cooperation on energy/climate change in the hemisphere would yield benefits, namely by increasing our potential to preserve carbon reserves, such as the tropical rainforests of South America. And in the unlikely event the United States opts to levy a direct tax on CO₂ emissions, the North American alternative would produce tangible results, given the high level of energy

integration that already exists between Canada, the United States and Mexico, conclude the authors.

Raúl Benítez Manaut, *The Mérida Initiative: A New Paradigm in Security Relations between Mexico, the United States and Central America*

Security is one of the issues that dominates relations between the United States, Mexico and Central America, outranking even trade in terms of importance. The onslaught of organized crime in Mexico and Central America, particularly activities related to drug trafficking, has prompted the governments of these regions to step up their cooperation and information-sharing efforts. Meanwhile, Mexico's top security forces—principally the military—are waging a “war on drugs” that has had major repercussions on all three countries Mexico shares borders with. According to Raúl Benítez Manaut, notions of absolute sovereignty have been set aside in favor of the resolution of security issues, marking a complete change of paradigm. For the first time ever, Mexico has acknowledged that it does not have the resources to combat drug trafficking on its own and that it requires the assistance of the United States to do so. Essentially an international phenomenon, drug trafficking can only be combated through cooperation and the pooling of resources. In this context, relations with Central American nations and Colombia take on even greater importance and will inevitably revolve around defense and security issues, given that these countries share borders and face common threats like drug trafficking and gang warfare. The disadvantage at which those fighting organized crime find themselves at and the permeability of international borders make cooperation even more crucial, concludes the author.

Jean-François Prud'homme, *The 2008 United States Presidential Elections and Latin America*

This article examines the first months of the Barack Obama's administration with regard to its foreign policy towards Latin America. The basic argument is that there will be no spectacular and structural changes in the relations of the United States with its neighbors to the South in the Western Hemisphere. The main difference with the Bush administration will be in the tone of those relations, as a stronger emphasis will be placed on universal values and on the US responsibility in global affairs. This may translate into efforts to reach out for consensual agreements with Latin American countries in regional fora. However, the region will not be a priority on the US foreign policy agenda. The countries which will matter the most are those whose politics are closely connected to US domestic politics such as Mexico and the Central American and Caribbean countries.