

MEXICO-U.S.-CANADA RELATIONS IN THE NEW WORLD ORDER

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We are faced today with the most pivotal moment in this country's relations with Mexico and Canada. Over the last year, we have witnessed the ongoing dialogue intended to forge a North American Free Trade Agreement (NAFTA). This free-trade agreement would be the largest and wealthiest in the world. The United States would be entering into a free trade agreement with its first and third largest trading partners, Canada and Mexico, respectively. This, prospectively, could have a direct impact on 350 million people in these three countries. We have heard a lot of reports on the benefits of such an arrangement from the three governments involved as well as from others who support the negotiations. We also know, despite repeated assertions by the administrations, that this deal is not only about trade, but also about lowering tariffs and other barriers. NAFTA involves something far more extensive than simply a commercial agreement. It will have a powerful impact on how the three nations of the North American continent will relate to one another, and to the world beyond, outside of the pure economic context.

Although the mad rush of events around the world continues to startle us, we cannot simply remain spectators as a "New World Order" is pronounced. In particular, we have before us the opportunity to promote a new relationship among the peoples of our continent. We are currently presented with NAFTA as one proposal of how to create better economic opportunities for ourselves. But we must carefully explore this opportunity along with other possibilities.

I wish to discuss the trilateral relationship between Mexico, the United States, and Canada, and the role of this relationship within the "New World Order." To do this, I would like to comment on three aspects of this trilateral relationship: 1) The political and economic factors of the last decade that have led to this economic precipice; 2) the North American trilateral relations as

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they exist today; and 3) the questions that must be raised in order for us to assess the future of trilateral relations.

The proposed formation of the trilateral relationship lends itself to a complexity of first and third world comparisons. The disparity between the national economy of Mexico and that of the United States and Canada are enormous: Mexico's wages are one-tenth that of the U.S. and Canada, and Mexico's overall economy is one-twenty-fifth of that of the U.S. Over the last ten years, Mexico has become increasingly dependent on the U.S. for basic needs, such as grains, credit, technology, investment, and trade. And while Canada and the U.S. enjoy two of the highest standards of living in the world, Mexico, although a wealthy nation by comparison to other Latin-American countries, has one of the lowest paid labor forces in the world and is the developing world's third largest debtor. Yet, despite these differences between Mexico and the U.S., there has been an accelerated process of economic and, to some extent, social integration over the last ten years. Moreover, the U.S. and Canada have continued to strengthen their relationship. This increased independence of both Mexico and Canada has shifted the trilateral relationship from one of total dependence on the United States, to one of interdependence amongst the three countries. With the emergence of economic blocks in other regions of the world, such as the Pacific Rim, and the European Common Market, the move towards forging a North American block appears to be logical and timely.

We must first consider what has led each of these nations to consider the NAFTA proposal. In 1982, all three nations were faced with perhaps the gravest economic crisis since the Great Depression. The response to the crisis was remarkably similar by all three governments: the strategy for recuperation was based on reducing the role of the state in the economy and allowing the private sector to take the primary role in re-establishing growth. In the U.S., we called it Reaganomics. In Mexico and Canada, similar economic strategies were adopted to invigorate the private sector. Almost a decade after instituting these changes, each government continues to believe that this is the right path to "economic growth." All three governments have declared their policies a success. But success is in the eye of the beholder. Let us look more closely at what they term "success."

- In Mexico, runaway inflation is now under control, private investment is rising, and the economy is showing signs of growth after almost six years of no growth (since "la crisis" of 1982). Furthermore, the stock market is currently booming.

- In the United States, Reagan claimed he created millions of

new jobs, reduced government spending, and promoted new growth through his "supply side" economics.

- In Canada, there were claims of stability in the economy and of new possibilities for investment and jobs as a result of close relations with the United States. In 1989, this was capped with the signing of a U.S.-Canada Free Trade Agreement. But the policy successes claimed by Mexico, the U.S., and Canada are only part of the picture.

In Mexico, real wages have declined by fifty percent. Over half of the population is malnourished. Twenty-two percent of the national wealth is controlled by some thirty-seven entrepreneurs and most of the private investment is in the hands of three-hundred families. Meanwhile, forty million Mexicans are in poverty and seventeen million of these are in "extreme poverty." Very few jobs have been created for the one million job-seekers that enter the labor market each year. Today, there are more landless peasants and peasants with insufficient land for production since the time of New Spain. Furthermore, immigration to the north reached unprecedented levels over the last decade. As you know, there is nothing more difficult than leaving one's land and home. Yet, people are leaving their possessions and families behind because they have no options. Furthermore, Mexico continues to pay close to \$10 billion a year to service its debt. Ironically, if one considers all the capital that left Mexico in foreign debt payments, corporate profits and capital flight in the 1980s, Mexico is in fact not a debtor but a creditor of the United States.

In the United States, the true costs of Reaganomics are just now being revealed: income inequality rose to its highest level in the post-war era in the 1980s, and the number of Americans living in poverty grew throughout the decade. While most American families lost ground in economic terms, those at the high income level grew wealthier. In fact, for the first time ever, the current generation of young working people will not have a higher level of life earnings than their predecessors. In addition, most of the jobs created during the 1980s were at minimum wage, even though average real wages declined by about fifteen percent over the last decade. Some three million Americans are homeless. Nearly a quarter of all Americans cannot functionally read or write. Urban areas are in decay. Family farmers are losing their land, and the Savings and Loan scandal, which is estimated to cost all of us some \$500 billion (a figure almost equal to the total of third world debt), continues to devastate regional economies. To underscore these economic problems the United States maintains the dubious distinction of holding the world's largest debt.

In Canada, the recession combined with the effects of the U.S.-

Canada free trade agreement has meant the loss of an estimated 200,000-250,000 jobs. It has undermined national social welfare services and has caused the government to relinquish power resources in favor of natural resources.

Yet, the proposal to create a new relationship among our three nations is precisely based upon these realities. This initiative, as proposed, will not stop at the southern border of Mexico, but is to be the first concrete step toward establishing a hemisphere-wide free trade area, or the "Enterprise of the Americas" as called by President Bush. Again, we are told that the policy of removing the obstacles that obstruct the flow of goods and investments, and reducing the role of government in conditioning the "free market", will lead to "economic growth." In fact, this economic growth concept is merely part of the gospel preaching the "New World Order." One can argue that these policies are merely a continuation of the "old order" that was not especially beneficial to the majority of Americans. Nevertheless, the government's argument is stated as follows: free trade leads to increased investment and exchange of goods which leads to jobs, and all this promotes economic growth. Free trade is not an end in itself, but an instrument towards economic growth.

As we proceed along this free trade agenda, we must then ask what kind of economic growth is being proposed for the three nations of North America. Although economists can point to economic growth in Canada, Mexico, and the U.S., there are more people than ever before that are outside this circle of prosperity.

This raises my second concern: What are the premises that are being discussed under this proposed trinational relationship? As I have suggested, the integration process among the three countries has been underway long before the NAFTA was discussed and will continue with or without an agreement. The proposed agreement is simply an attempt to formalize the integration process. Although it is narrow in scope — according to the negotiators, it deals only with specific trade-related matters such as tariffs and other barriers — its implications go far beyond trade, and these implications will condition and transform the trinational relationship. Furthermore, remember that these negotiations will be used as the model for the hemisphere-wide approach. Yet, we already have a concrete example — the U.S.-Canada Free Trade Agreement.

The U.S.-Canada deal was negotiated in four years and was implemented at the beginning of 1989. In the beginning, the Canadian government argued that the deal was essential if Canada was to protect access to its most important market, the U.S. The government also argued that it would create tens of thousands of new jobs and create new prosperity. But critics of the deal reveal that

rather than the creation of jobs, close to a quarter million have been lost, Canada's right to determine the use of its own natural resources has been surrendered, and its social welfare system has been undermined as corporations and the U.S. argue that it is an unfair subsidy for trade. Given the results of these previous negotiations with Canada, and given that the proponents of the NAFTA put forth the same arguments about jobs and economic growth, we have no alternative but to seriously question their predictions.

No one is saying that prosperity will immediately follow the signing of a free trade agreement. Many argue that it will take time to see the benefits. The proponents argue that this deal is better than no deal, and any benefits in terms of new jobs and investments will be more of an improvement than not. Yet critics warn that there is a very clear danger that integration with Mexico will not promote prosperity, but rather cause U.S. and Canadian living standards to spiral downward as these nations are pressured to compete with the lower Mexican labor and environmental standards, social programs, and incomes.

The current premises for the trinational relationship have a dimension that is inevitably linked to its future prospects. The fact that the U.S. is by far the most powerful of the three partners raises questions of sovereignty and self-determination. We must not forget the history of the Mexico-U.S. relations and/or ignore the obvious implications of the asymmetry of power as the three nations redefine their relations. This does not mean that an isolationist or ultra-nationalist stance is the only option for those who worry about the loss of sovereignty, but each of us needs to understand that this issue of sovereignty is very much on the agenda as we discuss reformulating relations among the three nations.

As the three governments continue to negotiate the new trinational relationship in haste, those of us who stand to benefit or lose must make sure to examine this effort closely. And this brings me to our third and final area of concern: What will the NAFTA mean for the future of trinational relations and for each of us within the continent?

The challenge before us is unprecedented. We have an opportunity to explore new ways for the people of our three nations to build the future through a cooperative approach. To do this, we have to start thinking binationally and trinationally, and to define the role of our constituencies in this extraordinary process of establishing a new framework of relations between the first and third worlds, and between north and south, where Mexico and Latin America meet their northern neighbors. We must press our government to elaborate on the concept of economic growth.

Most of us here at this conference are binational people. The

role of Mexican-Americans is critical at this juncture because it is the Mexican-American people who can serve as unique translators of the binational reality. Most people in each of our three countries usually think only in terms of our borders, our economy, and our people. As a result, this challenge is a new one. But today, we must go beyond and begin thinking of ourselves as a trilateral people confronting an increasingly interdependent and common future. It used to be said that when the U.S. sneezes, Mexico catches pneumonia. Well, our challenge today is to find a common health for the 350 million of us, and to spread it throughout the hemisphere.

Over the last few years, during the integration process and especially now during the great free trade debate, one extraordinary result has been the novel meeting of social constituencies that for the most part had never engaged with one another. Trade unionists, farmers, environmentalists, the religious community, Latino and Black community organizations, businessmen, human rights activists, and researchers and scholars have come together as never before to discuss the implication of integration among them, to exchange experiences and to fashion proposals in response to the free trade agenda at the local, regional, national and trilateral level. We are getting to know each other through the discovery of our interrelated interests, concerns, and domestic and international relations that increasingly affect us. I think that this ongoing dialogue is perhaps the greatest benefit of the free trade debate.

Finally, we must once again ask the following as we discuss a new relationship among the three nations as part of the "New World Order:" What kind of economic growth do we want to pursue, and for what ends? Obviously, our experience with economic growth teaches us that not all growth is good for all people. Growth may have harmful consequences on the environment, and may leave future generations cleaning up our environmental and economic messes.

I think we could reach a consensus if we decided that economic growth must serve to sustain development for our societies. If we define sustainable development as the participation of the majorities in the economic, political, cultural, and social decisions, then we can begin to pursue the kind of economic growth we want. It is here where the social constituencies must decide what is best for their interests. We must find common ground with constituencies here in the United States and their counterparts in the other countries. Only in this way can we ensure that our future will be democratically decided: that those who are to benefit from economic growth will participate, and that decisions will be based on the right of self-determination of all people as we find ways to cooperate for our mutual progress.

The vast majority of us work for a living. We produce goods or provide services. Today we have the opportunity to explore the possibility of creating a new relationship between Mexico, the U.S., and Canada which can benefit the majority of us, and especially the working men and women of all three countries.

Abraham Lincoln, an admirer and one time key ally of contemporary Benito Juarez who fought to defend Mexico's independence and to forge a modern nation, stated: "All that harms labor is treason to America. If any man tells you he loves America, yet he hates labor, he is a liar. If a man tells you he trusts America, yet fears labor, he is a fool The strongest bond of human sympathy, outside of the family relation, should be one uniting all working people of all nations, tongues and kindreds."

The challenge of establishing a new relationship among our three nations is before us. Whether it will be a "New World Order" or simply a new arrangement of old pieces is left to be seen.