

# Trinational Elites Map North American Future in "NAFTA Plus"

By Miguel Pickard | August 24, 2005

*"I would like you [of the press] to understand the magnitude of what this means. It is transcendent, it's something that goes well beyond the relationship we have had up to now."*—President Vicente Fox, regarding NAFTA Plus, onboard the presidential plane returning to Mexico from George W. Bush's Crawford ranch, March 2005.<sup>1</sup>

NAFTA (North American Free Trade Agreement) has been in effect almost 12 years and a new stage, NAFTA Plus, is in the works, referred to as "deep integration," particularly in Canada. The elites of the three NAFTA countries (Canada, the United States, and Mexico) have been aggressively moving forward to build a new political and economic entity. A "trinational merger" is underway that leaps beyond the single market that NAFTA envisioned and, in many ways, would constitute a single state, called simply, "North America."

Contrary to NAFTA, whose tenets were laid out in a single negotiated treaty subjected to at least cursory review by the legislatures of the participating countries, NAFTA Plus is more the elites' shared vision of what a merged future will look like. Their ideas are being implemented through the signing of "regulations," not subject to citizens' review. This vision may initially have been labeled NAFTA Plus, but the name gives a mistaken impression of what is at hand, since there will be no single treaty text, no unique label to facilitate keeping tabs. Perhaps for this reason, some civil society groups are calling the phenomenon by another name, the Security and Prosperity Partnership of North America (SPPNA), an official sobriquet for the summits held by the three chief executives to agree on the future of "North America."

When NAFTA was negotiated in the early 90s, civil society had little chance to provide input. In Mexico there was no public consultation. The Mexican congress at the time, still controlled by the Revolutionary Institutional Party (PRI), held perfunctory debates. Today civil society in the three countries is better informed and mobilized. In Mexico the congress no longer rubber stamps bills sent by the president. This explains in part why deeper integration is taking place through a series of regulations and executive decrees that avoid citizen watchdogs and legislative oversight. Activist civil society organizations have to work overtime to keep up.

The initial steps for the creation of a new North American space have already been taken. Mexico, in particular, will have to make the most far-reaching adjustments, and face difficult questions regarding national identity and the nation's future. In Canada, although the issue is generally unknown, there is now lively discussion within academic settings and NGOs.<sup>2</sup> In the United States, the issue is still off the screen.

Matters of identity and sovereignty for the United States will likely be mute, given that it has the most to gain and the least to lose. Advantages for the United States will include the right to decide on crucial matters such as "pushing out" its borders in response to regional security concerns, and access to strategic natural resources, particularly oil, gas, and fresh water. For the trade, manufacturing, and financial elites of Mexico and Canada, NAFTA Plus will likely mean a "porous" border for its products and services, and virtually unrestricted access to the United States, still the largest consumer market in the world.

The trinational elites of the private sector will accrue greater benefits in this new space, but the American government and private sector will reap the greatest gains. The three countries will not be equal partners. As in the early 90s when NAFTA was negotiated, no pretense will be made now of taking into account the huge asymmetries between the United States and its smaller partners, likely leading to an erosion of sovereignty for Mexico and Canada.

In spite of the foreseeable advantages to the United States from this new North American space, the idea does not seem to have originated with the U.S. government. Rather it has been a "work in progress" for more than a decade by academics and entrepreneurs in Canada and the United States and, surprisingly, by President Fox after his election, or, more accurately, by his closest advisers.



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After initially rejecting it, the idea of a “North American community” has come of age among U.S. government strategists and a convinced George W. Bush is now vigorously pushing it forward.

The elites’ main justification for deepened regional integration is the supposed “resounding success” of NAFTA. Even among academics it is surprising how NAFTA’s shortcomings are glossed over. Many studies fail to go beyond the undisputed rise in foreign investment and the volume of trade between the three countries since the start of NAFTA.<sup>3</sup> Much ado is also made of the degree of integration achieved, insofar as some products flow so easily from one country to the next that the border has in essence ceased to exist.

But these studies downplay or omit altogether NAFTA’s negative side. Much praise has been heard for the few “winners” that NAFTA has created, but little mention is made of the fact that the Mexican people are the deal’s big “losers.” Mexicans now face greater unemployment, poverty, and inequality than before the agreement began in 1994. With NAFTA, the Mexican economy has created few jobs for the population and Mexicans increasingly have three options to survive: migrate, mostly to the United States, join the informal economy, or turn to illegal activities. *The Economist Intelligence*

*Unit*, affiliated with the British weekly *The Economist*, has reported that in “the first four years of President Vicente Fox’s government the economy has failed to create even one formal job in net terms.”<sup>4</sup>

These are minor details for those sold on free trade. World Bank analysts found that evidence can be “constructed” to show that “the benefits [for Mexico from NAFTA] are not as large as those promised by [...] supporters,” due to “certain remaining trade distortions that were not fully removed under NAFTA.”<sup>5</sup> Restated, NAFTA’s problems or limitations can be remedied by more of the same. With such prescriptions, it is only a small conceptual leap from NAFTA to NAFTA Plus.

## A Bit of History

The idea of deeper trilateral integration came from several sources. One of them was the American academic Robert Pastor, ex-member of the U.S. government’s National Security Council, and a close personal friend of Jorge G. Castañeda, secretary of Foreign Relations at the start of the Fox government.

In the early 1990s, when NAFTA negotiators were still wrangling over arcane language, Pastor was proposing ways to “improve” the treaty. According to Pastor, NAFTA was off to a bad start, since negotiators were mostly seeking to dismantle trade tariffs. For Pastor it was crucial to find ways of integrating the three countries, similarly (but with important differences) to what the Europeans had done since the 50s. Years later, Pastor would bemoan that NAFTA’s promise had gone unfulfilled, since it lacked a “grand vision” for the three countries, i.e., a much richer perspective than the emphasis put on trade.

In his book *Toward a North American Community*,<sup>6</sup> Pastor detailed his vision. He called on the United States, Canada, and Mexico to integrate by taking advantage of the positive aspects of the transatlantic experience, yet rejecting European values that were supposedly “inappropriate” for the New World. (Pastor

refers to Europe’s unwillingness to let “market forces” resolve social concerns such as employment, education, health, housing, nutrition, etc., and thus its relatively heavy bureaucracy, compared to the United States, for redistributing income.)

Pastor’s book might have had greater circulation and impact had it not been for the unfortunate timing of its release—just days before September 11, 2001. After 9/11, the United States closed its borders and xenophobia set in, in a degree unprecedented since at least before the start of World War II.

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In the midst of patriotic fervor in the United States, Pastor's "grand vision" must have seemed preposterous. His proposal that the United States integrate with foreign countries (specifically Canada and Mexico) languished on bookshelves for years. Yet today many of its ideas have reemerged as NAFTA Plus; for example, the advantages of "deepening" trilateral integration as a step towards enacting the Free Trade Area of the Americas (FTAA); or the distinction Pastor makes between defending "borders" and the "periphery;" or the advantage of holding periodic summits among the three chief executives to speed the pace of integration.<sup>7</sup>

## In Canada

The idea of deeper integration with the United States began circulating in Canada before 9/11. As with Mexico, NAFTA had strengthened trade between Canada and the United States, but it had not eliminated the frequent and costly trade disputes between the two. Canada, in particular, complained that the United States bent the rules and spirit of NAFTA to restrict imports of some of its products and services, all the while maintaining subsidies to important American producers with political weight to throw around in Washington.<sup>8</sup>

The discrimination against certain Canadian products contrasted with others (cars, steel, computers, and electronic products) for which integration had been so seamless that the border had become irrelevant. The energy and capital markets also operated without border-related restrictions.<sup>9</sup> Canadian trade elites perceived that if the U.S. border were permanently propped open as a result of a deeper integration, the barriers that the United States imposed on some Canadian exports could, in essence, disappear.<sup>10</sup>

Things worsened dramatically for Canadian trade elites after September 11. While the United States struggled to comprehend the dimensions of the spectacular blow on its soil, Bush decreed the immediate shuttering of all land, air, and sea borders, and by so doing provoked millions of dollars in losses, *per hour*, to Canadian manufacturers and retailers, as well as the closure of 11 plants in

Canada.<sup>11</sup> Canadians complained bitterly in Washington, to no avail given the prevailing climate. The U.S. government coined the now oft-repeated adage "security trumps trade." It was clear that the U.S. security apparatus would spare no effort to protect the country from attacks on its territory, even if it meant billion-dollar trade losses.<sup>12</sup> The previous adage, "business is business," was dethroned (but not forgotten).

The Canadian private sector was dumbstruck. Its stability, profits, and even survival were threatened, given the almost total dependency on American markets for

Canadian exports and imports. Not even the 1989 bilateral trade treaty with the United States, the 1994 trilateral NAFTA, nor the ongoing integration of the two markets could avert, if U.S. authorities deemed necessary, an abrupt and unilateral border closure that would detain or hinder passage of Canadian goods, services, and capital.<sup>13</sup>

Given the new reality, several Canadian think tanks and academic centers focused on designing a response to a possible scenario of crisis and renewed American insularity. In April 2002, a conservative think tank, the C.D. Howe Institute of Toronto, outlined a strategy that was warmly greeted by Canadian trade and financial elites. The author of the study, Wendy Dobson, professor at the University of Toronto, called the proposal the "big idea" of "deep integration."<sup>14</sup>

The idea is simple: to keep the United States from shutting its border with Canada, there should be no border. Canada would need to progressively take steps to "erase" the border by harmonizing its policies, laws, norms, procedures, techniques, methods, and, most importantly, intelligence and security measures to American standards. Above all, Canada would have to demonstrate to the United States that it was as "secure" in the face of external threats as the United States itself, in order for the latter to agree to "disappear" the border for trade traffic.

Dobson's proposal made the flip side of the coin equally explicit: with open borders, the United States, in close collaboration with its private sector, would have unrestricted access to Canada's generous natural resources. In

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fact this process is now well advanced, as several Canadian organizations have shown. The Canadian Centre for Policy Alternatives of Ottawa says that its government, either under U.S. pressure or in willing compliance by Prime Minister Paul Martin's "pragmatic" administration, has been studiously working to harmonize policies in six areas: military security, homeland security, energy security, social security, water security, and global security.<sup>15</sup> In the key military front, it was announced in December 2002 that U.S. and Canadian troops would operate indistinctly on both sides of the border should a threat to either be detected.<sup>16</sup>

## The Same Menu in Mexico

In Mexico, another call for more porous borders was unfolding, which tended to converge with Canada's. Within months of his inauguration in December 2000, President Vicente Fox launched the idea of going beyond NAFTA's economic integration. Counseled by his foreign relations secretary Jorge G. Castañeda (in turn, in constant dialogue with Pastor), Fox proposed Mexico's version of NAFTA Plus, with a limited but important objective for Mexico.

NAFTA had boosted the flow of goods, services, and capital in the trilateral area but, from Mexico's perspective, it had omitted a key factor: its abundant, poorly-paid, and unemployed labor force. Fox proposed labor mobility for Mexicans within a greater "North America," in exchange for certain concessions to the United States.

During NAFTA negotiations in the early 90s, the United States had flatly refused to consider the idea of greater integration of the labor markets. Such a scenario would have been violently rejected by certain influential (and racist) sectors of public opinion, and NAFTA would have been a nonstarter.

In 2001, seven years into NAFTA, Fox took bold proposals to his initial meetings with George W. Bush and laid them out with an aplomb that left Washington observers stunned. The *New York Times* commented, after one visit by Fox to Washington, "rarely has a foreign leader shown

up on the South Lawn of the White House and declared that he and the president of the United States 'must' remake the fundamental rules that have governed his country's uneasy relationship with the United States—and get it done in the next four months."<sup>17</sup>

Theoretically, at least, Fox was right. In totally open markets, labor should enjoy the same freedom of movement that NAFTA had given capital. Mexico's "competitive advantage" is precisely its abundant labor force, but it was facing increasingly formidable barriers to reaching job vacancies in the United States. Perhaps not by accident, NAFTA's start in 1994 coincided with the first U.S. Border Patrol militarized "operations" to seal the border

with Mexico.<sup>18</sup> The blatant discrimination of Mexico's "competitive advantage" had to be eliminated, Fox insisted. The *New York Times* article insinuates that Bush understood and accepted Fox's daring proposals ("endorsing his principles," the *Times* says), although dissenting with him over the timeframe and the political feasibility of pushing them forward.

Few U.S. policymakers perceived a contradiction between operations on the U.S. side to seal the border

and an acceptance by Bush to review migratory policy options. On the one hand, the status quo was not working.<sup>19</sup> Border Patrol "operations" had not detained Mexican migration—in fact it had tripled during the NAFTA years. Still, border crossings had become more dangerous, leading to the tragic death of 4,000 migrants in 10 years. In addition, there were American companies that were begging for cheap, non-unionized workers to fill the "4-D" jobs (dangerous, dirty, dull, domestic) that Americans eschew. And finally both leaders, new to their posts at the time, were disposed to break with policies from previous administrations.

It is quite likely that Fox arrived in Washington ready for tradeoffs. In exchange for U.S. acceptance of more Mexican workers, Mexico would "seal" its own southern border, to detain and deport migrants from other regions, especially Central Americans, whose presence in the United States had skyrocketed since Hurricane Mitch devastated the region in 1998.

In fact, this measure was implemented in July 2001 by Plan Sur (South Plan), whereby Mexico militarized its border with Guatemala and Belize, and the narrow Isthmus of Tehuantepec through which all Central American migrants had to traverse. Fox had asked for a special and privileged treatment for Mexicans, in exchange for hunting down migrants from third countries before they could make their way to the U.S. border. The measure had the effect of “displacing” tasks of the U.S. southern border to southern Mexico.<sup>20</sup>

Fox’s government formalized the idea of creating an exclusive and excluding “North America space,” to which Mexico would gain entry, in essence by turning its back on Latin America. Mexico’s northward-looking bias became explicit with Fox, but it merely culminated a policy that began during the administration of Mexico’s first president of unquestionable neoliberal extraction, Miguel de la Madrid (1982-1988).

Fox likely called on Bush with more than Plan Sur to offer—possibly the privatization of PEMEX (the state oil company) or the Federal Electricity Commission.

Although efforts to privatize these two state-run companies have stalled in the legislature, Fox has not flinched from putting Mexico’s oil at the service of American interests, notably by upping exports to the United States in the weeks previous to the invasion of Iraq.

In any event, the Fox-Bush summit took place in a radically different historic moment. The presidents met in Washington on September 5, 2001, six days before 9/11. Since then the Fox government has retreated to Mexico’s traditional role vis-à-vis its neighbor, i.e., with few exceptions, letting the United States establish the agenda, conditions, and timeframes.

In the new post-9/11 environment, Fox’s bold migratory and integrationist proposals were abruptly shelved by the Bush administration. The ensuing retreat towards a passive role for Mexican foreign policy,<sup>21</sup> particularly regarding the only important foreign interlocutor for Mexico, contributed to Castañeda’s resignation in January 2003.

## United States First Rejects and then Embraces NAFTA Plus

Years had to pass after 9/11 before the U.S. government would even glance at the strange notion of “integrating” with the neighbors. Arguably, it was unusual that neighbors should come calling offering good terms for a deal, and find a frosty reception in Washington.<sup>22</sup> But as years passed, their ideas began to make sense, and Washington warmed to them, especially in light of the new challenges and mission that the United States laid out after September 2001.

In a word, security is the overwhelming concern of the new U.S. domestic and international agenda. The first sentence of *The National Defense Strategy of the United States of America*, signed by secretary of Defense Donald Rumsfeld in March 2005, says it with frightening concision: “America is a nation at war.” Consequently, the first strategic objective establishes, “We will give top priority to dissuading, deterring, and defeating those who seek to harm the United States direct-

ly, especially extremist enemies with weapons of mass destruction.”<sup>23</sup> Although “directly” has been loosely interpreted to mean any U.S. interest in any part of the world, defense of the homeland now gets top billing. “Our first priority,” the document states, “is the defeat of direct threats to the United States. (...) Therefore, the United States must defeat the most dangerous challenges early and at a safe distance, before they are allowed to mature.”<sup>24</sup>

In April 2002, the United States unilaterally created the North American Command and drew a defense perimeter around itself, Mexico, Canada, the Caribbean, and adjacent seas.<sup>25</sup> This “land command” is one of five that the United States has created throughout the world. Even the universe is considered, since there are also five “special commands,” one for outer space.

The concern for territorial security has already led to the outward expansion of American borders. Today the U.S. borders are increasingly the extremes of its two

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neighboring countries. The American security perimeter extends from Canada's far north, the Arctic Ocean, to Mexico's extreme south, bordering with Guatemala and Belize. Crossing this expanded perimeter will increasingly mean complying with the same security standards that the United States has at its traditional borders.

The perimeter responds to the objective of maintaining "at a safe distance" American enemies, making it more difficult to gain access to U.S. territory. In concrete terms, the idea is to make entry into Canada and Mexico equally rigorous as entrance into the United States. By integrating Mexico and Canada into its security perimeter, the neighboring countries become an extra margin of safety sought by the Pentagon to thwart possible terrorists.<sup>26</sup>

Canada has for years allowed U.S. immigration and customs authorities to operate directly on its territory, largely at airports, to check passengers destined for U.S. cities. Now U.S. agents will gain jurisdiction and authority to operate within Mexico. At the trilateral meeting between Fox, Bush, and Martin on March 23, 2005 at Bush's Crawford ranch—the so-called Waco Summit—Fox agreed to a "trial period" during which U.S. immigration officials will check passengers headed to the United States from airports in Cancún and Mexico City. A spokesperson from the U.S. Customs Service told the Mexican weekly *Proceso*, "Our agents in Mexico could avoid some foreigner who is on a list of undesirable persons from getting on a plane."<sup>27</sup> The borders have again in essence been pushed out in what one lawyer, Miguel Angel de Los Santos, calls a (legal) "non-competence" of U.S. agents that violates Mexican jurisdiction and sovereignty. Another lawyer, Juan Ignacio Domínguez, says the move "constitutes a crime subject to denouncement and penal action" under Mexican law.<sup>28</sup>

## Natural Resources— Part of the Picture

Security for the United States goes beyond territorial or military considerations and encompasses strategic natural resources. First on the list are oil, gas, and water. In

an unusually candid moment, in response to a question by the press, Bush declared that Canada's water was part of the United States' energy security.<sup>29</sup> Water is being consumed in many parts of the United States at unsustainable rates. One notable example is the Ogallala aquifer located in the mid-west, one of the biggest in the world, presently being consumed 14 times faster than it can be replenished by rain.

Consequently the United States has proposed "mega-projects" in the recent past that would permit the bulk transfer of water from Canada. One project, "Grand Canal," would transport the plentiful water from Canadian rivers and lakes to the Great Lakes where, on the U.S. side, millions of gallons would be fed through canals and pipes to the increasingly thirsty mid-West states. Another mega-project, the North American Water and Power Authority, would redirect water from rivers in British Columbia and the Yukon to a huge crater in the Rocky Mountains where, again on the U.S. side, it would be taken for increasingly parched western and Mid-west states.<sup>30</sup>

Under NAFTA Plus and the dismantling of borders, it would be difficult or impossible for Canada to prevent the transfer of water or other natural resources through trade transactions with the United States.

Oil too figures into American security concerns. Since NAFTA's start, and particularly since the first American invasion of the Persian Gulf, the United States' neighbors have become its principal suppliers of oil, natural gas, and electricity, with Canada in first place and Mexico in second.

The graph on the following page <sup>31</sup> reveals Canada's importance in American strategic projections regarding oil. Canada has relatively little oil if conventional reserves are considered—4.4 billion barrels. But if non-conventional reserves are considered, such as its plentiful tar sands in Alberta, Canada jumps to number three in the petroleum world, with some 312 billions barrels, overtaking Saudi Arabia. Only Iraq and Venezuela top Canada in terms of actual and potential reserves.

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For the United States, then, only too aware of the difficulties of controlling access to petroleum reserves in the Middle East, the notion of creating a single North American space with its neighbors and thus guaranteeing a relatively cheap flow of oil—in economic, political, and military terms—suddenly wasn't so ludicrous.

Notwithstanding its present sizable reserves, Mexico lacks a future as an oil producer, especially when compared to Canada,

and especially if, under a NAFTA Plus scenario, its oil reserves are openly or covertly privatized and subjected to U.S. security concerns. Within a U.S. security perimeter, it would be difficult, if not impossible, for the Mexican government to dispose of its reserves for purposes that run adrift of American strategic concerns. In the run-up to the war against Iraq in

2003, Mexico “acceded” to increasing its oil exports to the United States, from 1.2 million barrels to 1.6 million *per day* (a 30 % increase) when Mexico has no more than 10-12 years of proven oil reserves.<sup>32</sup>

In addition to oil, Mexico has abundant natural gas, is home to some of the most important reserves of biodiversity in the world, and in the state of Chiapas and its Central American neighbors, possesses the most important fresh water reserve between the Ogallala aquifer and the Amazon River basin in Brazil. As in Canada, NAFTA Plus’ harmonization of “best practices” to American standards will mean opening all sectors to market forces, making it impossible to set aside Mexican natural resources through government action.

## NAFTA Plus—Another Roadmap to the FTAA

The more U.S. strategists reviewed the implications of NAFTA Plus in this new context, the more sense it made. It meshed nicely with the principal long-range U.S. plans for the Americas—the creation of a single bloc of nations

that, first, would rival the European Union and the emerging Asian juggernaut of China, Japan, and South Korea. And, second, it would be an open market of 800 million inhabitants for American industrial and agricultural goods and services. NAFTA Plus is another way of moving toward the FTAA (Free Trade Area of the Americas) that Bush had hoped to sign in early 2005. Presently sidelined, it has not, however, been scrapped.

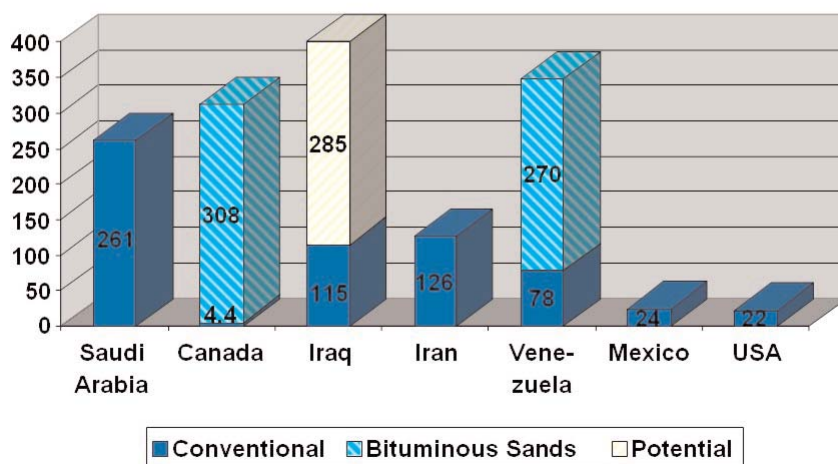
Mexico becomes the trial run. If greater integration between a third-world country such as Mexico and two advanced countries is successful, the demonstration effect on the rest of Latin America would be, according to Robert Pastor, irresistible:

How do we define, first of all, a North American vision? And what are the steps—strategically, eco-

nomically, politically—that are necessary for us to raise all of the elements of North America up? If we succeed with Mexico in North America, then it becomes much easier to have a Free Trade Area of the Americas, because the rest of Latin America will see that free trade has actually been an avenue to the first world. If we fail in Mexico, I don't think we're likely to succeed anywhere else in Latin America or, for that matter, in the developing world.<sup>33</sup>

Yet the successful integration of an impoverished Mexico into a North American space depends—according to Pastor—on the transfer of exorbitant amounts of cash, principally from the United States, similar to the transfers that Spain, Portugal, Greece, and Ireland received from the European Union when they joined. Even in the unlikely event that the United States would underwrite Mexico's “development” to ease its integration into a new North America, American intentions go much further. They reach to the confines of Patagonia and the Caribbean basin, i.e., covering more than 30 relatively poor countries, whose “development,” presumably, the

## Estimated Petroleum Reserves Billions of barrels of crude



United States would be unwilling to finance before incorporation into the FTAA. U.S. strategists seemingly have a different (and cheaper) plan: to proceed as quickly as possible in constructing a new North America bloc, limiting short-term economic and political costs, and leaving uncomfortable aspects, such as Mexico's abysmal asymmetry vis-à-vis the United States, for a remote and undefined future.

## The Independent Task Force

The rapid creation of a single North America is now being charted by government strategists basically in the United States. An important contribution to the process came in a series of recommendations released in May 2005 by the Independent Task Force on the Future of North America (ITF). The ITF brought together a select group of business leaders, academics, and ex-government officials from the United States, Canada, and Mexico to strategize on the future of the three countries under deep integration, within a context of heightened American security concerns.

ITF participants were chosen by a coordinating organization in each country. In Canada it was the Canadian Council of Chief Executives; in Mexico, the Mexican Council of International Affairs (Comexi), and in the United States, the Council on Foreign Relations. Robert Pastor was vice chair of the American group.

Thirty-one persons participated in the ITF from the three countries, and only one, Carlos Heredia from Mexico, had a more critical stance toward NAFTA integration. Having worked as an activist in grassroots organizations for 20 years, Heredia—today a member of Comexi and adviser to the Michoacán state government—joined the deliberations for the third and final meeting of the ITF. But instead of bringing to the deliberations the lessons learned in the Mexican civil society, a vantage point that could challenge the basic premise of deeper integration, Heredia's presence seems to have served solely to legitimize an elitist discussion group. His tepid comments regarding ITF's final recommendations are circumscribed to pointing out that "North American integration must work for the average citizen," and that "reforms to reduce poverty and inequality in Mexico must start from within."<sup>34</sup>

ITF had three meetings, in Toronto (October 2004), New York (December 2004), and Monterrey (February 2005). Following deliberations, a final report made recommendations to the three governments on future deep

integration. A confidential summary of the Toronto meeting, leaked to the public, highlights that, at least for these elites, no topic is to be left unturned, notwithstanding its sensitivity:

Several participants divided their suggestions for more intensive cooperation into those that are politically feasible today and those that, while desirable, must be considered long-term goals. One implication of this approach is that no item—not Canadian water, not Mexican oil, not American anti-dumping laws—is "off the table;" rather, contentious or intractable issues will simply require more time to ripen politically.<sup>35</sup>

The candor of the confidential memo disappears in the more circumspect public declaration after the final meeting in Monterrey. Yet the guidance of the ITF undoubtedly had an impact on government strategists. The six basic ITF recommendations for North America integration are:

- Immediately create a unified North American Border Action Plan.
- Create the institutions necessary to sustain a North American community.
- Adopt a common external tariff.
- Stimulate economic growth in Mexico.
- Develop a North American energy and natural resource security strategy.
- Deepen educational ties.<sup>36</sup>

The first recommendation incorporates overriding American security concerns and is the *sine qua non* for the others. The confidential Toronto memo says clearly, "members [of the ITF] generally agreed that Task Force recommendations will be taken most seriously to the extent that they are placed in the context of heightened concern about security: for example, increasing regional cooperation on energy could be presented as addressing security-related concerns."

Pursuant to the first recommendation, the ITF states, "The governments of Canada, Mexico, and the United States should articulate as their long-range goal a common security perimeter for North America. In particular, the three governments should strive toward a situation in which a terrorist trying to penetrate our borders will have an equally hard time doing so no matter which country he elects to enter first."<sup>37</sup>

Three months after the ITF's recommendations were made public, on June 27, 2005 the three countries signed "a battery of close to 300 regulations [...] that] contain the standardization of policies for monitoring travelers and goods arriving from third countries, including systems for visa issuance, categorization of 'high-risk travelers' and 'trustworthy travelers,' and the future implementation of a smart card for those wanting to transit swiftly through the common borders of the region."<sup>38</sup>

The increasingly close ties and coordination among the security and intelligence apparatuses promoted by these regulations are concerned not solely with "external threats," but also with "internal insecurity." Today in Mexico the greatest insecurity comes from narcotics trafficking and the crime wave it has provoked on the country's border with the United States. In light of the increasing integration of the security forces, a quick response has followed. As part of the 300 "regulations," Mexico and the United States have agreed to fight organized crime bilaterally, by creating intelligence branches that operate along the common border.<sup>39</sup> Taken together with the placement of U.S. migratory and customs agents in Mexico's airports, these measures will assuredly open the way for U.S. security and intelligence agents to work in Mexico, as they always have, but now overtly and with legal cover.

## The Fly in the Ointment

Conservative analysts who have delved into deep integration are almost unanimous in identifying the main stumbling block to the greater integration supposedly awaiting the three countries—the abysmal difference between living standards in Mexico and its other two partners. Migration concerns are paramount because, according to these analysts, Mexico will be unable to advance towards a probable North American common market (with unrestricted labor mobility), if its endemic poverty—purportedly the root of migration—is not markedly reduced.

Apart from dissenting from such integrationist fatalism, we have elsewhere taken issue with simplistic explanations of Mexican emigration.<sup>40</sup> A restatement of the problem would underscore the lack of employment, of opportunities to work, or more simply to survive, particularly in the countryside, as the main reason behind migration, and not the relative levels of poverty vis-à-vis the United States, or the differences in salaries. Plainly put, people migrate to the United States because there is gainful employment, a salary, a way to survive and assure mini-

mum conditions for one's children. This could be done in Mexico, by generating work opportunities, but with very different economic policies in place, geared toward the domestic market. Present policies, based on open trade and little or no protection for Mexican producers, manufacturers, and vendors against foreign competition—i.e., the very policies NAFTA has vigorously promoted—will only perpetuate a vicious circle of job destruction, increasing levels of poverty, and thus the need to implement survival strategies, one of which is to migrate.

In such circumstances, insinuations of unrestricted Mexican migration within "North America" is little more than yet another promise of future prosperity that Mexican leaders have traditionally extolled for domestic consumption. During the 70s, after the discovery of abundant oil reserves, the Mexican government assured the population that the major task at hand would be "administering abundance." In the 90s, NAFTA would be the key for crossing the threshold and entering the developed world. Today NAFTA Plus is the new redeemer, promising full First-World membership.

Fanciful tales are politically useful when reality is decidedly harsher. Greater integration of Mexico with the United States will deepen the tendency observed over almost 12 years: advantages for few "winners," increased poverty for everyone else. As one Mexican analyst put it:

In 10 years things have worsened for 94.5 million Mexicans. The application of orthodox economic policies has benefited only 10% of the population. Actually, not even 10% have benefited. The average monthly income of this richest 10% of the population is 11,186 pesos [U.S. \$ 1,000 approx.], which certainly is far from being a high salary. This demonstrates that the truly rich are those within the top one or two percent, in other words at most two million Mexicans [of a total population of 102 million]. They are the ones who truly have benefited from 24 years of neoliberalism.<sup>41</sup>

## Conclusion

The building of a new North American space is rapidly progressing, yet lacking civil society consultation and legislative oversight. By doing away with treaties or accords, the three chief executives are achieving deeper integration through NAFTA Plus by signing "regulations," thus foregoing the bother of seeing their plans bogged down in one of the legislatures.

The primary objective, a trilateral security perimeter, is being consolidated. Future steps include the construction of a new economic space, beginning with a customs union, then a common market (further liberalizing labor mobility between Canada and the United States, but restricted from Mexico), and finally, a monetary and economic union.<sup>42</sup>

The final step will bring deeper changes in the long term, such as adopting a single currency—already baptized the “amero” by Pastor—but undoubtedly equivalent to the U.S. dollar.<sup>43</sup> A single currency would destroy one of the last shreds of sovereignty in the hands of Mexican and Canadian economic authorities, i.e., monetary and fiscal policy. Although officials from Canada and Mexico might be invited to the Federal Reserve for management of the “amero,” such a presence would hardly be more than symbolic. A common currency would give American authorities complete control over the economy of its lesser partners, a scenario that, at least for Mexico, would “cap off a truly colonial absorption,” according to investigator Alejandro Alvarez Béjar of Mexico’s National Autonomous University.<sup>44</sup>

Costs would be enormous in terms of sovereignty and identity for the lesser partners. Deep integration would mean foregoing an independent future. For Mexico it would forever cancel the Bolivarian dream of a united Latin America, with Mexico spurning its historic relationship with the rest of Latin America. The North American identity to be forged would be spurious and forced. Unsurprisingly, this key aspect has been foreseen. The confidential memo of the ITF’s Toronto meeting talks of a “shared North American identity,” of the need to develop a “North American brand name—a discourse and a set of symbols designed to distinguish the region from the rest of the world.” The document insists that efforts will be required

within the educational system and the mass media. One Member suggested launching a trilateral education project that would develop internet-based learning modules on topics such as North American history. These supplements to the standard curriculum in each country could be reinforced through contests and events aimed at building relationships among young leaders across North America, and through a series of North American Centers in all three countries. [...] Robert Pastor [...] offered to develop this proposal further.<sup>45</sup>

The right of Mexicans to decide the future of the Mexican nation is at stake. This is not an effort, such as

the European Union, to join together the good will of countries which, to a greater or lesser extent, accept the principle of equality. Mexico and Canada are rapidly integrating with a country that is in practice opposed to negotiating fundamental differences, particularly with weaker countries. How are the inevitable differences of perspective, concomitant with asymmetry, to be handled with a country that views not only terrorists but also those “who employ a strategy of the weak using international fora [and] judicial processes” as a threat to its “security and strength as a nation state?”<sup>46</sup>

The task before civil society in all three countries is enormous. Citizen organizations must begin a concerted effort to understand the regulations signed to date and their implications, in order to fight for their suspension. Still, motives for optimism exist. Actions implemented under the guise of NAFTA Plus by means of regulations have proceeded unchallenged thus far, but their validity lacks treaty status. As such, modifying or canceling these undemocratic regulations would seem to be within reach of an informed, organized, and mobilized civil society and, hopefully, a united trilateral civil society.

In the sixth month of 2005, the Zapatistas of Chiapas decreed a “red alert” to call attention to the need to reflect on a domestic reality in which “our elected officials are destroying our Nation, our Mexican homeland.”<sup>47</sup> Given the swiftness of unfolding changes with no public oversight, another “red alert” must be sounded to detain NAFTA Plus. As Alvarez Béjar insists, “The North American Community will be Mexico’s most important challenge in the twenty-first century.”<sup>48</sup>

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## END NOTES:

- <sup>1</sup> Vargas, Rosa Elvira, *La Jornada*, Mexico City, March 24, 2005.
- <sup>2</sup> In October 2003, the Center for Research on Latin America and the Caribbean (CERLAC) of the University of Toronto and the Canadian Centre for Alternative Policies held a public forum on “Canada, Free Trade and Deep Integration in North America: Revitalizing Democracy, Defending the Public Good,” at the University of York in Toronto. Contact Professor Ricardo Grinspun ([ricardo@yorku.ca](mailto:ricardo@yorku.ca)) to obtain papers presented therein. See also Kairos (Canadian Ecumenical Justice Initiatives), “Must We Keep the U.S. Elephant Fed and Happy?” *Global Economic Justice Report*, Vol. 4, No. 1, April 2005, [www.kairoscanada.org](http://www.kairoscanada.org), as well as the web sites of the Polaris Institute, [www.polaris.org](http://www.polaris.org), the Council of Canadians, [www.canadians.org](http://www.canadians.org), the Canadian Centre for Policy Alternatives, [www.policyalternatives.ca](http://www.policyalternatives.ca), and Common Frontiers, <http://www.commonfrontiers.ca>.
- <sup>3</sup> The essays of Mexican, Canadian, and American academics compiled in Andreas, Peter and Thomas J. Biersteker, *The Rebordering of North America*, Routledge, New York and London, 2001, are a good example of the myopic vision regarding NAFTA's social and environmental shortcomings.
- <sup>4</sup> Quote taken from *La Jornada's* coverage of the Economist Intelligence Unit's report, May 21, 2005, cover story. The exact figures: “The average total [employment] figure in 2000 was 12,546,000 as registered in the IMSS [Mexican Social Security Institute] and in December 2004 the figure was 12,509,000, or 37 thousand less.” Taken from Delgado Selley, Orlando, “La economía mexicana a un año de las elecciones,” *La Jornada*, *Masiosare* supplement, July 10, 2005.
- <sup>5</sup> Daniel Lederman, World Bank economist and principal author of *Lessons from NAFTA for Latin America and the Caribbean Countries: A Summary of Research Findings*, published in December 2003 by the WB. Lederman's words appear in an interview titled “NAFTA is Not Enough,” on the World Bank's web site, [www.worldbank.org](http://www.worldbank.org). Lederman also states that the WB is “currently preparing another report on the topic of deepening NAFTA for economic convergence in North America, which focuses on identifying a post-NAFTA agenda for Mexico.”
- <sup>6</sup> Pastor, Robert, *Toward a North American Community: Lessons from the Old World for the New*, Institute for International Economics, Washington, DC, August, 2001.
- <sup>7</sup> See, in particular, chapters 5 and 8 from Pastor's book, *Op.cit.*
- <sup>8</sup> For an analysis of the 23-year dispute among the two countries regarding Canadian exports of softwood lumber, see Campbell, Bruce, “Everything You Need to Know about the Softwood Lumber Dispute (but will Never Find in the Mainstream Media),” *The CCPA Monitor*, Ottawa, Volume 12, No. 1, May 2005.
- <sup>9</sup> Dobson, Wendy, “Shaping the Future of the North American Economic Space,” *C.D Howe Institute Commentary*, No. 162, April, 2002, [www.cdhowe.org](http://www.cdhowe.org), p. 20.
- <sup>10</sup> This is to be achieved through a customs union among the two countries, which would stipulate a common tariff for imports from third countries to any of the participants in the customs union. It would also establish a “free-trade area” within the union. See, for example, Jackson, Andrew, “Why the Big Idea is a Bad Idea: A Critical Perspective on Deeper Integration with the United States,” *Canadian Centre for Policy Alternatives*, Ottawa, June, 2003, p.6. Researcher Wendy Dobson notes, “In the past decade, as Canada's living standards and economic performance have lagged behind those in the United States, more voices are heard calling for deeper integration,” *Op.cit.*, p.2. See also Pastor, *Op. cit.*, p. 143.
- <sup>11</sup> The 11-plant figure is given by R. Pastor in a colloquium, “America and the World: Challenges Facing the Next Administration—The United States and the Americas,” held Oct. 13, 2004, by the Council on Foreign Relations. A transcript appears on its web page, [www.cfr.org](http://www.cfr.org). See also Chairmen's Statement, “Creating a North American Community: Independent Task Force on the Future of North America,” also available at the Council on Foreign Relations' web site, [www.cfr.org](http://www.cfr.org). For trade figures between the two countries, see Andreas, p. 68, and for the automobile industry and border delays, Andreas, p.10-11 and p. 60-133.
- <sup>12</sup> Crossing the border became a nightmare. For various examples see Andreas, *Op.cit.*, p. 60, 68. A cargo truck that used to take 1-2 minutes to cross the border took 10-15 hours after 9/11 (p.10-11). Nine months after 9/11, vehicle traffic from Canada still took seven times as long to cross into the United States then what had been the case before (140 minutes versus 20) (p.60). Similar delays took place on the Mexican side, but it was not possible to locate figures that measured the impact similar to the Canadian case.
- <sup>13</sup> 87 % of Canadian exports go to the United States (Hristoulas, Athanasios, “Trading Places: Canada, Mexico, and North American Security,” in Andreas, *Op.cit.*, p.34), and 71 % of its imports come from the United States (Clarkson, Stephen, “The View from the Attic: Toward a Gated Continental Community,” in Andreas, *Op.cit.*, p. 69)
- <sup>14</sup> Dobson, *Op.cit.*
- <sup>15</sup> Clarke Tony, et.al, “National Insecurity: Bowing to U.S. ‘Security’ Demands Will Make Canadians Less Secure,” *CCPA*, Toronto, January, 2005, [www.policyalternatives.ca](http://www.policyalternatives.ca).
- <sup>16</sup> Schwanen, Daniel, “Let's Not Cut Corners: Unbundling the Canada-U.S. Relationship,” *Policy Options*, Institute for Research on Policy Options, Montreal, April 2003.
- <sup>17</sup> Sanger, David E., “Mexico's President Rewrites the Rules,” *New York Times*, September 8, 2001.
- <sup>18</sup> See Pickard, Miguel, “In the Crossfire: Mesoamerican Migrants Journey North,” *CIEPAC* bulletin no. 454, available at [www.ciepac.org/bulletins/ingles/ing454.htm](http://www.ciepac.org/bulletins/ingles/ing454.htm).
- <sup>19</sup> “The system has broken down,” Bush would declare years later. Curl, Joseph, “Bush Vows Push on Immigration,” *The Washington Times*, January 12, 2005.
- <sup>20</sup> Flynn, Michael, “U.S. Anti-Migration Efforts Move South,” *Americas Program*, *International Relations Center*, New Mexico, July 8, 2002, p.4, available at <http://americas.irc-online.org/articles/2002/0207migra.html>.

- <sup>21</sup> Symptomatic in this regard are the statements of Luis Ernesto Derbez, Castañeda's replacement at the Secretary of Foreign Relations, regarding migratory topics. See Pickard, *Op.cit.*
- <sup>22</sup> Jackson, *Op.cit.* (referenced in end note no. 10) writing as late as June 2003, points to a "distinct lack of interest in Washington," in Canadian private sector flirtations to establish a customs union, p. 5.
- <sup>23</sup> Department of Defense of the USA, "The National Defense Strategy of the United States of America," March 2005, p. 1 and 6.
- <sup>24</sup> Dept. of Defense, *Ibid.*, p. 9.
- <sup>25</sup> Serrano, Mónica, "Bordering on the Impossible: U.S.-Mexico Security Relations After 9-11," in Andreas, *Op.cit.*, p. 60-62
- <sup>26</sup> In one of the first essays on NAFTA Plus in Mexico, Alejandro Alvarez Béjar drew a connection between militarization and migration: "... Mexico's inclusion in the North American Command demonstrates [...] not only the tendency of increased militarization, but also its tremendous potential for use against Mexican [migrant] workers: the 'enemy within' in the United States are the millions of impoverished, unemployed, and frustrated workers, who struggle in Mexico and the United States for their most basic rights." See "México en el siglo XXI: ¿hacia una comunidad de Norteamérica?," *Memoria*, Mexico, No. 162, August 2002, p. 8.
- <sup>27</sup> Esquivel, J. Jesús, "Agentes de Bush en México," *Proceso*, Mexico, No. 1483, April 3, 2005, p. 67.
- <sup>28</sup> Telephone interviews, July 4, 2005.
- <sup>29</sup> Barlow, Maude, "The Canada We Want," *The Council of Canadians*, Ottawa, n/d, p. 18, available at [www.canadians.org](http://www.canadians.org).
- <sup>30</sup> *Op.cit.*, p. 16.
- <sup>31</sup> Polaris Institute, "Living and Working in the Shadow of the Empire," Power Point presentation, [www.polaris.org](http://www.polaris.org).
- <sup>32</sup> Ross, John, "Collateral Damage: Mexico, Impacts of the U.S. Aggression in Iraq upon Mexico," *Blindman's Buff*, No. 78, July 2-8, 2005, published by *Weekly News Update on the Americas*, *Nicaragua Solidarity Network of NY*, [wnu@igc.org](mailto:wnu@igc.org).
- <sup>33</sup> Pastor, in the Colloquium referred to in note 11, *Op.cit.*, p. 12.
- <sup>34</sup> Independent Task Force on the Future of North America, "Building a North American Community," *Council on Foreign Relations*, Washington, DC, 2005, p. 36, available at [www.cfr.org](http://www.cfr.org).
- <sup>35</sup> [Independent] Task Force on the Future of North America, "Summary of the Toronto Meeting," n/d, available at <http://www.ciepac.org/otras%20temas/nafta-plus/index.htm>.
- <sup>36</sup> Independent Task Force on the Future of North America, Chairmen's Statement, "Creating a North American Community," *Council on Foreign Relations*, Washington, DC, 2005, p. 10-13, available at [www.cfr.org](http://www.cfr.org).
- <sup>37</sup> *Ibid.*, p. 10.
- <sup>38</sup> Petrich, Blanche, "Seguridad común acuerda México, EU y Canadá," *La Jornada*, June 28, 2005, cover; and Den Tandt, Michael, "Ottawa Unveils New Security Plan," *The Globe and Mail*, Toronto, p. A4.
- <sup>39</sup> Gutiérrez Vega, Mario, "Andrés Rozental: la seguridad amenaza al TLC," *Reforma*, Mexico, July 3, 2005.
- <sup>40</sup> See Pickard, *Op.cit.*
- <sup>41</sup> Delgado Selley, *Op.cit.*, see end note no. 4.
- <sup>42</sup> Pastor, *Op.cit.*, p. 9. But this is not necessarily the only possible sequence of events. A shared currency could be instituted before the free movement of labor.
- <sup>43</sup> *Ibid.*, p. 114-115.
- <sup>44</sup> Alvarez Béjar, *Op.cit.*, p. 12.
- <sup>45</sup> Independent Task Force, "Summary of the Toronto Meeting," *Op.cit.*, p. 7.
- <sup>46</sup> Dept. of Defense, *Op.cit.*, p. 5.
- <sup>47</sup> EZLN, "Sexta Declaración de la Selva Lacandona," section IV, June 2005, [www.ezln.org](http://www.ezln.org).
- <sup>48</sup> Alvarez Béjar, *Op.cit.*, p. 12.

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