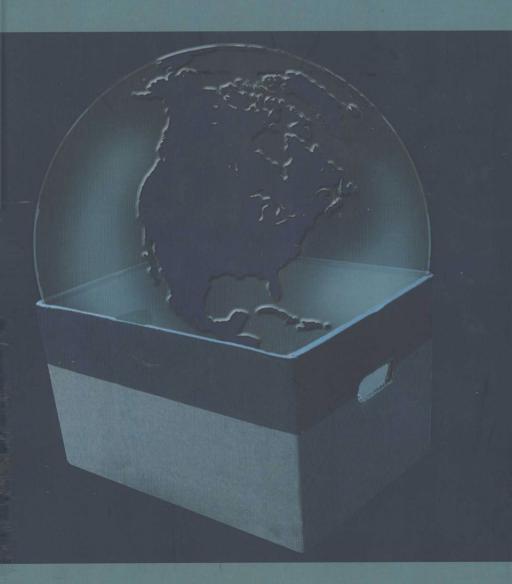
THE IMPACTS OF NAFTA ON NORTH AMERICA

Challenges outside the Box







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Needless to say, I alone remain responsible for errors and lapses.

Imtiaz Hussain Mexico City May 2010

Tables

1.1	Overviewing the Volume	
1.2	Key Findings in Theoretical Setting	12
3.1	Actors Subject to Comparative Studies	45
3.2	Formal Webpage Analysis, according to Data Registered between October 1 and November 24, 2008	54
4.1	Total Count of Keywords in Newspapers Database	66
4.2	 Countries, Number of Refugees, and Acceptance Rate (2007) 	
7.1	Main U.S. Trade Partner Deficit, September 2008	126
8.1	Fauna from Forested and Flooded Areas: Tabasco and Campeche (1950–2007)	148
3.1	Chapter Findings in Theoretical Setting	254

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Contents

List of	Tables	vii	
Acknowledgments			
List of	List of Contributors		
One	Introduction: Beneath, Beyond, or Within North America's Regional Box: Paradigm Indigestion? Imtiaz Hussain	1	
Two	North America's Regionalisms Face Globalism: Integrating Climate Change Responses Marcela López-Vallejo Olvera	21	
Three	Mexico-Canada Biotech Image: The Role of the Broader Scientific Community Edit Antal and Camelia Tigau	39	
Four	North American Anti-Immigration Rhetorics: Continental Circulation and Global Resonance of Discursive Integration Liette Gilbert	63	
Five	Integration through NAFTA's Chapter 11: Eroding Federalism and Regionalism? Ian McKinley	93	
Six	Thick Borders and the Challenge of North American Policy Coordination Post-Bush: What's Next? Daniel Drache	107	
Seven	Three Amigos and a Nonregional Player: China as a Challenge Inside and Outside the NAFTA Box Francisco Haro Navejas	123	
Eight	Natural Resources and Out-Migration in Local Communities of Southern Mexico: Non-NAFTA Issues Impacting NAFTA Alba González Jácome	141	

vi Contents

Nine	Gendering NAFTA: Utopian Vision? Rebecka Villanueva Ulfgard	159
Ten	Developing National and International Civic Engagement Networks: The International Consortium for Higher Education, Civic Responsibility, and Democracy Frank Plantan, Jr.	181
Eleven	North American Integration and Recession: Paradigm Change? Imtiaz Hussain	209
Twelve	The 2009 H1N1 Outbreak: A Chaotic North American Trigger with Evolving Global Consequences Tim Lynch and Paul Michael Cox	237
Thirteen	Conclusion: Rising to the Occasion: Coordinating Tumult Imtiaz Hussain	253
Index		259

Chapter One

Introduction: Beneath, Beyond, or Within North America's Regional Box: Paradigm Indigestion?

Imtiaz Hussain

Background

What is the future of the North American Free Trade Agreement (NAFTA)? No official step was taken when its originally stipulated 15-years tenure expired on December 31, 2008. Nor was any underway at the end of 2009, leading one to expect any North American regionalism evaluation, whenever the time confes, to be hard-headed. It is not that NAFTA was a complete hailure trade and investment volumes and values expanded beyond wild expectations; and the degree of already expanding human mobility across actional boundaries reached unprecedented levels. In short, for many 1 those 13 years, Canada and Mexico became the top two trading partners of the country with the world's largeest economy—the United States.3 How NAFTA expanded Canada-Mexico economic transactions,4 literally from scratch, but more emphatically, how it virtually dissolved two generations of an import substitution culture inside Mexico,⁵ left irreversible prints—as well as emotional yet enlightening histories. In the absence of policy responses, extant literatures pitting regionalism against nationalism/statism/localism, on the one hand, and globalism/transnationalism, on the other, not only specify pitfalls for corrective purposes but also help project possible future pathways.6

Without desperately needed amendments, NAFTA's constitutional collapse was perhaps foretold. Consider the many obvious pitfalls: Opening borders to trade and investment automatically invited unwanted human flows without any collective measures to correct them;⁷ red environmental and labor flags flutter vigorously in spite of the side-agreements,⁸ which do not even touch today's other critical issues, such as water scarcity, or third-national workers from/through Central America;⁹ though dispute settlement measures were a gigantic step in the

right direction, ¹⁰ they simply could not develop the much-needed supranational anchors, therefore, could not dissipate embedded apprehensions of unevenness; ¹¹ a number of sectors were liberalized too asymmetrically, such as agriculture, ¹² to sustain meaningful integration (U.S. farmers continue to receive more support from the government than their Mexican counterparts and in spite of the phantom farm liberalization accomplished); ¹³ and a number of alienated groups, ¹⁴ such as Mexico's indigenous people, ¹⁵ Canada's First Nations, ¹⁶ social movements for various causes, ¹⁷ even the unequal reward distribution for states within each country, ¹⁸ never seriously embraced regional economic integration between those countries in a setting already known for enormous cultural differences, ¹⁹ let alone find harmony within its aegis.

On the other hand, NAFTA simply did not adjust to multiple exogenous forces, ²⁰ even if doing so might have enhanced NAFTA's own performances. Leading the exogenous forces in the post-9/11 era was security, ²¹ which now took many varied forms as it mingled with legal and illegal immigration, ²² spilling a variety of state-society considerations across national boundaries. The list could go on, but the central point should not be missed: With 15 years of experiences, since NAFTA did not take any meaningful step to accommodate them, could exogenous factors incrementally obstruct, if not the spirit behind NAFTA, then perhaps its future growth?

On balance, NAFTA made integration a respectable North American idea, especially when one considers the stark regional asymmetries, ²³ not to mention the reluctance of a super power to accept other states as equal, or even to narrow the gap. ²⁴ Yet integrative efforts did not sweep the entire economy away, thus opening room for unnecessary pressure and raising questions what the criteria of inclusion should be. By placing a cross-section of exogenous forces impacting NAFTA under the microscope, this book explores that space and those tensions: whether NAFTA continues or not, these issues are likely to interact with NAFTA arrangements or mind-set, and in one way or another either deepen extant integrative efforts, or emphasize alternative pathways.

Puzzle

Since North America has clearly shown that it can live with regionalism even when without regionalism being prioritized, the puzzle becomes as much theoretical as empirical: Have we, for example, sufficiently investigated the many disparate exogenous factors presently constraining NAFTA particularly, but regionalism broadly? If we have, then what theoretical framework would help us explain, and predict from, these motley dynamics, and especially as they relate to their counterparts from within the regional box?

Theoretical Relationship

Placing regionalism along a spatial spectrum helps:25 It belongs somewhere between nationalism, statism, or localism, on the one hand, and globalism or transnationalism, on the other. The former created a tension with regionalism that Ernst B. Haas and others first recognized from the early 1950s when examining the European Coal and Steel Community (ECSC) and its follow-up institutional dynamics, 26 and aptly captured subsequently by the phrase moving beyond the nation-state.²⁷ The latter increasingly imposes itself with an ever more powerful punch than before owing to the unpredictable nature of the technological beast.²⁸ As endpoints on this spatial spectrum, both also convey rather different sentiments (and orientations): Nationalism/Statism/Localism, for example, convey a relatively more circumscribed mind-set, just as globalism continues to summon relatively more cosmopolitan beliefs, instincts, and responses, as evident in such forms of diffusive behavior as transnationalism (going "beyond the state" but not necessarily with the state), or interdependence (where the state is more robustly present in any regional arrangements than any supranational actor has thus far generally been).²⁹ While neither policymaking level needs to be put through a value litmus test, both obviously influence policy prescriptions, for example, should a failing domestic industry be protected or left to market competition—a consideration that might be as influenced by how other countries respond to the same question within their own domestic context (a more relaxed response) as traditional industry protectionist calls to merely preserve local jobs?

This spatial spectrum is not a theoretical novelty. Haas and other regional integrationists went beyond assuming it into analyzing it as some sort of a transmission belt, which Haas ultimately found was not necessarily a one-way route. ³⁰ Robert O. Keohane and Joseph S. Nye, who pioneered transnational studies, ³¹ could not ultimately abandon the state as an analytical anchor, thus retreating from utilizing the conceptually pure *transnational* label to simply finding the jagged *interdependence* alternative providing more intellectual and pragmatic policymaking stability. ³² More recently, Andrew Moravcsik, among others, revived that spectrum through an intergovernmental-supranational prism, ³³ the former highlighting state-driven institutions, the latter subtly/overtly promoting institutions driven by nonstate actors.

Perhaps the author capturing more slices of the puzzle than others may be James N. Rosenau. His theory of turbulence lends itself to the task we pursue in this volume.³⁴ He explicitly distinguishes between two contrasting domains—localization and globalization—specifying a number of comparable elements; and he clearly looks beyond the state without eliminating the state or even many elements at the local level. Although

he speaks less of regionalism in and of itself, our manuscript formalizes regionalism in his dichotomy and framework, since this helps us to view what's outside the regional box more specifically: We neither advance regional integration theory, as it currently means, nor reject it for an alternative model, but explore dynamics "outside the regional box" to fully understand their endogenous counterparts within a meaningful framework.

Rather than reify Rosenau's proposals, this book simply scopes the viability of a broader theoretical framework capable of capturing the innumerable dynamics within what is called the regional box. Since we cannot place every dynamic into his framework, nor can all of his framework speak to the dynamics we seem to be stirring, we invoke at least three analytical levels, including all crossovers, overlaps, and admixtures that those three analytical levels generate. Those three analytical levels hug the spatial spectrum previously indicated: statism/nationalism/localism, regionalism/security community/interdependence, and globalism/transnationalism. Treating it as some sort of a dependent variable, regionalism is interpreted here through its exogenous forces.

Outline of the Book

A variety of those exogenous forces have been chosen for this volume, hoping they broaden our North American perspectives and deepen our theoretical interpretations and policymaking analytical levels. Chronologically, as table 1.1 profiles, the next two chapters cover the environment. Marcela López Vallejo Olvera shows in chapter two how transbioeconomic regions override state-based regions, while Edit Antal and Camelia Tigau introduce in chapter three a *contextual* method to analyzing local/transnational biotechnological forces as they impact the state and the region (in this case, NAFTA).

Discursive circulation of anti-immigration rhetoric is also part of continental integration. Chapter four by Liette Gilbert examines the discursive overlapping of U.S. and Canadian immigration/refugee rhetoric and argues that an emerging discursive integration in the continental circulation of anti-immigration rhetoric fed by the larger themes of security and criminality, in the particular context of economic depression and media distribution and concentration. The production of hostile narratives does not recognize territorial boundaries, and the rhetoric used to delegitimize the claims and the claimants borrowed extensively from the immigration debate in the United States.

In chapter five, Ian McKinley argues that NAFTA's Chapter 11 investment provisions do not erode federalism (by incrementally hacking

Table 1.1 Overviewing the Volume

Chapters	Authors	Topic of Discussion
2	Marcela López- Vallejo Olvera	North America's transbioeconomic regions challenging states and state-based regions (reflecting intergovernmentalist integration)
3	Edit Antal and Camelia Tigau	A contextual analysis of local/ transnational biotechnological forces impacting states/regions as policymaking levels
4	Liette Gilbert	Examination of discursive integration (anti-Mexican refugee rhetoric in Canada), exposing local and global constraints of regional policymaking
5	Ian McKinley	Strong defense of regional arrangements, arguing the postulated threat upon federalism and regionalism is false, even though his argument can be reversed to show regionalism itself being threatened
6	Daniel Drache	There are not only increasingly thick North American borders, but also borders pregnant with more political considerations (and thus constraints) than economic, implying weakening regional policy responses
7	Francisco Haro	China's political economic triggers contrasting interests: state (emphasizing Chinese interests) and global (production abroad to remain competitive) interests confront with regional counterparts (which face lower market priority)
8	Alba González Jácome	Agriculture might exemplify regional NAFTA goals, but breeds too many local (sociocultural) and global (competitiveness) dynamics to exclusively emphasize the region
9	Rebecka Villanueva Ulfgard	Gender introduces subnational dynamics carrying transnational capacities; and how it has been discounted within the NAFTA context profits from European comparisons, themselves invoking the intergovernmental-supranational theoretical debate.

Continued