

# Sovereignty and free trade: reflections on the Canadian experience

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**T**he governments of the three signatory parties to the North American Free Trade Agreement (NAFTA), which came into effect on January 1, have insisted that the agreement is exclusively commercial in nature. This argument is based on the classic definition of a free trade zone, understood as an international agreement under which one or more countries gradually eliminate obstacles to the free circulation of goods and services.<sup>1</sup>

However, several economic integration theorists point out that trade agreements contribute to increasing interdependence between participating countries. Sooner or later, any trade agreement will invade other spheres of these countries' life. This creates a spillover<sup>2</sup> into increasingly complex economic issues. Eventually, the spillover in turn produces a political, social and cultural multiplier effect, encouraged by the mass media and pressure groups whose actions transcend borders.

The experience of Canada, junior partner in the free trade agreement (FTA) linking it to the United States since early 1989, provides further evidence of this spillover trend. At the same time, it sharpens our view of the possible effects that NAFTA will have on Mexico. More broadly, this essay will outline the challenges the current free trade agreement poses for Mexico's sovereignty.

## The FTA campaign

At least four internal Canadian political issues were affected by the bilateral U.S.-Canada FTA. These include:

- The 1988 federal elections.

<sup>1</sup> See Jacob Viner, *The Customs Union Issue*. New York, Carnegie Endowment for International Peace, 1950; and Ramón Tamames, *Estructura económica internacional*. Madrid, Alianza, 1988.

<sup>2</sup> This concept was introduced by the European integration theorists Ernst B. Haas and Leon N. Lindberg. See E. Haas, *The Uniting of Europe: Political, Social and Economic Forces, 1950-1957*. Stanford University Press, 1958; and L. Lindberg, *The Political Dynamics of European Economic Integration*. Stanford University Press, 1963.

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- The correlation in political terms established between the FTA, economic performance and the government's legitimacy.
- The constitutional process, particularly the national movement in Quebec and the regionalist movement in the West.
- The emergence of new trans-national political players.

These events and issues, which arose during the same general time period, are closely correlated and influence each other.

Even before it came into effect, the FTA had internal political repercussions for Canada. While negotiations for the agreement concluded in 1987, the ratification process continued through all of 1988. This long wait favored the polarization of positions that had been outlined since the summer of 1985, when the Progressive Conservative Party (PCP) led by Prime Minister Brian Mulroney announced its intention of negotiating a free trade agreement with the United States.<sup>3</sup> Canadian opinion was split into two well-defined camps:

- Those who defended the agreement —the Conservative government and prominent business groups.<sup>4</sup> Based on a

<sup>3</sup> Mulroney legitimized his decision through the recommendations given by the "MacDonald Commission," a multi-party parliamentary work group formed in 1982 to provide the government with options for Canada's economic recovery. Although the conclusions were published at the beginning of September 1985, the prime minister had been aware of them since early summer. Not only had the Commission originally been created by a government of the Canadian Liberal Party (CLP) —Canada's other principal political party, in the opposition under Mulroney— but Donald MacDonald, Chairman of the Commission, is a prominent Liberal. The prime minister was thus able to present the decision as a bipartisan initiative. See *Royal Commission on the Economic Union and Development Prospects for Canada*. Ottawa, Department of Supplies and Services, 1985.

<sup>4</sup> Mainly the Business Council for National Issues, the country's most important top-level business organization, which brings together at least 150 large firms and maintains organic links with three other business organizations. Through its former leader, Senator Thomas D'Aquino, this organization is undoubtedly the most influential in defining public policies.



neo-liberal view of the economy, they presented the agreement as the best strategy for economic recovery and growth, given the potential for trade and investment that elimination of barriers would create for Canadian firms.

- Those who fear harmful effects from a close alliance with the United States —trade unions and numerous non-governmental organizations.<sup>5</sup> They held the opposite view of the agreement: that in light of the huge imbalance between the U.S. and Canadian economies, elimination of trade barriers would only reduce Canada's ability to create an autonomous economic policy while increasing its dependency; and that this would entail enormous costs to the country, such as capital flight, unemployment, a deteriorating trade balance and reduced levels of social welfare.

Thus the main subject of the November 1988 Canadian federal elections was the FTA. The three political parties with parliamentary representation fell into the two above-mentioned categories. The governing PCP obviously defended the agreement, depicting it as Canada's path to the future. Conversely, the CLP and the New Democratic Party (NDP) opposed the treaty, the former out of tactical electoral considerations and the latter in line with its trade-union base and social-democratic ideology.<sup>6</sup> Faced with an increasingly skeptical public opinion,<sup>7</sup> the elections served to determine whether or not the PCP possessed the legitimacy to implement what had been negotiated with the United States.

The results (see chart) confirmed opposition of the absolute majority of Canadians to the trade deal, since 52.3% of the country's citizens voted for parties that expressly promised the annulment of the agreement in their electoral platforms. However, the electoral system used in Canada, with a simple majority and only one round of voting, and the parliamentary system in which the legislative majority forms the executive, brought the Conservatives to power for the second time running.

The new Tory government ratified the agreement the following month. This permitted the implementation, starting on January 1, 1989, of a trade agreement that had been unpopular from the start and would have been defeated in a national referendum.

<sup>5</sup> For a description of the anti-FTA movement, see the section on the new trans-national players later in this article.

<sup>6</sup> A review of the trade agreement's importance in the 1988 elections may be found in G. Bruce Doern and Brian W. Tomlin, *The Free Trade Story: Faith and Fear*. Toronto, Stoddart, 1991, pp. 226-242. This work also contains the best and most impartial documented analysis of the FTA's origin, significance and possible consequences for Canada in the realm of policy-making.

<sup>7</sup> Two days before the election, 41% of Canadians opposed the agreement and only 34% supported it. See Jon Hughes, "Canadians Unsupportive of Tory Trade Policies" in *The Gallup Poll*, Toronto, August 30, 1993, p. 2.

### The Conservative government's loss of legitimacy

Since 1990, Canada has experienced a deep economic recession that has not only meant the deceleration of its productive sector, but also the loss of jobs, plant closings, capital flight and the concomitant increase of the tax burden to defray the cost of unemployment benefits and help companies experiencing difficulties.<sup>8</sup>

Groups that opposed the FTA's ratification at the time believe that the agreement produced the recession, or at least helped cause it. Nationalist leaders such as Mel Hurtig and Maude Barlow<sup>9</sup> accused the Conservative government of secretly making agreements with the United States, as a concession in the FTA negotiations, to keep the Canadian dollar overvalued vis à vis the U.S. dollar from the time the agreement came into effect, as a means of reducing Canadian firms' competitive advantages in the liberalized North American trade context.<sup>10</sup>

While controversial, given the difficulty of unequivocally proving a causal relationship between the agreement and recession, this interpretation has gained ground in the heart of Canadian public opinion. Opposition increased still further with the trilateral trade agreement.<sup>11</sup>

<sup>8</sup> Canada's gross domestic product fell 0.3% in 1990 and 1.3% in 1991, rising by only 1.1% in 1992 and 2.4% by September 1993 (annualized rate). Between January 1990 and October 1991, 16,453 Canadian firms went bankrupt. Every bankrupt company signifies the permanent loss of jobs. In 1990, the unemployment rate was 8.1% of the EAP; by the end of 1993, it had risen to 11.2%. In absolute terms, this percentage represents 1,565,000 unemployed. Young people under 25 are particularly affected; in June 1993, 452,000 were unemployed. The highest job losses were in the manufacturing and building industries. Between June 1989 and March 1991, 435,000 jobs were lost in the Canadian manufacturing industry, representing 21.7% of the EAP in this sector. Figures from Statistiques Canada, Royal Bank of Canada, Scotiabank, Clyde Graham "Histoires d'horreur" in *Le Devoir*, Montreal, December 21, 1993; and Kim Moody and Mary McGinn, *Unions and Free Trade: Solidarity vs. Competition*. Detroit, Labor Notes Book, 1992, pp. 17-18.

<sup>9</sup> Mel Hurtig is founder and leader of the Canadian Nationalist Party, which ran in the October 1993 elections. Maude Barlow is the leader of a pressure group called the Council of Canadians. For their arguments against the trade agreement, see M. Hurtig, *The Betrayal of Canada*. Toronto, Stoddart, 1991; and M. Barlow, *Canada*, and (with Bruce Campbell) *Take Back the Nation*, Key Porter.

<sup>10</sup> Defenders of the bilateral agreement stress that, thanks to the FTA, Canada's trade balance with the United States has remained positive. This affirmation is relative, since it only takes into account trade in goods, not the other items in the current account balance (mainly services and investment earnings). In 1992, while the goods balance between Canada and the United States was 10,301 million dollars in Canada's favor, the latter reported a negative balance of 5,816 million dollars in its current account. United States data from *Statistical Abstract 1993*. Washington, U.S. Department of Commerce-Bureau of the Census, 1993, p. 796.

<sup>11</sup> In a survey conducted in August 1993, 46% of Canadian interviewees expressed their opposition to the bilateral agreement, as against 41% who supported it. 58% of the interviewees opposed the trilateral agreement and only 29% supported it. See Hughes, "Canadians..." p. 2.



## Bill Richardson awarded the Aztec Eagle

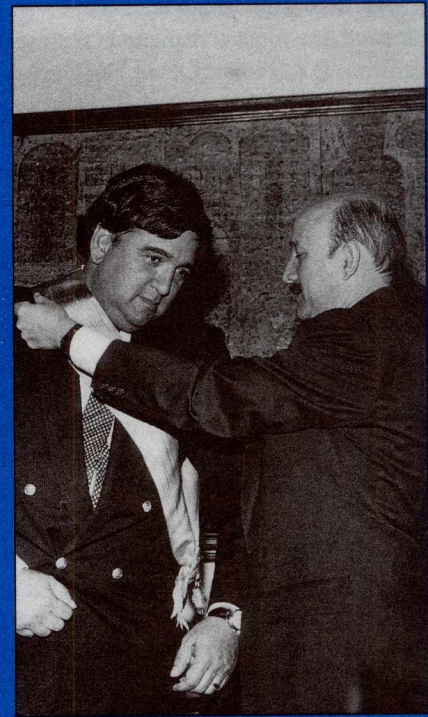
On March 14 President Carlos Salinas de Gortari awarded the Mexican Order of the Aztec Eagle to U.S. Senator Bill Richardson for his work in strengthening relations between the two nations.

The Mexican government instituted the Aztec Eagle award in 1933 as a form of recognition for services rendered to Mexico or to humanity as a whole by citizens of other countries.

During the ceremony Undersecretary of Foreign Relations Andrés Rozenthal stated that the objective of decorating Bill Richardson —son of an American father and a mother of Mexican descent— is to give recognition to a man of strong convictions and deep roots, a politician committed to the best causes, and an active, visionary leader. He noted that Richardson has succeeded in maintaining a high sense of responsibility, which has won him the respect and admiration of those who know him.

The New Mexico senator played an important role in the passage of the North American Free Trade Agreement.

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The rejection of the Tory government's trade policy, a keystone of its economic program, was a major factor in the declining popularity of Mulroney's government.<sup>12</sup> Support for Mulroney, who had received 43% of the popular vote in the 1988 elections, fell to 11% in early 1993, the lowest approval rate for a prime minister in Canadian history. Mulroney's resignation in February 1993 and his replacement three months later by Kim Campbell did little to alter Canadians' rejection of the PCP. In the October federal elections that same year, the PCP won 16% of the popular vote throughout the country, but had only 2 deputies elected, which meant that its parliamentary representation fell to under 1%.

The electoral disaster suffered by Canada's oldest political party cannot be explained simply by voters' dissatisfaction with the Canadian economy's lackluster performance or the party's loss of legitimacy due to opposition to the free trade agreement. However, both of these were major factors in the 1993 electoral results.

### The constitutional process and regionalism

Another factor worth considering, among the causes of the PCP's defeat, is the Mulroney government's failure to achieve its two great bids for constitutional

reform: the Lake Meech (1987-1990) and Charlottetown (1992) agreements.

The former failed when it did not receive the support of all provincial governments, the latter due to its rejection in a national referendum. A major factor in explaining these failures is the strengthening of regionalist movements.

It would seem that the lack of consensus for maintaining a united Canada lent provincial options more credibility as alternatives for solving national problems. These options support free trade as an instrument for lessening the provinces' dependence on the rest of the Canadian federation. The Tory government unwittingly prepared the ground for a flourishing centrifugal movement by using the FTA as an instrument for reducing regional tensions.<sup>13</sup>

The best-known regional movements are Quebec nationalism and the Reform movement in the West. Both stem from the regions' feelings of alienation from the federal government and the fact that Ottawa does not meet their real needs and demands. The failure of the government's constitutional initiatives was due in part to these movements, and strengthened them in turn, so much

<sup>12</sup> Another crucial factor was the failure of its initiatives regarding the constitution, analyzed below.

<sup>13</sup> Simeon, Richard and Ian Robinson, *State, Society and the Development of Canadian Federalism*. Toronto, University of Toronto Press, 1990, p. 309.



so that they are currently more influential than they have ever been in recent Canadian history.

Indeed, the most conspicuous representatives of both movements at the federal level, the Quebec Bloc (BQ) and the Reform Party (RP), emerged as the second and third strongest parliamentary forces in the 1993 elections, with 52 and 54 deputies respectively, out of a total of 295. In Quebec and Alberta, these two parties flourished at the time of the PCP's triumphs in 1984 and 1988.

The RP's program took advantage of Alberta's opposition to a national energy policy. In the early eighties, the Alberta provincial government allied itself with oil companies, most of which were American, to combat the National Energy Program (NEP), aimed at orienting energy production and distribution to meeting Canada's needs first. The NEP thus limited companies' ability to adapt to changes in the energy market.<sup>14</sup>

The FTA consolidated this attack on regional interests in Alberta, the main oil-producing province, by endorsing the principle that the Canadian government would not establish any limits on oil company exports, even as a contingency measure should there be a hydrocarbon shortage.

Nevertheless, Reform supporters believe that free trade is a necessary option for the national economy, although they would like adjustment mechanisms (reduced interest rates, realistic exchange rates, the elimination of trade barriers between provinces, transition programs for the labor force, etc.) to be implemented to make the FTA more favorable to Canada.<sup>15</sup>

In the national debate on free trade, Quebec was the province that most forcefully defended the trade agreement. The different autonomy-seeking trends, known as "nationalists" in Quebec—ranging from those attempting to broaden the province's margin for maneuver in relation to Ottawa to those seeking its independence, pure and simple—coincide in favoring the liberalization of trade with the United States and Mexico.

This support is due in part to the fact that the U.S. market is more important for Quebecois exports than the Canadian market. Moreover, for the past thirty years, the Quebec government has conducted its own diplomacy parallel to that of the federal government, with the hope that international recognition will strengthen its position within Canada.<sup>16</sup> NAFTA forms part of this strategy, but there are other reasons why Quebec nationalists supported it:

- The agreement signifies a reduction of the federal government's power, since trade liberalization gives companies more leverage in economic policy issues. As a result of a process begun in the sixties, firms with Quebecois capital currently control the main share of the province's manufacturing and financial sectors.<sup>17</sup> In addition, this voluntary withdrawal on the part of the federal government favors sub-national governments, including provincial ones.
- Mexico's participation in the trade agreement allows Quebec to affirm North America's heterogeneity. Quebec will not be the only discordant culture surrounded by an Anglo-Saxon ocean. Francophones will be able to demand respect for their language just as Spanish-speakers do. Besides, thanks to the linguistic barrier, Quebec nationalists feel their province is immune to cultural assimilation by the United States, a fear that exists in the rest of Canada and one that fostered opposition to free trade.
- Trade liberalization reduces Quebec's economic dependence on the rest of Canada still further, since the agreement institutionalizes economic relations in North America. NAFTA may cushion the harmful effects of an eventual secession for Quebec, by reducing the possibilities for reprisal by the rest of Canada or the United States.

Thus, NAFTA is a strategic weapon readily accessible to regional interests in their struggles against the national government, a weapon which weakens the Canadian state.

#### New trans-national political players

The intensification of relations between the United States and Canada as a result of the bilateral trade agreement favored the emergence of non-governmental political players trying to exert influence across the border. The FTA promoted the exercise of "civil diplomacy"<sup>18</sup> or pressure by groups in one country on the government of another to achieve political aims.

Thus a series of trans-national players monitor the way the Canadian government handles its internal affairs. These new players are the result of alliances formed between Canadian groups and their counterparts in the United States and later Mexico.

The first subject pronounced on by these trans-national players was, of course, the FTA itself. The alliances between companies and governments in favor of the agreement,

<sup>14</sup> See Simeon and Robinson, *State, Society...*, p. 308.

<sup>15</sup> See Preston Manning, *The New Canada*. Toronto, Macmillan Canada, 1992, pp. 179-180 and *The Parliamentary Weekly, Quarterly Report*. Vol. 2, no. 3, Ottawa, September-November 1993, p. 26.

<sup>16</sup> See Claude Morin, *L'art de l'impossible. La diplomatie québécoise depuis 1960*. Montreal, Boréal, 1987.

<sup>17</sup> Gérald Bernier, *Industrial Development Policies in Québec Since the Quiet Revolution: An Empirical Assessment*. Université de Montréal-Université du Québec à Montréal, December 1992 (Cahiers du GRÉTSÉ, no. 10), pp. 51-63.

<sup>18</sup> This concept was introduced by Adolfo Aguilar Zinser in "Non-Governmental Organizations in Canada's Political and Social Process," a talk given at the international seminar "Canada in Transition," *CISAN, UNAM*, November, 1992.



Chart

Party	Seats in the Commons	% of seats (total=295)	% of popular vote
PCP	170	58%	43.0%
CLP	82	28%	31.9%
NDP	43	14%	20.4%

which helped to achieve its passage through lobbying and propaganda, met with the concerted action of groups opposing the agreement. These groups included trade unions, churches, students and professors, intellectuals, farmers, Indians, cultural associations, womens' groups and other non-governmental social organizations.

Opposition to the bilateral agreement with the United States was grouped in a coalition called the "Pro-Canada Network".<sup>19</sup> When the FTA was approved and put into effect in 1989, instead of being dissolved, the opposition coalition was reorganized to keep up the fight against the agreement. The following year, it decided to oppose the trilateral agreement with Mexico, adopting the name "Action Canada Network" (ACN) so as not to offend Quebecois members' sensibilities.<sup>20</sup> This network developed contacts with organizations opposed to the agreement in the United States and Mexico, promoting pressure groups with similar aims.

The ACN is closely linked to Mexico's Party of the Democratic Revolution (PRD), with which it shares the basic aim of putting an end to the agreement with the United States and Mexico.

Civil diplomacy is not only exercised in connection with the FTA. Opposition to the agreement prompted U.S. pressure groups' observation of the way Canada handles its internal affairs. There have been at least three cases in which Canada was pressured by U.S. groups, allied with coinciding Canadian interests.

In the summer of 1990, Native American groups in the U.S. actively collaborated with the Mohawks on the

<sup>19</sup> Prominent groups participating in the coalition included: Assembly of First Nations, Canadian Auto Workers, Canadian Federation of Students, Canadian Labour Congress, Centrale de l'enseignement du Québec, Confédération des syndicats nationaux, Council of Canadians, Ecumenical Coalition for Economic Justice, OXFAM Canada, Public Service Alliance of Canada. See Tony Clarke, "Fighting Free Trade, Canadian Style" in *Crossing the Line: Canada and Free Trade with Mexico*. Vancouver, New Star, 1992, pp. 118-127. Clarke is the coalition's national leader.

<sup>20</sup> Many Quebec nationalists opposed to the FTA were hesitant about supporting an association that declared itself "pro-Canada." The coalition's new name eliminated this ambiguity.

Kanesatake reservation in Quebec in defense against territorial claims by the neighboring municipality of Oka. The intransigence of the parties involved led to an armed confrontation between the provincial police and the reservation's security corps, leaving one policeman dead. Canadian armed forces were called in, and the Indians sat out a long siege while a negotiated settlement was reached.

Throughout the conflict the Mohawks were supported by sectors of the U.S. press and public opinion, which questioned the

Canadian government's commitment to respecting human rights and Indian treaties.

The second example occurred the following year. In 1991, Greenpeace Canada launched a campaign against the hydroelectric projects being carried out by the provincial public service corporation Hydro-Québec in the north of the province. The ecology group allied itself with Cri, Abenaki and Inuit Indian groups, whose territories would have been affected by the dams, and with U.S. pressure groups, environmentalist organizations, media (particularly *The New York Times*) and other organizations. The Quebec government fought back, using a costly public relations program to counteract negative U.S. public opinion.

The campaign against the projects proved successful; in 1992, the State of New York cancelled a contract to buy electricity from Hydro-Québec, worth 17 billion Canadian dollars. This cancellation raised doubts about the viability of these projects, aimed basically at exporting electrical energy to New England, and postponed their completion indefinitely.

The last example is similar, and its protagonists probably drew their inspiration from the success of the campaign against Hydro-Québec's projects. Environmentalist groups from British Columbia appealed to U.S. public opinion to stop what they saw as excessive logging in the forests on Vancouver Island, used primarily to produce lumber for construction and cellulose for paper production. Both products are Canadian exports of the first order, in which Canada has comparative advantages. As a result, U.S. protectionist sectors happily supported the environmentalist-organized boycott.

These three conflicts had various consequences, the most important of which was to increase Indian groups' say in the political process. The Indians' new clout enabled them to successfully negotiate something they had not been able to achieve in the past: recognition by the federal and provincial governments of the so-called "intrinsic right to governmental autonomy" which, although still not well-defined, implies some form of participation by Native groups in the government of the regions they have historically inhabited.



This recognition was confirmed in the Charlottetown constitutional reform bill. While, as we have seen, the bill was rejected, this sets a precedent that will be difficult to reverse.

### Some reflections by way of conclusion

On January 1, destiny caught up with us: the controversial NAFTA agreement went into effect. Now more than ever, it is time to recognize that the agreement, while negotiated in terms of trade, clears the way for a greater interdependence among North American countries in other spheres.<sup>21</sup> The Canadian experience, begun five years ahead of our own, serves as a lesson regarding the effects that trade liberalization agreements can have on the internal political dynamics of participating nations.

There are ample grounds for maintaining that the U.S.-Canada FTA produced swift, direct effects on Canada as a result of the linguistic and cultural similarity between the two countries. Mexico—and, to a certain extent, the province of Quebec—are relatively protected in that sense. Nevertheless, the challenge is real.

The Canadians, open to the world much earlier than Mexico due to their participation in post-war multilateral institutions, and less jealous of their sovereignty as an absolute value in international relations,<sup>22</sup> have begun to be concerned about the challenges posed by international intervention in their country's internal affairs. A document recently issued by the policy planning unit of Canada's Ministry of Foreign Affairs sounds the alarm on the risks of interventionism.<sup>23</sup>

Canadians reacted in the same way as Mexicans to the Torricelli Law (on reinforcing the blockade of Cuba through sanctions on companies anywhere in the world that traded with the island) and, in the context of NAFTA's parallel agreements, to U.S. attempts to impose economic sanctions on violations of environmental protection

standards and to submit national courts' decisions on environmental issues to a second, trans-national court.<sup>24</sup>

Mexico is already being subjected to surveillance by U.S. and Canadian government and society in all spheres. Since the first day NAFTA came into effect this surveillance has become particularly important with regard to human rights and democratic freedom issues, as a result of the peasant uprising in Chiapas against marginalization and the lack of democracy.

In the United States, public opinion, prompted by the special hearings organized in Congress by those opposing NAFTA, was forced to revise the image of a modern, competitive Mexico that part of the mass media, together with the Mexican government's intensive campaign, had put forward with considerable success.

Canada reacted in turn with moral condemnation of the practices of the Mexican government and army, at the same time as it considered the rebels to be archaic. A Canadian editorial spoke of a "democratic deficit," stating: "Events in Mexico also pertain to our common space. ...[Canadians and Americans] cannot wash their hands of this, given the persistence of a quasi-feudal system in a country whose destiny we shall share from now onwards."<sup>25</sup>

Interventionism is not merely declarative. NAFTA's coming into effect has irreversibly increased Mexico's political vulnerability to the actions of both North American partners, not just the United States. The conflict in Chiapas produced the first examples of Canadian interventionism, with visits by at least two observers' missions demanding that their government pressure ours for a prompt solution to army abuses.<sup>26</sup>

This pressure may be beneficial for a negotiated, democratic solution of the conflict, although it is a clear case of interventionism in issues that are exclusively the province of Mexicans. In any case, it is a fact that the Chiapas conflict is eroding the foreign and domestic capital earned by Carlos Salinas and Luis Donaldo Colosio, the ruling party's candidate, with the passage of NAFTA.

Conversely, the Mexican opposition's demands are finding a response abroad. Their demands are aimed at North American partners because, paradoxically—given

<sup>21</sup> NAFTA will also have effects on Mexico's foreign policy that might be so extensive as to realize the wishes of the former U.S. ambassador to Mexico, John D. Negroponte: "An FTA would institutionalize acceptance of a North American orientation to Mexico's foreign relations," as he wrote in a confidential memorandum published by the Mexico City magazine *Proceso* (May 13, 1991). For the moment we will limit ourselves to indicating this possibility, given that this essay focuses on trade liberalization's effects on domestic politics.

<sup>22</sup> At the Human Rights Conference held in Vienna in June 1993, then-chancellor Barbara MacDougall said that defense of human rights by the international community is an absolute value that cannot be subjected to the sovereign will of states.

<sup>23</sup> André Ouellette, Stewart Henderson and Daniel Livermore, *Sovereignty, Non-Intervention and the Intrusive International Order*. Ottawa, External Affairs and International Trade Canada, 1992 (Policy Planning Staff Paper, No. 92-2). André Ouellette was named Minister of State for Foreign Affairs in the new Liberal government.

<sup>24</sup> This convergence led analysts think that Mexico and Canada would form a common front in negotiations. See S. López *et al.*, "Respecto a la soberanía: Wilson" in *El Financiero* (Mexico City), April 8, 1993; and Ian Austen, "Fight over Side Deals Lines Up Canada and Mexico against U.S." in *The Spectator* (Hamilton), May 22, 1993. In the end Canada maintained her position while Mexico gave in.

<sup>25</sup> See "The Heirs of Zapata" in *The Globe and Mail* (Toronto), January 5, 1994; and Lise Bissonnette, "Un déficit démocratique" in *Le Devoir*, Montreal, January 7, 1994.

<sup>26</sup> One was led by Gérard McKenzie from the League of Rights and Liberties and the other by Ovide Mercredi, Grand Chief of the First Nations of Canada (a pan-Canadian Indian confederation). See Sylvie Dugas and Philip McMaster, "Ovide Mercredi veut promouvoir une organisation indienne transnationale" in *La Presse*, Montreal, January 19, 1994.



the peculiar nature of the Mexican political system— U.S. and Canadian public opinion is just as important, if not more so, in moderating the Mexican government's actions than the opinion of Mexicans themselves.

Now that openness to the outside is irreversible, and the country's domestic affairs are being subjected to outside judgment, Mexico faces the challenge of redefining her sovereignty. To achieve this, the country will have to distinguish between essential and incidental issues, separating those on which international surveillance is admissible from those where foreign opinion is excluded.

The former could include, by way of example, trade policy expressly involved in NAFTA, environmental protection, the application of national legislation in social and labor issues, and respect for human and political rights. Conversely, industrial and monetary policy, the free use of natural resources, and the unrestricted definition of legislation in social and labor issues should be jealously guarded.

The implementation of an active foreign policy—based on putting forward proposals and not simply reacting—is also necessary. Instead of passively submitting to the negative consequences of trade liberalization and greater exposure to the outside, Mexico should take advantage of the situation.

Trade liberalization does favor interdependence in North America. In other words, not only is Mexico more vulnerable to American influence, but the United States is also more exposed to Mexican influence.

Of course, the relationship is far from equal, but a balance can be sought with the help of the other North American partner which, as we have seen, has experienced the consequences of trade liberalization with the world's greatest power for the past five years. An alliance between Canada and Mexico to defend common interests in the North American sphere could be the best strategy for obtaining substantial advantages from the commercial integration already underway.<sup>27</sup>

Contrary to possible first impressions, Mexico and Canada could be in a favorable position to achieve success—far more so than many other countries. The complex relations that the United States' neighbors maintain with her increase interdependence. Put another way, this great power requires the cooperation of her neighbors to resolve a number of issues that affect the very security of her territories.

Power is a relative variable which depends on the circumstances, timeliness and intensity with which pressure is exerted.<sup>28</sup> Mexico and Canada are well placed to manipulate interdependence in their favor, all the more

<sup>27</sup> This thesis was defended by Victor Flores Olea in *La Jornada*, November 19, 1993 and by the author in the *Revista Mexicana de Política Exterior*. Mexico City, Spring 1993.

<sup>28</sup> See William Mark Habeeb, *Power and Tactics in International Negotiations: How Weak Nations Bargain with Strong Nations*. Johns Hopkins University Press, 1988.

effectively if this manipulation is exercised within the logic of U.S. domestic policy and in a concerted fashion.<sup>29</sup>

Political collaboration may even be crucial to the achievement of economic aims and attaining the greatest possible advantage from the economic model currently being implemented in North America. This was the Mexican government's position last spring, during the negotiation of NAFTA's parallel agreements.<sup>30</sup>

The experience of Canada, with five years of free trade behind her, is a lesson for Mexico, since it serves as an example of the inherent risks of trade openness with our powerful neighbor. At the same time, it is the best argument for convincing Canadians of the need to cooperate with Mexico to cushion negative internal repercussions of the process of North American integration. ❧

<sup>29</sup> See Joseph S. Nye and Robert O. Kephane, *Power and Interdependence*. Boston, Little, Brown, 1977.

<sup>30</sup> See Bertrand Marotte, "Canada, Mexico Must Unite to Tackle U.S. 'Elephant'-Diplomat" in the *Daily News* (Halifax), April 17, 1993. The opportunity to do so arose a month later, on the occasion of Mexican and Canadian opposition (described above) to the application of tariff sanctions in response to violations of environmental agreements. However, for some reason, the occasion was wasted and Canada, maintaining her position, achieved what Mexico was denied.

## Explicación de textos literarios

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