

NAFTA, NAC and NAMI: PERSPECTIVES

Second generation challenges and second decade agenda

Notes for observations by Rod Dobell, NAMI-Canada
at the NAMI 10th Anniversary FORUM

Santa Fe, New Mexico, August 19-21, 1998

1. Introduction, purpose and disclaimer

We've talked a surprising amount about the events of this week, and the current agenda. We've talked about the urgency of action over the coming 12-18 months, and the importance of formulating an effective one-two year agenda.

I would like to talk very briefly about the possible shape of a 10-20 year North American agenda, picking up key unfinished business from the last decade of trade liberalization and economic integration. I pursue this topic recognizing very well that it may certainly become hostage to the more pressing agenda always at hand. Indeed, if we do not take steps to buttress popular support for existing measures pursuing integration and liberalization, we may have no North American community for which to discuss a longer term agenda. But NAMI's purpose has always been to try to see a little further down the road in the evolution of an emerging community, so I pursue that purpose here a bit. In that light, therefore, I distinguish NAMI, NAC and NAFTA--a North American Institute program of debate, a North American community design, and NAFTA processes for delivery.

Emilio Carillo mentioned the Yergin-Stanislaw book, The Commanding Heights, and its thesis that the defeat of communism was not so much an ideological failure as a delivery failure--a failure to deliver service to the customer and satisfaction to the people.

In an essay reviewing that book in Foreign Affairs early this year, David Rothkopf makes a couple of observations I'd like to pick up, starting with his observation that the historical process outlined by Yergin-Stanislaw is not necessarily all one way. As he says ..."even as people recognize that markets are progressively more global, in virtually every country there is a backlash against the perceived inadequacies of the market as a custodian of social values....the degree to which people of any one country will demand protection from the market [for reasons that will be clear later, I prefer to say 'demand an effective social frame around the market'] remains an open question.....there is a sense that issues of social equity must be better addressed,

that the advocates of shock therapy have failed to acknowledge political [and social] realities, and that economic development is truly an interdisciplinary endeavour that should not be left to economists alone.... The book frames the stakes of the battle quite well. Unfortunately it does not give much insight into how this battle is likely to unfold.”

I suppose one could interpret my remarks here as suggesting that the battle has to unfold with the articulation of overarching principles for a North American—and wider global--community within which trade arrangements and market mechanisms will operate to community benefit. It also seems to me that the agenda for the next decade or two may well prove crucial in this regard.

Given what I am going to say, a couple of disclaimers are in order.

First, my comments elaborate somewhat on a NAMI Canada paper circulated in advance for this meeting, but taking it in particular directions for which I assume sole responsibility. I speak here from a Canadian perspective, I think, but my observations in no way purport to represent positions of NAMI or NAMI-Canada, or indeed anybody but myself.

I should also perhaps confess at the outset that I am an economist. All my working life I have been a recovering economist. My only professional qualifications were in mathematical economics, and most of my career in universities and outside—in governmental, intergovernmental and non-governmental organizations--has been spent looking for the right uses of the economic way of thinking in or about public policy. And I have seen a lot of misuses and abuses of such thinking along the way. I seek in my comments here to understand a little better how the powerful machinery of markets and economic reasoning can be properly and responsibly engaged for social purpose in an emerging North American community.

Finally, I should perhaps comment on the title of my presentation: PERSPECTIVES. This title was not of my choosing, but I feel very fortunate to be assigned it.

A widely-loved and valued Canadian colleague, the late Jean-Luc Pepin, after he made his leap from academic butterfly to political leader and savant, used to say that nobody—at least nobody of his standing--should ever agree to speak on any topic other than “Reflections”.

The present leader of our Canadian group, Senator the Honourable Jack Austin, suggested that for NAMI, that title carries too little forward. In NAMI we reflect on the past in order to help shape the future. “Perspectives”, en Francais, porte l’*signification d’un examen du futur*. Here in this meeting we’ve talked this morning about NAMI’s past decade of work, and we talked last night about current developments in our three countries. (I guess a quick summary of that discussion

last night would be that everything is very much ‘not normal’ everywhere in Mexican society; that everything is very uncertain and volatile in the US political scene; and everything is very much depressingly normal in the never-ending Canadian debate.) In the present panel, we will hear much about specific areas or sectors of future development. For the next few minutes, however, I would like to seize the opportunity offered me to suggest a general frame or context in which to set that discussion. (Given the time available, I will be able only to hit the highlights of what obviously should be a very much more extended discussion. So my remarks will be much less nuanced and qualified than no doubt they should be. But I hope they will provoke.)

And finally, let me be clear about one point: I refer frequently here to the North American community. Obviously I intend that reference with a small ‘c’. The overall goal at which this paper is directed is community writ small, and informal—a sense rather than a structure. The model of formal political integration along the lines of the European Community or European Union forms no part of the vision we are discussing here, at least as I see it, even though I argue strongly for international understandings and an agreed social framework which could, I suppose, at some point be articulated in a more explicit charter of some kind.

I suggested earlier that we should distinguish three distinct questions:

- . Identification of the second generation challenges for NAFTA and the existing trilateral institutions
- . The emergence of a North American community and a North American agenda
- . A second-decade program for NAMI.

I’m going to suggest that in respect of the first, the key concerns are around alternative service delivery and inter-institutional partnerships in changing government roles; that the second concerns broader understanding about the cultural links and design issues underlying an emerging sense of North America; and that the third concerns an agenda for debate around these sets of issues. The nub of my remarks is that we need to reframe the debate to set the delivery issues within the context of the community values and design principles, not let our society’s fundamental agenda be driven by the changing shape of economic mechanisms. Indeed it is my sense that this is essentially the thesis that underlies the continuing concern about NAFTA on the part of many observers, including fellow NAMISTAs Rae and Harcourt and in fact our own Canadian foreign minister in an earlier incarnation: not that NAFTA is not beneficial as a trade

deal, or that in any case it could now be reversed, but that the crucial task is to complete the unfinished business of establishing the social and cultural and community context for such deals, to ensure that their impacts are properly contained within their economic sphere.

Our problem at the moment is that we talk about the community issues--social, environmental, cultural, legal, philosophical--as if they were side effects of the NAFTA relationships. We talk about supplementary deals, or collateral accords, or ancillary measures when speaking of the environmental and labour agreements. These are not side-deals, and they do not deal with side-effects. These are crucial impacts--often not fully anticipated--on fundamental features of social systems, natural systems and people-to-people relationships. It is within these systems and relationships that markets and economic mechanisms must work--must be made to work.

We are framing and phrasing our problems backwards.

The evening I arrived in Santa Fe I encountered a bumper sticker I've never seen before, which struck me as highly relevant to the argument I want to make. It said "Do not believe everything you think."

It seems to me that NAMI's task is to alter belief systems and perceptions quite profoundly when it comes to the development of trilateral institutions.

You've probably all seen the print--I think it is an Escher print--of a flock of birds flying East. If you blink and look again, you see a school of fish swimming West. Blink, and they can be birds again. (This seems like a quintessentially Canadian image: we see all our fish going West; when we blink they're all gone. This may turn out to be a lot more basic problem than thinking we see all our factories going South.)

Or you may have seen the transparency much beloved of consultants, and common in psychology texts. Half the audience looking at the transparency sees the image as the craggy face of an old peasant woman; the other half see it as the profile of a glamorous young woman.

The phenomenon is known, I think, as figure-ground reversal. What is image and what is background hinges on subtle changes in perception. I argue that NAMI's task is to help people see the issue of economic integration in a North American community differently, to reframe the problem so as to place trade and commercial relationships properly in the context of the overarching community. NAMI's challenge is to achieve a figure-ground reversal in the popular vision of North American relationships.

2. Globalization and other changes

It is a cliché that the world is changing rapidly, dramatically and perhaps at an accelerating pace. In particular, we have all heard more than we would wish about information technologies, the continuing integration of markets, and the general processes of economic globalization. Some of the commentary is accurate, and important.

But much more important, for our discussions here, and for policy generally, are two other crucial dimensions of change often overlooked.

A) We have passed, in Herman Daly's phrase, from an empty world to a full world. The world has become congested, and must be recognized to be complex, and inherently uncertain. Interdependence is central, and in many ways that are not reflected in markets. The result is growing need for further codification of the civilizing process, more extensive exercise of restraint to avoid damaging interaction, further development of codes of conduct negotiated in many places, to constrain the impact of human activities on the natural systems of the biosphere.

B) We have passed, in Rosenau's phrase, into a new order, a more participatory order, a democratizing process, with an emphasis on the negotiation of acceptable understandings, or what Habermas has called communicative rationality.

If it is true, as argued, that these two transitions are now behind us, already accomplished, then we must work with a new vision of a complex human system (including social, cultural and spiritual elements as well as economic and political institutions) set within a complex and uncertain natural biosphere and geosphere. This vision is perhaps more an ecologist's vision than an economist's and it may be that we should all be reading The Ecologist with the same religious attention we devote to The Economist, although less frequently. (Indeed, it has long been a puzzle why there should be so much popular and governmental interest in hourly financial quotations and indexes of stock prices, and so little interest in monitoring and reporting on the state of the fish stocks and other elements that make up the web of life on which we all depend. Ultimately this irrational misperception of what is important will come to an end, no doubt, but I wonder it will do so before we do.)

The result of these two key changes, and growing recognition generally of the complexity and uncertainty of processes in both human and natural spheres, is a need for participatory community and governance mechanisms, including what the International Joint Commission calls 'civic science', which I'll talk about briefly in a moment.

Let me mention three concrete illustrations of the kind of community-based civic processes I will advocate later. (In most of these examples, we are talking about geographic communities rather than virtual communities or epistemic communities, but I think the reasoning applies to both.)

The first illustrative example is described in the report of the Independent Review Committee which undertook the four-year review of the Commission on Environmental Cooperation. The Executive Summary and Recommendations is set out in Appendix 1 at the end of this paper. The second is the group of initiatives described in the forthcoming Kiy-Wirth book on border environmental management. And the final illustrative example is the statement (set out in Appendix 2) of vision, concepts and objectives for the proposed UNESCO Biosphere Reserve in Clayoquot Sound, on the West Coast of Vancouver Island in British Columbia..

The first relates to trilateral institutions, and the Independent Review Committee suggests many ways in which the Commission on Environmental Cooperation might serve as a model for other institutions of a tri-national community. The second set of examples relate to bilateral management models. And the final example is local, but illustrates the global significance of community-based co-management in the context of an integrated marine-terrestrial ecosystem approach. So if you don't find my general argument persuasive, at least these illustrative examples may illuminate some of the emerging inter-institutional structures which could give the idea of a North American community some more concrete reality.

In North America, with its long borders, many bilateral concerns and frictions arise, and the importance of bilateral cooperation grows. But here we are looking for a multilateral North American framework in which to set such transboundary interaction.

From this perspective, the importance of democratization is much more than simply a way to entrench economic reform and trade liberalization. Indeed, a North American community, if we can shape it well, may serve as a model for a more general community of interest shaping its relationships—including trade and commercial relations—according to broad sets of rules pushing for cooperation and coherence while recognizing cultural differences and diversity. NAMI explored some of these ideas in an earlier meeting, reported in the NAMI book, Trans-Border

Citizens: Networks and New Institutions in North America, as well as in the extensive discussions reported in the Stanford University Press volume by Robert Earle and John Wirth, Identities in North America.

A slightly different way of exploring some of the same ideas is to consider the many dimensions of international arrangements designed to promote human security, and to reflect on the ways in which the new international order is directed not just to traditional concerns for national security and inter-state or commercial relations, but to concerns for personal security and human rights, political and citizenship rights, economic security, and environmental security. From this perspective the second generation challenge for institution-building in the North American community is not so much about trade and economic integration, as it is the negotiation of cooperative arrangements to promote human security broadly interpreted.

More important, then, than economic globalization are the transboundary processes of democratization, with trans-border citizens increasingly linked in expanding networks of networks, and increasingly debating values in what I have characterized elsewhere as the congested global village (of which the integrated global economy is only one—though central--instrumental component).

2. Institutions for governance and management: Cooperation and coherence without convergence.

In the context sketched above, the design of institutions must inevitably be pragmatic and adaptive, directed toward social purpose and community benefit, not just economic management. The pursuit of sustainability—reconciling economic, social and environmental imperatives—becomes an over-riding objective. Animating the transition to sustainability becomes the critical, over-arching agenda item.

Such considerations lead to recognition of many forms of capital—social, cultural, natural—in addition to traditional financial, physical and (increasingly) human and intellectual.

Two features of these more-recently-recognized forms of capital are crucial.

One is that they relate to aggregate aspects of social structure or biosphere function. Many of the constraints on the impact of human activities are aggregate in nature, relating to the whole stock, not individual components or individual transactions.

For example, the search for social cohesion or overall sustainability is a property of the whole, not a feature of any one set of plans or transactions. Operational plans for one cutblock in a forest do not in themselves threaten sustainability of the forest ecosystem; it is the aggregate of all plans which determines whether there is net loss of habitat or irreversible loss of natural capital in the forest ecosystem.

These aggregate restrictions create a “commons within a commons”—individuals will struggle to capture their share of the available space within the restrictions, leading to all the usual “race for the spoils”. One response is to decompose the restriction further, delegating to individual property rights which permit individuals to exercise discretion within their own patch. But in the complex ecosystems within which we live, this delegation is not really feasible without highly restrictive constraints on such individual discretion. The only alternative seems to be ongoing community processes to achieve continuing adaptive management. (An example of the difficulties is offered by current experience with the PST.)

There is a burgeoning literature on negotiations designed to overcome the barriers to cooperative joint action. And indeed much of this focuses on the design of so-called 'enforcement regimes' relevant to some of the ongoing discussions in the NA context.

CEC/IRC notes (p. 16) the need to further the national interest by pursuing broader joint interests within a cooperative framework. Of course this is the basic character of cooperative negotiations, especially in the environmental area. Enlightened self interest is the motivation. Parties must be able to see their own individual interest flowing from the joint outcomes. (As a footnote, one might observe that this feature is what currently is lacking in the motivation for Alaska to participate in the PST negotiations.)

An interesting digression is to note that with consideration of the many forms of capital, and the relative ownership claims constrained, as they must be, by the requirements for responsible behaviour in a complex world of inherent uncertainty, institutions must be structured so as not to privilege, thoughtlessly, some forms of capital over others. In particular, there is no reason to expect that title to financial capital can be any more secure than property rights or tenures granting rights in other forms of natural or social (or human) capital. The significance of this observation is that the attempt to entrench claims to property within the MAI, with its provisions for compensation exclusively for individual claims of a financial nature, at the expense of social control of restrictions on use of social or natural capital, must be defeated. We need to find a substitute code of conduct which will provide adequate assurance to those who invest in all forms of capital—but it can only be assurance of fair process, not of entrenched claims to financial compensation. (It is interesting to consider how far the balance has swung from the mid-1970s, when the negotiations were about a code of conduct for MNEs to the mid-90s, when they are about a charter of rights for trans-national investors, mostly corporations. In its concern for social stability and stewardship of natural capital, the 1970's version seems the more contemporary and relevant. [compelling])

We need cooperative arrangements. Some examples:

CRB—community-based management.

Clayoquot Sound UNESCO biosphere reserve, recognizing the existing structure of community decision and consensus-based land use. (See attached proposal.)

In the fishing case, a SW Alaska/NW BC ecosystem management case could be interesting.

The Minister of Fisheries will testify that there is substantial cooperation amongst fisheries managers at the working level, including an effective Alaskan response to requests for adjustment in fishing plans for particular fisheries. These examples demonstrate, for example, some of the gains from pooled scientific efforts. But more fundamentally, the US has a need to demonstrate visibly its willingness to participate responsibly in cooperative management, even when it has the leverage which would enable it to act alone in its own interest.

Atlantic salmon fisheries cooperation: Canadian action—Greenland response—the result is protection of American stocks.

The second key feature is that these are inherently networked structures, social assets, webs of relationships, not isolated separable stocks.

There are possible problems in introducing this sort of language to describe new forms of capital—social capital, cultural capital, natural capital. Such language suggests too mechanistic a view, too easy a route to bringing it all into monetary valuation or economic calculation and market transactions. But on the other hand, at least the language reminds us that these are truly crucial stocks of assets, assets that underlie not just social cohesiveness but industrial productivity and economic competitiveness. These are the investments that truly need protection in a rules-based system.

(And, by the way, on that point, it is concern with these investments that explains some of the reasons why opposition to the MAI is not wholly the product of brain-dead primitives. Canada should never sign an MAI until it is clear that investment in and stewardship of these crucial social assets is not being crippled and handcuffed by misguided compensation provisions which privilege financial capital at the expense of social assets.)

3. A framework for markets.

So we seek a continuing framework within which market mechanisms may flourish to serve needs not just for prosperity and material progress, but for social and ecological sustainability, and human security.

One may see the challenge as demanding a two-track response.

On one track we seek to design the overall framework institutions within which are negotiated the overall understandings, rules and codes of conduct.

On the second track we need to develop the ongoing management institutions which can lead to increased mobility and reduced barriers in the movement and traffic in goods, services, currencies, people, ideas and values within the community. So, for example, in border operations we seek to facilitate access while controlling illegal movement. For movement of intellectual property and spread of knowledge we seek to promote access while preserving proprietary claims to intellectual capital as an incentive to creation of new knowledge.

One speaks of these questions often with a distinction made between
design and delivery
steering and rowing
policy and implementation
politics and administration.

The first two stem from the more modern and fashionable management literature on alternative service delivery and new public management. The last two distinctions are found in the more theoretical literature, with the last being of ancient origin, but similar in intent.

All these are pursuing the same basic insight—the need to separate distinct domains of responsibility—the first system-oriented, the second individual-oriented.

[In some ways all of this is similar to the distinction between convergent knowledge (of best practices) and divergent knowledge (related to what is right to do), or the even simpler distinction between doing things right and doing the right things.]

In terms of improving steering, the task is finding the framework which promotes common objectives while accommodating difference and celebrating diversity.

In terms of better rowing, the task is finding the machinery which exploits new knowledge and new technologies to reduce barriers, integrate services, improve delivery to individual clients, and engage citizens more fully in governance generally.

But in a world of uncertainty, with a focus on adaptive management, how is this to be responsibly accomplished? How is one to combine the principle of subsidiarity with an ecosystem approach and a precautionary approach? One possible answer is the approach of civic science, discussed in the next section. Before that, pursue this question of the design/delivery dichotomy a little.

In its excellent report, the Independent Review Committee established to carry out the four-year review of the Commission for Environmental Cooperation addressed this issue. Recommendation number 1 of the report advocates that the NA Agreement on Environmental Cooperation be viewed as an essential parallel process to NAFTA, not as a 'side deal' subsidiary to it. The IRC suggests indeed that the CEC be seen as having the mandate to pursue the goal of sustainable development in North America (p. 15). The main point of my comments here, I suppose, is to take this observation one step further, to view the NAAEC and its companion, the NAASLS, not simply as parallel processes, but as overarching frames, a within which NAFTA is to be managed in the interests of the NA community overall.

As mentioned in the introduction, the IJC, in light of its decades of experience, has come to the same conclusion that the issues cannot be settled scientifically, but only by appeal to democratic process.

It is too bad. One would dearly like to escape all the endless debate and duck the meetings. It would be nice to set the targets and have done with it. But, sad to say, it would not be responsible. Beware the slick formulas offering an escape. We cannot evade the responsibility to ensure that judgements on behalf of all emerge from ongoing political participation, in an increasing number of consultative bodies, at an increasing number of jurisdictional levels.

As part of the process of re-inventing institutional arrangements, we have widespread appeal to market delivery of government services, now even in areas such as social welfare and human

services. (Some of the important considerations in this domain are reviewed in last year's NAMI Winnipeg Forum. Copies of a report on this meeting are available on NAMI's website or in hard copy if you wish. A display copy is outside the meeting room. Part IV of the report contains very insightful discussion of this general movement toward alternative service delivery.)

Even more significant than the delegation of delivery itself is the partnership nature of the arrangements, and more generally the evolution of a new and more complex inter-institutional context, in which the crucial distinction between people as customers and people as citizens gains importance.

We can think of business enterprises and corporations, government departments and agencies as structures, and indeed a wide range of voluntary organizations, as having evolved, in effect as producing entities, to serve human needs in a wide variety of ways. Citizens, assisted by a broad range of newer non-government organizations can be thought of as the principals for which these entities ultimately serve as agents. In their relationships between themselves and individuals as customers, and between themselves and individuals as citizens or principals, these organizations have evolved a set of rules and cultures. The rules and cultures involving business enterprises and corporations have developed a very different form from those involving governments and public agencies. (See Jane Jacobs, *Systems of Survival* for some further discussion.) And indeed our three countries have worked out different frameworks for governing these different sets of relationships. Now with increasing appeal to public-private partnerships in an increasingly complex inter-institutional, inter-jurisdictional setting, we have agents trying to act jointly in dealing with both customers and citizens, in arrangements that cross jurisdictional boundaries. No wonder the result is a degree of cultural conflict and confusion. We need some clear over-arching frameworks to govern these complicated delivery arrangements.

4. The framework we seek is one based on civil society, civic process, civic science.

The IRC in its report on the CEC has a number of significant observations about ‘civil society’ and the CEC provisions for civic participation and citizen action.

Beyond this, it is important to note the continuing tendency in current affairs to take basic issues of social judgement and citizen preferences, and subordinate them to what purports to be technical analysis. It is an old observation to note that this process is fundamentally designed to assure the continuation of the status quo in distributional matters (claims on capital). There is an ongoing press to turn human dilemmas into technical problems. But civic science is not the same as ‘sound science’, and consultation processes need not yield what some might judge ‘sound policy’.

Just as Gunnar Myrdal demonstrates conclusively that the argument for ‘objective economics’ is a thinly-disguised campaign for the status quo, so the insistence on ‘sound science’ is at heart a ploy to portray issues of subjective perception and judgement as merely technical problems amenable to solution through simple calculation.

The SNYC (‘science is not yet clear’) argument is itself a ploy to sustain the status quo in the face of apprehension about significant irreversible risks. In a democracy, we citizens should have the power, wherever possible, to make our own judgements about which risks we wish to take on. Of course the world is not, and cannot be made, risk-free. But the choice of risks is up to us, not a scientific panel or trade tribunal. The power to elect what standards we wish to set to control the nature and degree of risk is likewise up to us all, collectively, as citizens of societies which may each arrive at its own determination.

An important feature in the emerging agenda is that citizens should not be denied any information bearing on such risks, nor the opportunity to refuse to assume particular risks. (The power of ‘intrusive sunshine’ or ‘sunshine and scrutiny’ is a crucial feature of institutional design which has been emphasized in NAMI discussions from very early days. The effort to take decisions on such general social judgements into technical arenas of esoteric expertise where the lay citizen ‘simply wouldn’t understand’ is one that has been, and must continue to be, resisted strongly.)

The suit by Ethyl Corp against the Government of Canada on the matter of MMT as an additive in gasoline seems like a perfect example of the problem. Canada attempted to ban the import of the product on health grounds. Ethyl Corp threatened lawsuits under the NAFTA provisions

governing such regulations. Canada has now backed down and announced that it will revoke its ban on imports.

Of course there is no risk-free society. But to see this action as realistic recognition of the necessity to assume some risks is silly. There is no reason we, as citizens, need to elect a government which will impose particular risks upon us, risks about which we exercise no discretion.

Another example in the field of drugs is interesting. I am not aware that the distinctions between the risks associated with tobacco and those associated with cocaine are scientifically very clear or very different in magnitude. The regulation of these two drugs is not altogether a matter of sound science. Yet Health Ministers in Taiwan and Thailand felt the full force of pressure from USTR to open their borders to the one, while Presidents throughout the Western Hemisphere feel the full pressure of the US to seal their borders to the other.

5. Goals: Cooperation and coherence without convergence

The goal for NAMI and for the North American community, I suggest, is to achieve the necessary reframing of the purpose and context, the figure-ground reversal, which enables us to see the institutions of the economy as set within the context of social institutions more generally, and these all as shaped by social and cultural context, within which human decisions are taken and human activities are carried out, all with an eye to the biosphere and the geosphere within which we all live as part of an interdependent web of life. We have to see the machinery of trade and commercial relationships as one part of broader formal and informal community structures which construct the context for the integrated economy, and set the groundrules for its functioning. Judgements about social purpose constrain market functions, not the other way round. Democratization relates to collective judgement and collective decisions, of which economic reform is one instrumental part.

More concretely, one might suggest that a second generation challenge for the NA community and the NAFTA institutions is to achieve effective cooperative management without unilateralism and without a forced convergence or harmonization of standards through the suppressing of cultural differences in favour of technical uniformity based on ostensibly objective technical standards or rulings. One concrete manifestation of success would be agreement on what in effect would be a 'subsidies code' spelling out ways in which cultural differences can find expression in distinct social and cultural policies in different communities which nonetheless all form part of a cooperative network.

Some of this management should show up, for example, in effective cooperative resource management, across jurisdictions, including internationally. There are a number of examples worth citing, a few of which I have mentioned. A concrete goal for the NA community, for example, would be to have in place by the end of the next decade clear cooperative mechanisms for coastal zone management along western hemisphere coastlines from the Arctic to the Antarctic.

A goal for NAMI's second decade would then be not only to support the ambitious trade agenda, but to get ahead of it in order to reframe it. It would be to convene and animate the ongoing processes of discussion which keep this broad set of objectives prominently on the social and

political agenda in each of our three countries, and which succeed in reversing the reductionist technical frame of reference based on granting primacy to formal economic institutions and financial capital. [There might be a component Canada-Mexico agenda to keep US pressure in this respect in check.]

Specifically, we need to reverse the order in which we see the questions. The concern is often expressed that social rules could be misused to promote protection against competition, to reduce competitiveness of domestic enterprises. But this concern is no excuse to turn the matter on its head and allow our desire for competitiveness within a global economy to constrain our right to determine collectively what risks we choose to run. The ends here are social, the means economic—not the other way ‘round.

The search for ‘sound science’ and ‘sound policy’—the reassurance that markets will punish unsound measures, whether fiscal, monetary or social—is not in fact reassuring and responsible. It suggests a willingness to impose an unexamined orthodoxy in defense of a financial elite in a polarized world.

It is important to emphasize that this argument is not an attempt to turn back the clock. It is not an attempt to roll back a process of economic globalization which has its own technological dynamic and market logic. It is an attempt to manage that process socially, for a social, not merely economic, purpose.

This is not an anti-business program, even though it opposes some of the current market mania. Indeed, for some corporate leaders what is set out here is the longer term business agenda. A sound framework creates the pre-conditions for a workable, dynamic, flexible continuing economy and market system. Indeed it is the only thing that does.

A framework of trust and credibility is the social glue that enables us to address the hard problems of drugs, organized crime, law and order, personal security, immigration and human rights inevitably generated by the two long borders that shape our three countries. Indeed it is the only thing that can. That solid social frame of shared understandings is what is essential to promote the second generation NAFTA agenda across all sectors and issue areas to be discussed in the rest of our program.

There is some sense of urgency also about this agenda for a North American community, although it is evidently a longer term evolution under discussion here. But the next decade or two

may well prove decisive--"a hinge of history"--a moment which determines whether we achieve primacy for popular democracy or subordinate our community to an elitist market machinery.

The western hemisphere has been the source of a lot of ideas and experience with institutions of democracy, and with federalism as an institutional structure to promote cooperation in common purposes while respecting diversity and difference. If a North American community can develop the social framework within which markets can work effectively--if we can build good second-generation institutions to guide and govern trade and economic relationships--then this may indeed be a model a Western Hemisphere Cooperative Community and for the resolution of issues at the multilateral level, with the WTO and the Bretton Woods institutions and the UN family and all that.

Interestingly, this brings us in our thinking pretty much back to where a former opposition MP was in 1992 when he spoke at UNAM. That MP, now better known as Canada's Secretary of State for Foreign Affairs, indeed titled his talk "A Western Hemisphere Cooperative Community" an alternative to NAFTA." Perhaps the only amendment we need is to title it a framework for NAFTA.

6. Conclusions: Second generation challenges in the North American community:

Building Coherence without Forcing Convergence

A number of new issues appear on the radar screen as the NAFTA institutions move toward implementation and ongoing operation of the arrangements that have been built over the last decade. A central challenge will be to assure that these institutions achieve the necessary degree of cooperation and coordination in the many issues which form the common core of NA activities, with certainty and consistency around common principles, without forcing unnecessary convergence, or losing the differences which are central to the many cultural traditions within that NA community.

Policy debate and controversy in North America in the coming decade inevitably--in my view--will center on the challenge of reconciling market imperatives with increasingly stringent constraints emerging from growing concern for both democratic rights and social responsibilities for stewardship of the biosphere. **This debate will be carried on at two levels:** at a design level, on **policies to establish a social frame for market activity**; and at an operational or administrative level, on **mechanisms to reconcile the entrepreneurial values of market delivery with the social values of public accountability.**

The task of reconciling the dynamics of the market economy and the liberal trading system with the commitments to fundamental democracy and the realities of increasingly scarce natural capital in a world moving closer to the carrying capacity of the biosphere can be seen as that of achieving the social framework for the **transition to economic, social and ecological sustainability**. This entails designing a framework which promotes adjustment in a changing global economy while at the same time pooling and spreading the costs of individual insecurity in the face of inevitable uncertainty and surprise.

The task of reconciling the dynamics of independent enterprise with the democratic values and public accountability for stewardship of the environment can be seen as that of **transition from consultation and construction in NAFTA institutions to implementation** of arrangements for inter-institutional coordination, across-borders, in a world of public-private partnerships and alternative service delivery.

NAMI's program for its second decade should provide a forum for discussion of the second generation issues for NAFTA institutions: achieving the transition to implementation of agreed goals in a world of cross-border, cross-sector partnerships. NAMI should also work toward its own second-decade challenge: articulating more fully the development of the over-arching framework which assures the transition to sustainability—assuring that the ongoing development of commercial, economic and trading relationships is fully reconciled with the fundamental social, cultural and environmental agendas, objectives and constraints of the three countries and many societies that make up the North American community.

So that is my conclusion. The take-home message is that we need to reframe our vision of the elements of a North American community, achieve the figure-ground reversal which places crucial trade and economic integration within the surrounding social and natural systems whose sustainability is fundamental. We need to shape NAMI's debate so as to articulate the sense of community within which the delivery of the benefits of prosperity can be achieved.

The machinery for delivery--markets in an integrated economy--must be seen within our design for community. The design principles are: understanding without uniformity; cooperation without convergence; sustainability in all spheres. This not anti-business; it is simply pro-people.

ARD

22/8/98