

“Deep Integration” — the Anti-Democratic Expansion of NAFTA

By Laura Carlsen | May 30, 2007

The North American Free Trade Agreement is the most advanced experience of the U.S.-led free trade model in the world. The expansion of NAFTA into the Security and Prosperity Partnership reveals the road ahead for other nations entering into Free Trade Agreements. It is not a road most nations—or the U.S. public—would knowingly take if they knew where it led.

The first problem is that very few people do know. The Security and Prosperity Partnership (SPP) was launched at a meeting of Presidents George W. Bush, Vicente Fox, and Prime Minister Paul Martin in Waco, Texas. It was heralded as the next step in regional integration and as part of what some observers have dubbed the “NAFTA Plus” agenda.

The Waco meeting of the “Three Amigos” resulted in little visible progress. However, it set in motion an underground process that spawned its own working groups, rules, recommendations, and agreements—all below the radar of the legislatures and the public in the three nations. These rules and trilateral programs have profound effects on the environment, the daily lives of citizens, and the future of all three countries. Unknown people, representing the interests of a narrow elite, are building an agenda that allows for virtually no public debate or input.

What is the Security and Prosperity Partnership?

From its origins in Waco, the SPP has developed through several formal meetings, including a March 31, 2006 meeting of heads of state in Cancun, a ministerial meeting in Canada in February of this year, and a secret meeting of high-level government, military, and business people in Banff in September of 2006, which was outed by Canadian civil society watchdogs.

The official U.S. web page describes the SPP as: “... a White House-led initiative among the United States and the two nations it borders—Canada and Mexico—to increase security and to enhance prosperity among the three countries through greater cooperation. The SPP is based on the principle that our prosperity is dependent on our security and recognizes that our three great nations share a belief in freedom, economic opportunity, and strong democratic institutions. The SPP outlines a comprehensive agenda for cooperation among our three countries while respecting

the sovereignty and unique cultural heritage of each nation.”

The definition reveals important aspects of the “partnership” while hiding others.

The fact that it is “White House-led” is beyond doubt. When the heads of state met in Waco and in subsequent meetings to follow up on NAFTA, both Canada and Mexico had some very serious concerns. Canada was embroiled in trade conflicts with the United States (soft lumber, beef) that it wanted to see resolved in the context of cooperation supposedly embodied in NAFTA.

The stark contradiction between open borders for merchandise and criminalization of immigrants had led over the decade-plus of NAFTA to an untenable position for Mexico’s rightwing government. On the one hand, it had a commitment to greater integration under the free trade model; on the other it was under tremendous political pressure to defend Mexicans migrating to the United States.

None of these issues made it into the SPP. Instead, the trilateral agenda was hijacked by U.S. security concerns, and corporate demands for fewer obstacles to border-hopping production and sales. From the outset, the “deep integration” proposed under the SPP was indeed White House-led and highly selective in what (and who) it included in its purview.

The SPP is not a law, or a treaty, or even a signed agreement. All these would require public debate and participation of Congress, both of which the SPP has scrupulously avoided. And yet “the dialogue” seeks to make trilateral decisions of the executive branch and business binding to the point of modifying national regulations in all three countries involved.

The SPP has a surprising amount of official trappings for a non-agreement. In addition to a U.S. webpage (<http://spp.gov/>), it has a Myths vs. Facts page (in response to criticisms), a ministerial council, annual meetings and

progress reports, working groups, documents, recommendations and, purportedly, “a vision.” Over the past two years since its debut, it has acquired a trilateral dynamic, regulatory authority and strategic importance, especially to the United States.

Because of the lack of transparency surrounding this process, it takes some serious digging to reveal the strategy embodied in the SPP. A few key documents serve as a basis. One is the Council on Foreign Relations 2005 paper “Building a North American Community” which states the need for foreign investment in Mexico’s petroleum sector, common external tariffs, access to resources for the private sector, and greater labor mobility, among other things. Another is the 2007 report of the North American Competitiveness Council. These reports cannot be seen as blueprints however. First, they must pass through the political screen of the White House. The 2005 recommendation for full labor mobility by 2010 may be a logical step but cannot pass that filter and make it onto the SPP agenda.

Even the recommendations that have been adopted under the SPP are difficult to discern in public policy. The three governments, instead of releasing lists of commitments acquired under the SPP, tend to reveal a series of piecemeal measures that only by inference can be related to the trilateral agreement.

The Real Objectives of the SPP

The Bush administration has three fundamental objectives embodied in its SPP: to create more advantageous conditions for transnational corporations and remove remaining barriers for the flow of capital and crossborder production within the framework of NAFTA; to assure secure access to natural resources in the other two countries, especially oil; and to create a regional security plan based on “pushing its borders out” into a security perimeter that includes Mexico and Canada.

1. “Competitiveness:” the Economic Agenda for Deep Integration

The major problem with the rhetoric of competitiveness in North America is that the premise is patently false. Although they have created an internal system that has generated increased trade and investment flows among themselves, Mexico, Canada, and the United States do not operate in the global market as a block with common interests. This is obvious in multilateral forums like the World Trade Organization and in the numerous conflicts that arise among the three nations in the context of NAFTA.

This should come as no surprise. The golden rule of global economic integration today is the ability of investment and financial flows to travel in search of where they can make the most profit. Regional loyalty plays no part in this equation. Although the SPP cites the need to compete as a

block against China, the reason China has become a world player so quickly owes itself in large part to the quantity of business that U.S. companies do there, and they have no qualms about closing plants in the United States or Mexico to take advantage of the cheap labor and growing market that China offers.

So what is really at stake here? The SPP has focused on simplifying procedures for doing business, creating more unified norms and standards, and actually making it easier for U.S. companies to ship production offshore, eliminate specific labor and environmental standards in Mexico or Canada in the interest of “harmonization,” and assuring that harsher security measures don’t interfere with cross-border business.

The power imbalance in the negotiations implies a loss in the application of their criteria for Mexico and Canada. For Mexico, the harmonization process—like NAFTA before it—does not take into account its less-developed status or the pressing social needs of its people that could mandate special protections or safeguards. Many of the priorities of the SPP are only priorities for a small handful of powerful actors, such as greater patent protection (Mexico holds very few patents) or joint anti-piracy campaigns (piracy is a major employer in Mexico and benefits low-income consumers).

In negotiations between equal partners concerned with public well-being, very different issues would be on the table. The discourse of “three great nations united in a common cause” falls apart when compared to the actual content of the agreements and shows instead two great nations subordinated to the powerful interests of the United States.

2. Access to Natural Resources

The document of the Council on Competitiveness begins its energy chapter stating that “the prosperity of the United States relies heavily on a secure supply of imported energy.” For U.S. oil companies and its geopolitical interests, Mexico’s nationalized petroleum sector and state-run company, PEMEX, has been a major thorn in the side. First because companies relish the opportunity to invest in the reserves there and are limited by current Mexican law, and secondly because with the sector under government control, Mexico can decide when and how much it wants to export to the United States based on its own national needs.

But for the vast majority of Mexicans, nationalization of the oil industry is celebrated as a source of national pride and a strategic instrument of development. Instead of coming out with recommendations to privatize the sector immediately, SPP documents have cited the low productivity of PEMEX as a major regional problem, mandated studies of its poor performance—not of its role in national development—and begun to prepare the ground for more private

investment. The competitiveness council recommends spinning off non-associated gas production into a separate entity that they suggest be called GASMEX.

3. Regional Security

NAFTA was signed before the current Bush administration took office and before the terrorist attack of September 11. SPP on the other hand, was born in the “War on Terrorism” era and reflects an inordinate emphasis on U.S. security as interpreted by the Department of Homeland Security. Head of Homeland Security Michael Chertoff, along with Sec. of State Condoleezza Rice and Sec. of Finance Carlos Gutierrez, are the three ministers charged with attending SPP ministerial conferences. The matter goes beyond the veneer of national security believed to be necessary to politically sell any plan involving international engagement these days. It really is central to the NAFTA-plus agenda.

The SPP makes the relationship between the U.S. trade and security agendas explicit, under the pretext of greater integration. Its accords mandate border actions, military and police training, modernization of equipment, and adoption of new technologies, all under the logic of the U.S. counter-terrorism campaign.

For Mexico and Canada, this new priority of regional integration is not only misplaced, but expensive and politically threatening. Mexico has historically been reticent to allow U.S. agents to operate in its territory due to a history in which the United States has posed the greatest threat to its national security. It also has a policy of neutrality in international affairs that pre-empts its governments from becoming embroiled in conflicts that do not directly affect the nation.

Measures to coordinate security have pressured Mexico to militarize its southern border and adopt repressive measures toward Central and South Americans presumably in transit to the United States. The false conflation of undocumented immigration with security in the United States has also led to measures that have little to do with their own national security and cause friction with friendly nations, such as the decision to require visas for citizens of Brazil and Ecuador to enter Mexico.

As Mexico’s drug problem grows, the U.S. Drug Enforcement Administration (DEA) and the Federal Bureau of Investigation (FBI) have initiated training programs for elements of the Mexican Army (now unconstitutionally involved in the “drug war”), federal and state police, and intelligence units. The stated objective is to standardize strategic plans and practices. The irony is the long history of failure of the United States in fighting its own drug war, beginning with the fact that it continues to be the market that feeds Mexico’s burgeoning drug cartels.

Aside from real questions about their effectiveness, these programs raise serious questions of national sovereignty and national priorities. There simply are few reasons to believe that U.S. security is synonymous with a strategic security plan for Mexico or Canada. While some threats are indeed international and intelligence-sharing as well as coordinated action are necessary, these mechanisms should be focused, and thought out in the context of each nation’s own security agenda.

In many ways, by taking on the U.S. security agenda Canada and Mexico put themselves at greater risk. When the Mexican Congress dutifully presented a revised counter-terrorism law in Congress this year, an opposition congressman argued against differentiating “international terrorism” from the recognized crime of terrorism: “We don’t want to be immersed in a cycle where the enemies of other nations are automatically put forth as our own enemies.” Moreover, in all three countries significant civil society movements have questioned whether the high-tech solutions put forth by Homeland Security (and that economically benefit major military suppliers) are really the best and most resource-efficient answer to security challenges. But, again, the decisions are being made without public knowledge or consultation for the most part.

Integration Behind Closed Doors

There is no better example of the secrecy that has cloaked the NAFTA-plus or SPP negotiations than the meeting held in Banff, Canada Sept. 12-14, 2006. Sponsored by the non-governmental North American Forum, the governmental and high-level nature of the secret meeting was difficult to conceal once Canadian groups publicized the draft agenda. The meeting was chaired by former U.S. Sec. of State and Bechtel executive George Schultz, former Mexican Finance Minister Pedro Aspe, and former Alberta premier Peter Lougheed; keynote addresses were slated to be provided by then-Sec. of Defense Donald Rumsfeld and Canadian Ministers of Energy Greg Melchin and Public Safety Stockwell Day. Luminaries of the U.S. military-industrial complex mixed with government officials including Thomas Shannon, Assistant Sec. for the Bureau of Western Hemisphere Affairs in the State Department, Adm. Tim Keating, Commander of NORAD/USNORTHCOM, and officials from energy, natural resources, and defense departments. The team that wrote up the Council on Foreign Relations report was on deck, as were private sector players.

Despite the unprecedented policymaking power in the room—and issues on the table such as military-to-military cooperation, a North American energy strategy, and border infrastructure and prosperity—none of the privileged participants or governments involved felt it necessary to inform the press or public about the event that Shannon reportedly later referred to as “parallel to the SPP.”

Information is not publicly available on who makes up the working groups either. An appendix of the Competitiveness Council report, oddly enough lists the representatives of the Mexican and Canadian private sectors by name, but lists only companies on the U.S. side. These include Chevron, Ford, General Electric, Lockheed Martin Corporation, Merck, New York Life, Procter & Gamble, and Wal-Mart.

So where are the environmental council, the labor council, and the citizen's council in this process? None of these exist. The SPP is an invitation-only affair and representatives of these sectors were explicitly not invited.

It is no coincidence that the meetings that define regional integration under the SPP take place behind closed doors. It is a process run by and for elites that seeks to avoid public scrutiny or protest. The "silent integration" that is the follow-up to NAFTA relies on anonymity, no accountability to Congress or the public, the absence of public debate, and as little information to the public as possible.

The regulatory changes and programs that have resulted and will continue to result from SPP negotiations are born with a common genetic defect. They were born of a "North American vision" that was never consulted with the citizens of the three nations, and that even at the level of the governments involved is more a hodgepodge of diplomatic arm-twisting, U.S. security hype, and corporate wish-lists, than a goal of continental well-being.

Deepening the Chaos

There are many problems with the SPP and the White House's goal of "deep integration" but perhaps the most fundamental is that it takes place at a time when North American integration faces a crisis. Economic integration under NAFTA has led to job loss and erosion of job security and quality in the United States, while also increasing unemployment in Mexico. Over 13 years, the model has confirmed, rather than reversed, Mexico's status as the

less-developed partner; the rise in immigration to the United States attests to the failure of NAFTA in development. It has not increased the United States' competitive edge although it has delivered record profits to a few major global traders. Unfortunately for the majority, those "few" are now driving the efforts to deepen integration under the NAFTA plus Homeland Security model.

But to deepen it would mean deepening the contradictions and the problems that have led most Americans to express in polls their rejection of the current model, and spurred widespread public protest in Mexico and Canada.

There are four more Free Trade Agreements currently before Congress. The Security and Prosperity Partnership for North America demonstrates that this model of economic integration has taken on a momentum of its own, unaccountable to legislatures and citizens, and driven by interests that do not represent the public good. Citizens and their representatives need to mount a concerted effort to re-examine these policies, to bring them to light, and to halt movement forward until a strong and informed consensus exists on their value to society.

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RESOURCES:

Trinational Elites Map North American Future in "NAFTA Plus"
Miguel Pickard
<http://americas.irc-online.org/am/386>

SPP: Myths vs Facts
http://www.spp.gov/myths_vs_facts.asp

Department of Homeland Security Testimony to Congress
http://www.dhs.gov/xnews/testimony/testimony_0053.shtm

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