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Introductory Note

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INTRODUCTORY NOTE

*James F. Hollifield**

NORTH America is one of the most economically integrated regions of the globe, second only to Europe. Over 80 percent of Canadian and Mexican trade is with the United States, and about one-third of U.S. trade is with Canada and Mexico. Likewise, levels of Foreign Direct Investment in Mexico have risen dramatically since the passage of the North American Free Trade Agreement (NAFTA) in 1993, from an average of \$3-5 billion a year in the pre-NAFTA period, to over \$13 billion a year in the decade since NAFTA came into effect. About 1 million people legally cross the Canadian-U.S.-Mexican borders and over \$2 billion of goods are traded on a daily basis. Mexican immigrants (legal and illegal) to the United States send approximately \$20 billion a year to Mexico in the form of remittances, making this the second largest source of foreign exchange in Mexico.

Anything that interrupts these flows can cause huge losses and lead to immediate political and economic pain. When terrorists attacked the United States on September 11, 2001, a new security dynamic inserted itself into the process of North American integration, and the difficulties of border management took on added significance. Even the brief closure of border crossings along the U.S.-Canadian border in the wake of the attack created havoc in both economies. This issue of the *Law and Business Review of the Americas* examines the dynamic relationship between migration, trade, and security in North America. The papers were presented in the spring of 2004 in Ottawa at a conference sponsored by the Tower Center for Political Studies at SMU, the Institute for Research on Public Policy, and the Colegio de Mexico, with support from the Jno E. Owens Foundation. The conference brought together scholars from a variety of academic disciplines, with politicians, policymakers, and leaders from civil society in the three countries.

The articles by James Hollifield, Thomas Osang, and Philip Martin revisit the thorny question of whether trade and migration are substitutes or complements. The extent to which trade can substitute for migration has important policy implications, especially in light of promises that increased trade between Mexico and the United States resulting from NAFTA could help solve the immigration control dilemma. In their contribution, Susan Martin and Lindsay Lowell look at the skills and human

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capital components of U.S. immigration policy, drawing comparisons with the famous Canadian points system. Their article along with one by Jeffrey Reitz, which looks at the utilization of immigrants' skills in Canada, sheds light on the nature of U.S. and Canadian labor markets and how the recent wave of immigration has transformed those markets. The United States and Canada are major players in the global marketplace for human capital, while Mexico continues to be the major source for unskilled workers in an increasingly integrated North American labor market.

A second major theme of this issue of the *LBRA* is national security and the attempts following 9/11 by the United States, Canada, and Mexico to coordinate border control and improve homeland security, but without disrupting trade. The article by Christopher Rudolph looks at the prospects for creating a North American security perimeter, which requires a high level of cooperation between intelligence and police agencies in the three states and a common approach to managing "external" borders. In his contribution, John Noble points out that the U.S. and Canada had a common security policy long before the 9/11 terrorist attacks. He documents the history of cooperation between the two states on security matters and looks at how Mexico could be integrated into the existing security community. Rey Koslowski broaches the issue of security from the standpoint of border management and the "smart borders" initiative between the United States and Canada. He explains how and why the three states of North America found ways to cooperate after 9/11 by using new technologies to facilitate and monitor border crossings and by sharing information. He speculates that the successful construction of a North American security perimeter could go a long way to solving the problems of "internal" borders.

A final series of articles in this issue examines the prospects for further development of a North American "community."¹ Michael Lusztig and Patrick James look at how NAFTA is institutionalized in each of the three states and why institutions (formal, legal rules and procedures) are so important for the survival of NAFTA. Deeper and more fully developed institutions have helped to lock each state into free trade policies, and protect NAFTA from the vagaries of political change. However, Jennifer Merolla, et al. using public opinion data point out that support for NAFTA in each society is quite fragile and heavily dependent on elite discourse and popular rhetoric. Well-placed critics can upset the fragile consensus for further integration and undermine the legitimacy of the NAFTA. The concluding note is written by one of the most eloquent and powerful proponents of North American integration, Sidney Weintraub, who explains the migration-trade-security nexus with great clarity and an-

1. On this concept, see Robert Pastor, *Toward a North American Community: Lessons from the Old World for the New* (Institute for International Economics: Washington, DC, 2001).

alytical acumen. The stakes have never been higher in the need to build a secure, democratic, and prosperous North America.

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Articles

