

Preliminary Draft  
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**Sovereignty or Standard of Living: Is there a trade-off? \***

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Panel Session on: Sovereignty or Standard of Living?  
10:15 a.m., Friday, August 8, 2003

The 72<sup>nd</sup> Annual Couchiching Conference: Continentalism: What's in it for us?  
Couchiching Institute on Public Affairs  
The YMCA Geneva Park, Orilla, Ontario

\* The following discussion is based in part on the Montreal Workshop on "Social and Labour Market Aspects of North American Linkages" that was held November 20-22, 2002 and organized by Industry Canada and Human Resources Development Canada. The Workshop was prepared in the context of the North American Linkages project undertaken by the Policy Research Initiative of the federal government. Most of the topics selected and discussed at the Workshop originated from the Industry Canada June 20-22, 2001 Calgary Conference on "North American Linkages: Opportunities and Challenges for Canada".

## Introduction

For Canada, few issues are of greater importance, or as much debated, than that of our place within North America. Of course, the reality is that Canada is becoming more integrated into a North American economy. And many would say this is both understandable and desirable. After all, not only is the U.S. our neighbour, but it is as well the largest, richest economy in the world. And although our commercial and economic linkages with Mexico are starting from a much smaller base, we see evidence of significant growth in our links with our more southern neighbour, as well.

The principal point of contention concerns how Canada might maximize the benefits associated with this increasing economic integration, while simultaneously safeguarding a Canadian way of life. But is there really a trade-off — and are there serious implications from further economic integration for those social programs and policies that we cherish and which help define Canada? As it turns out, we are fortunate in that the last few years have witnessed some new and important research to help us better understand whether there is justification for these concerns. This literature's key message—we do not really need to make a choice. Further economic integration does not necessarily result in a loss in sovereignty when it comes to social programs or policies. Even should Canada become more economically integrated with our North American neighbours, there will always remain room for Canada to manoeuvre on non-economic policy fronts. And those social policies we most cherish, we should be able to keep (and most likely enhance) despite any further deepening of our North American economic linkages.

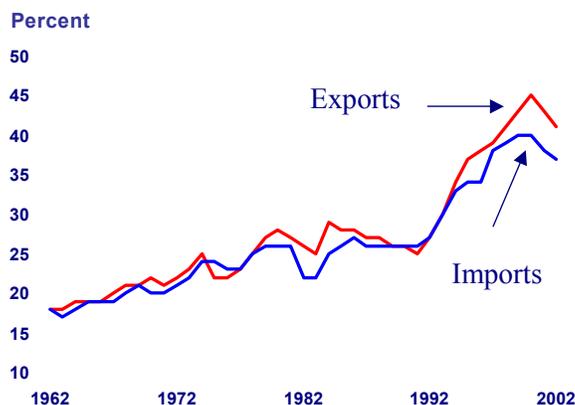
There is an important ancillary message coming out of this literature. Namely, if any policies are affected, it will most likely be those we probably should want to see changed (and may I even suggest, just to be provocative, we should in any case consider changing).

It is perhaps best to first review the extent of economic integration that has recently taken place, and to recap the economic benefits. Therefore, in the following, I will begin with a quick presentation of recent facts on the extent and benefits of Canada's economic integration within North America. After this, I will consider the notion that there could be a trade-off between sovereignty and higher standards of living. In so doing, I draw on a few illustrative examples from new empirical literature that basically demonstrate that any such trade-off is more or less a "myth". Finally, in my concluding comments, I will re-examine some special concerns regarding social policy and economic integration, and briefly revisit the broader but important question of whether Canada should continue to pursue deeper integration with the United States.

## 1. How integrated are we? – Some Facts

We are probably already quite familiar with many of the following figures. Nevertheless, they give us pause as to the extent of Canada's economic integration within North America and the recent speed at which it is increasing<sup>1</sup>:

Figure 1  
Ratio of Exports and Imports to GDP



Source: Industry Canada compilations based on Statistics Canada Data

- Canada and the United States have the world's largest bilateral trading relationship. Two-way merchandise trade between the two countries has more than doubled since 1990. Canada-U.S. trade now stands over \$680 billion per year or over \$1.3 million per minute.
- In 2002, over 80 percent of Canadian exports of goods and services were destined to the United States, a 10 percentage point increase since 1990. The United States also accounts for over 70 percent of Canada's total imports of goods and services, a slight increase from the level in 1990.
- Canada's trade links with Mexico increased substantially since 1990. Mexico still represents less than 1 percent of Canada's total exports. But Mexico accounts for close to 4 percent of Canada's imports, almost double the share in 1990.
- Much of Canada's trade, especially with the United States, comes in the form of intra-

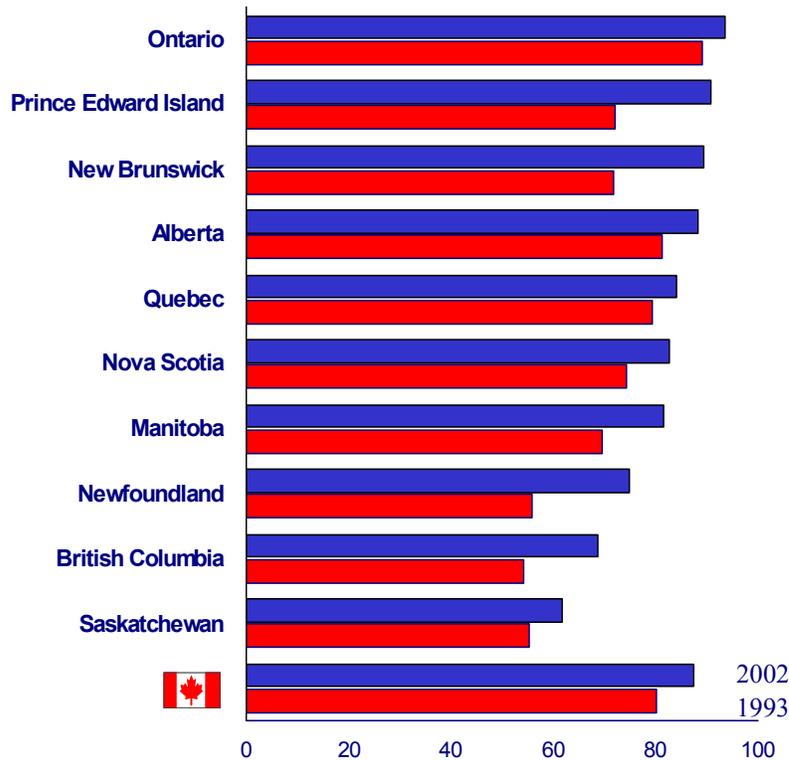
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<sup>1</sup> Of course, there are several reasons for the increased economic integration. The FTA / NAFTA, the rapid expansion of the U.S. economy and the sharp depreciation of the Canadian dollar have all played a role, along with a rapid decline in transportation and communication costs.

industry flows, a reflection of increased product specialisation. Intra-company trade accounts for about 40 percent of Canada-U.S. trade flows.

- Increased Canada-U.S. trade linkages are pervasive across all Canadian provinces and industries. The U.S. share of Saskatchewan’s exports is 62 percent, the lowest among Canadian provinces. On the other hand, Ontario sends over 90 percent of its exports to the south of the border. Between 1993 and 1999, the share of exports to the United States in total shipments increased in every industry except Transportation Equipment.

Figure2  
Share of Canadian Exports\* Going to the U.S., by Province

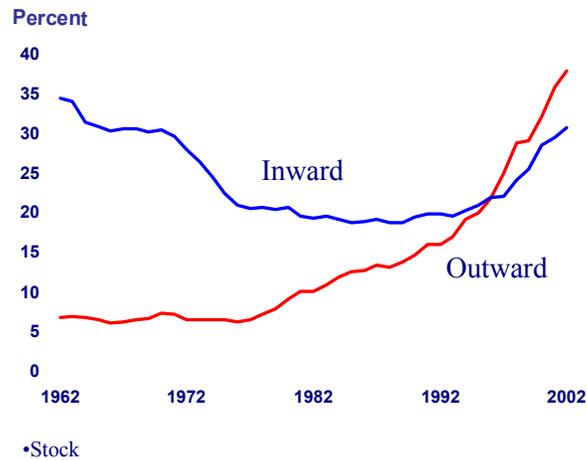


\* Merchandise exports

Source: Industry Canada compilations based on Statistics Canada data

- With respect to investment, Foreign Direct Investment (FDI) stock as a percent of Gross Domestic Product (GDP) increased from about 34 percent in 1990 to over 68 percent in 2002. It is noteworthy that following the implementation of the NAFTA, U.S. FDI in Canada continued to flow-in at the same relative level, representing about two-thirds of total FDI in Canada – which indicates U.S. investor confidence in Canada’s ability to serve the continental market. At the same time, Canadian outward FDI to the United States declined, suggesting that Canadian businesses were confident of their capacity to serve the U.S. market from their domestic base without moving south of the border.

Figure 3  
Ratio of Foreign Direct Investment\* to GDP



Source: Industry Canada compilations based on Statistics Canada Data

### *Benefits to Canada from greater North American integration*

Researchers inside and outside government continue to study the impacts of our growing North American linkages. Generally when assessed against reasonable expectations, Canada's growing integration within North America has been viewed as beneficial to the Canadian economy and society. Indeed, secure access to the U.S. market has been credited with allowing Canadian firms to benefit from broader markets and greater specialization, from more rapid technology transfer and more productive allocation of resources, resulting in greater innovation and productivity and a higher standard of living for Canadians.

Of particular interest is the recent evidence presented by Daniel Trefler (2001) in this recent Industry Canada working paper entitled "The Long and the Short of the Canada-U.S. Free Trade Agreement" which shows that the FTA tariff cuts generated substantial productivity gains in Canadian manufacturing. Professor Trefler found that the FTA tariff cuts raised labour productivity by a large 17 percent during the 1989-1996 period for industries subject to large tariff cuts. In a follow-up study, Gary Sawchuk and Professor Trefler (2002) concluded that the FTA explained one quarter of the total increase in labour productivity experienced by Canadian manufacturing over the 1988-1996 period.

It must also be remembered that while rising productivity growth give witness to the immediate benefits for Canadians of a more integrated North America, the higher economic well-being that accompanies higher productivity provides the means to support and enhance the

social programs and policies we cherish.

## **2. Is there a trade-off between sovereignty and higher standards of living?**

Nevertheless, there remains a fear that along with greater economic integration comes a reduced ability to keep important social programs, and that Canada's ability to pursue independent social policies will be greatly jeopardized. However, eminent experts in the social policy field such as Keith Banting, George Hoberg and Richard Simeon (1997, p. 393) find there remains in Canada considerable degrees of freedom in setting social policy.<sup>2</sup> As they state in their well-received book entitled *Degrees of Freedom*: "If economic policies reveal a general convergence between the two countries, social policy offers some reassurance to those Canadians who are fearful of harmonisation pressures as a consequence of free trade."

Professors Banting, Hoberg and Simeon further examine social policies and programs in a subsequent essay entitled "The Scope for Domestic Choice", and note that Canada has indeed maintained a significant degree of social policy independence in the face of increasing North American linkages (Hoberg, Banting and Simeon, 2002), and certainly nothing suggesting a 'race to the bottom' in terms of social programs to remain competitive. And even in instances where there have been documented areas of policy convergence, they identify this to be more a function of parallel domestic pressures and policy emulation (e.g. pension reform, social inclusion measures, corporate taxation, education and training) than the effects of economic integration. Generally, however, in the grand scheme of things, they find that the current policy divergences between Canada and the United States are not as large as suggested by some policy analysts, and appear to be quite sustainable.

Certainly, though, more detailed research on the tendency toward convergence in labour and social programs and their outcomes will still be crucial to gaining a solid understanding of this issue. As mentioned at the outset, we are fortunate in that there is new research, presented at this past year's Industry Canada-HRDC Workshop, that provides interesting and illustrative evidence on this very same matter.

## **3. Some specific evidence on the "myth" of a trade-off**

We begin with a few key insights drawn from the study by Rafael Gomez and Morley

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<sup>2</sup> Convergence between Canada and the United States in a number of areas outside of labour and social policy have been also documented in various studies in Banting, Hoberg and Simeon (1997). This is the case with respect to: macroeconomic policy with its emphasis on debt reduction and control of inflation (Boothe and Purvis, 1997); more market-oriented industrial policies pertaining to trade liberalisation, industrial subsidies, regional development, research and development, education and training (Howse and Chandler, 1997); environmental policies with Canada harmonizing upwards to the United States (Hoberg, 1997, 2002 and Olewiler, 2003); and individual rights and judicial "protection" from the state, largely through the adoption of the Charter in Canada (Manfredi, 1997).

Gunderson.<sup>3</sup> Professors Gomez and Gunderson document that economic integration does not necessarily link to social policy integration.

Figure 4  
Summary of convergence or divergence across various labour and social policies

Labour or Social Policy or Outcome	Evidence / Facts	Direction
1. Unionization and labour law	Convergence to lower levels of unionization and labour laws in countries with decentralised bargaining (Canada the exception, although with some recent convergence with US).	↓
2. Strikes	Convergence to fewer strikes, especially in the private sector, and downward convergence to more restrictions on strikes in the public sector.	↓
3. Minimum wages	Convergence to lower real minimums.	↓
4. Unemployment insurance	Convergence to more restrictive access.	↓
5. Workers' compensation	Sustained divergence.	↔
6. Occupational health & safety	Sustained divergence.	↔
7. Pay equity	Convergence to no mandatory requirements.	↓
8. Employment equity	Uncertain.	---
9. Age discrimination and mandatory retirement	Sustained divergence but pressure for upward convergence to U.S.	↑
10. Pensions	Convergence on funding side.	↓
	Increased divergence on benefit side.	↔
11. Welfare & family benefits	Convergence for working families.	↓
	Divergence for families with no earned income	↔
12. Overall social expenditures	Sustained divergence with some convergence to mean (i.e., downward in high spending countries and upward in low spending ones)	↔
13. Labour "standards" in general	Convergence often to the mean (i.e., downward in countries with high standards and upwards in ones with low standards)	↔
14. Taxes	Mixed interpretation with political scientists suggesting no convergence but most economists suggesting downward convergence towards lower taxes.	↔
Overall conclusion	General convergence, usually downward towards the lower common denominator, but considerable divergence being sustained.	↓

Source: Rafael Gomez and Morley Gunderson (2002). "Does Economic Integration Lead To Social Policy Convergence? An Analysis of North American Linkages" (authors' interpretation of various studies as outlined in their paper) *Workshop on Social and Labour Market Aspects of North American Linkages* (Montreal, November 20-22, 2002).

<sup>3</sup> Rafael Gomez and Morley Gunderson. "Does Economic Integration Lead to Social Policy Convergence? An Analysis of North American Linkages".

Basically, through a careful and systematic examination of ten areas of labour and social policy or outcomes, they find that Canada continues to have stronger labour laws, employment standards and social policies than does the United States. However, while they find that under increased economic integration, the convergence of Canadian and U.S. policies could be downwards to the lowest common denominator, they note it could also be upwards in the direction of more extensive social policies. In fact, they show that a considerable diversity of policies should be able to still prevail, reflecting national preferences and willingness to pay, as well as the different roles played by various policy initiatives. Consequently, Professors Gomez and Gunderson point out that there are just as compelling reasons for why social policy diversity can be sustained and/or expanded under the pressures from deeper and broader integration.

They also raise another interesting point. Downward harmonization is not always undesirable. Not when such convergence dissipates inefficient and rent-seeking policies, with policies that have positive feedback effects on efficiency. That is, if further economic integration compels governments to pay attention to the cost consequences of their policies, this is generally a desirable pressure. This forces governments to confront the reality that we cannot simply solve social problems by throwing money at them.

In another interesting piece, Gerald Boychuk<sup>4</sup> provides further evidence that Canada-U.S. market integration would not necessarily result in the downward convergence of redistribution and social protection. Professor Boychuk begins by addressing concerns about possible “downward harmonization” with the insight that when the American federal system decentralized beginning with Reagan’s “New Federalism” in the early 1980s and throughout the 1990s, while there was some erosion in social protection, there was no overall evidence of a broader pattern of downward harmonization in redistribution (in fact there are some notable trends to the contrary). In fact, Professor Boychuk finds that individual states continue to retain considerable latitude to maintain distinctive approaches to redistribution and social protection relative to those states with which they are mostly closely linked even within the context of a common labour market with relatively unrestricted access to social benefits across jurisdictions. If this is true for states, how much more likely is it that Canadian provinces will be able to maintain their existing differences in redistribution and social protection from their nearest American neighbours.

Returning to the examination of aggregate differences in redistribution and social protection between Canada and the United States, Professor Boychuk notes that they are not as large as regional differences within both the United States and Canada. This, he points out, is similar with the European experience, where it is clear that individual countries can maintain substantial differences in social policies despite a high degree of economic integration. I believe research findings such as those of Professor Boychuk should be reassuring to those who believe that economic integration leads to social policy harmonization.

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<sup>4</sup> Gerald Boychuk. “Redistribution, Social Protection and North American Linkages: Assessing the Long-Term Latitude for Social Policy Distinctiveness Under Increased Labour Mobility.”

These social findings relating to income redistribution are also in-line with those by Thomas Lemieux<sup>5</sup> on labour market outcomes. Professor Lemieux digs deeper into regional differences by focusing on the wages and incomes of important subgroups. In particular, he asks the important question: “have the average wages for different classes of skilled workers in Canada and the United States converged over the last two decades?”

Figure 5

Differences Between Matched States and Contiguous States/Provinces

Average Differences Between Matched States and Contiguous States and Provinces, 1974-2000

Income Class	US Transfer Gain Definition	Contig. Prov.-State Diffs. (2000/1997) *	Contig. Border State Diffs. (2000)	Contig. Border State Diffs. (avg.1980-2000)	Contiguous States (All) Diffs. (2000)	Contiguous States (All) Diffs. (avg. 1980-2000)	Top Migration Pairs (Diffs. 2000)	Top Migration Pairs Diffs. (Avg. 1980-2000)
<b>Bottom Half</b>	Including Non-Medical In-Kind Transfers (US only)	22.3%	16.6%	16.6%	24.3%	22.4%	22.2%	22.5%
	Cash Transfers Only	19.8%						
<b>Q1</b>	Including Non-Medical In-Kind Transfers (US only)	25.4%	24.9%	22.2%	27.0%	25.5%	24.5%	25.2%
	Cash Transfers Only	29.1%						
<b>Q5</b>	Including Non-Medical In-Kind Transfers (US only)	25.3%	28.6%	29.8%	29.4%	33.7%	32.9%	35.2%
	Cash Transfers Only	13.3%						

\*Data for “cash transfers only” are for 1997.

Source: Gerald Boychuk (2002). “Redistribution, Social Protection and North American Linkages: Assessing the Long-Term Latitude for Social Policy Distinctiveness Under Increased Labour Mobility” *Workshop on Social and Labour Market Aspects of North American Linkages* (Montreal, November 20-22, 2002).

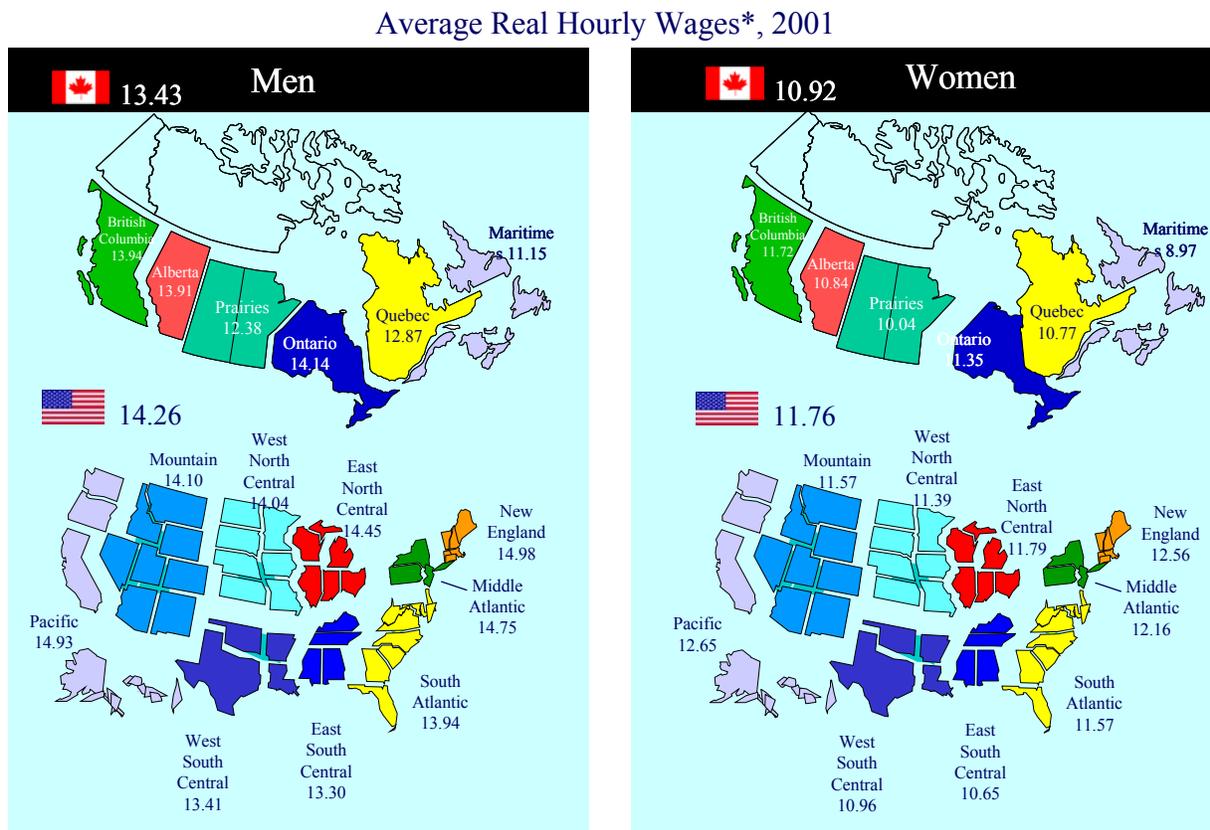
Comparing data for the years 1984 and 2001, Professor Lemieux discovers no evidence that trade liberalization or increased labour mobility under NAFTA visas have put much pressure on education and age-adjusted average wages to converge between Canada and the United

<sup>5</sup> Thomas Lemieux (2002). “Trade Liberalization and the Labour Market.” *Workshop on Social and Labour Market Aspects of North American Linkages*, Montreal.

States. If anything, there has been an increase in the divergence of adjusted average wages as the university-high school education premium rose much more in the United States than in Canada<sup>6</sup>. Moreover, Canadian average wages over the 1984-2001 period, corrected for human capital characteristics, fell by about 10 percent relative to comparable wages in the United States due to Canada's poorer economic performance.<sup>7</sup>

Most importantly, Professor Lemieux finds that the Canada-U.S. differences in average wages are not large relative to regional differences within each country. Which further begs the question: If there is no equalization across regions within a country, why should we expect to see major convergence between countries.

Figure 6  
Regional differences due to industrial composition across regions



\* Adjusted for age and education.

Source: Thomas Lemieux (2002). "Trade Liberalization and the Labour Market" *Workshop on Social and Labour Market Aspects of North American Linkages* (Montreal, November 20-22, 2002).

<sup>6</sup> In terms of wage distribution, the results are more mixed. There is a clear and growing divergence between university-high school gap for U.S. and Canadian males (on the other hand, there is some evidence that the university-high school gap became more similar for U.S. and Canadian females).

<sup>7</sup> Riddell, Murphy, and Romer advance the view that the more rapid increase in the supply of educated workers in Canada relative to the United States put downward pressure on the returns from education in Canada.

While the above studies have focussed on labour markets, other illustrative examples can be found for other policy areas. For instance, at Industry Canada's Calgary Conference on North American Linkages<sup>8</sup>, Nancy Olewiler examined the impact of North American integration upon the environment. Professor Olewiler reviewed evidence that greater integration of the North American economies does not necessarily result in lower levels of environmental quality. She notes that some environmental quality indicators have improved, while others have declined, but there is no compelling evidence that the source of the changes in environmental quality is greater economic integration. This is also similar to the finding of Hoberg (1997, 2002).

Professor Olewiler further notes that regulations, if they have moved at all, appear to be converging to at least the status quo level (before the NAFTA) of the country with the most stringent regulations. There appears to be a trend toward tightening regulations and a very slow creep toward the use of more cost-effective market-based policies. While it is true that it is a current feature of trade agreements that they do restrict the set of instruments that policy makers can use to address domestic environmental problems, in most cases, these constraints do not appear to be a significant impediment to the adoption of socially-efficient policies.

#### **4. Concluding comments**

To summarize: recent research delivers a clear message that on the question of sovereignty versus standard of livings, we do not really need to make a choice. Further economic integration does not necessarily mean any loss in sovereignty nor in the ability of Canada to pursue separate and more generous social or labour programs. In fact, recent developments bear witness to the fact that even as we become more economically integrated, there will always remain room to manoeuvre on other policy fronts, while the resultant increases in economic well-being arising from greater economic integration might actually allow us to pursue additional social programs and services. The bottom-line, social programs which we most cherish and that define us as a country need not be jeopardized.

This is not to say there not may be fewer degrees of freedom in setting social policy. But Canada's social programs – that include several of our redistributive policies and programs— should stand any test of sustainability. Where fewer degrees of freedom in setting social policy may have an impact, and a generally desirable one at that, is in respect to constraining policies and programs which are in any case in dire need of “another look” — namely those which have been shown to be costly, inefficient and inappropriate. An additional area where there could be a danger of even good policies being sideswiped relates to a special concern raised by Professors Gomez and Gunderson: this is in regards to those components of social policies that have a pure equity-oriented purpose to assist vulnerable and disadvantaged groups, and that do not have positive feedback effects on efficiency and competitiveness. As suggested by the findings of Professor Boychuk, however, the room to manoeuvre on this front seems to be more than adequate for Canadians.

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<sup>8</sup> Industry Canada's Conference on North American Linkages: Opportunities and Challenges for Canada”, June 20-22, 2001, Calgary and published proceedings (Calgary: University of Calgary Press, forthcoming in 2003).

Of all the dimensions of North American Linkages that have been studied, none is more sensitive than the area of Canadian culture, identity and way of life. Over the years, Canada has adopted a number of policies, programs and regulations to foster the growth of domestic cultural industries and to promote cultural diversity. Some of these programs and approaches are now coming under critical scrutiny as traditional borders are weakened, and as Canada increases its exports of cultural goods and services. However, there are additional pressures upon Canadian culture, identity and way of life due to the advent of new communication and information technologies. Nevertheless, cultural differences continue to persist.<sup>9</sup>

To some extent, this optimistic view is also consistent with research findings regarding the so called “border effects”. At the Montreal Workshop, Professor Helliwell informed us that although recent estimates of the “border effects” have been falling, they remain significant. Despite a reduction in formal trade barriers in goods between Canada and the United States, adjusted for size and distance, cross-border economic activity is still less than what one sees across regions within Canada or the United States. That is, the Canadian and U.S. economies still retain distinctive qualities, reflecting perhaps idiosyncratic national preferences, that result in stronger internal economic links. If on the economic-side, the Canadian and U.S. economies still display individual national distinctiveness and preferences, even in the face of considerable reductions in border impediments, should this not suggest that sovereignty in terms of social policies and programs will be such that Canada will continue to possess room to manoeuvre? This is certainly the main message coming out of John Helliwell’s research on “border effects”.

### *The way forward*

Should Canada then seek broader and deeper North American economic integration?

Well, the evidence I just reviewed suggests that Canada should at least feel reassured it need not stop any pursuit of further ties with the United States on account of fears regarding the safety of Canada’s social programs and policies.

Equally important, though, is the fact that we must recognize that globalization is all-around us, affecting how countries undertake commerce and position themselves for future prosperity. Canada will need to seek its place not only within North America but as well within the wider global economy. This means that Canada has a growing interest in a reduction in global economic barriers and in building stronger bridges, certainly with the United States, but with other countries as well. While technology, new divisions of labour, on-going manufacturing restructuring, and the growing outward-orientation of many services sectors should all contribute to further North American and global economic integration, it is also clear that the reasons behind border effects and the accompanying future economic gains to further economic integration are open to debate.

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<sup>9</sup> The dynamic Quebec french culture that persists within Canada and North American provides support for the view that an integrated North American economy can sustain its cultural and social differences.

This was in evidence at the Montreal Workshop. Some argue that permanent differences in national characteristics such as tastes and informal domestic networks (generating trust) explain border effects. Others believe that policy and institutions are important drivers of border effects. They point to the substantial downward trend in measured border effects in goods trade between Canada and the United States over the last 20 years to support the view that, to a large extent, border effects can be reduced. Clearly, more work is needed to explore these conjectures, and the implications are undeniably important: if the perceived reduction in border effects is policy-driven, there is scope for welfare-enhancing policies to further deepen integration. On the other hand, if border effects are just an inescapable and intractable phenomenon, there will be no economic benefit to trying to further reduce “border effects” through policy. Consequently, the general consensus of the Montreal Workshop was that further research of the kind delivered at the Workshop is important.

One particular area identified at the Montreal Workshop as needing further study pertains to trade disputes between Canada and the United States and their implications for the relocation of economic activity and benefits. Another important topic referred to divergences in labour supplies between Canada and the United States due to demographic trends and human capital policy, which could significantly impact upon labour mobility and labour market integration. However, these issues concern less the social policy ramifications of integration as they do the scope of economic benefits that will emanate from future economic integration.

The key point to remember is that the notion of a trade-off between sovereignty and social programs is frequently overplayed. Canada should continue to pursue a higher economic well-being so we can continue to fund and perhaps enhance those social programs we choose to have (and get rid of those which do not meet the test of good governance). Oftentimes, this means becoming more productive and competitive, and this requires us to take advantage to the fullest extent possible of the opportunities that come from participating within the North American and global economies.

Pressure to reconsider some specific policies may build-up in the future (e.g., financing of higher education and tax competition). However, it clearly appears that the harmonization of social policies does not follow inevitably from economic integration. That, may I restate, does not mean there are no limits to national redistributive policies with increased mobility of factors. However, by and large, our current policy divergences between Canada and the United States are not considered large enough to be unsustainable. Consequently, policy design is likely to remain the key instrument for efficient social policies and for the sustainability of policy differences.

## References

IN THE ANNEX you will find a list of papers and panels from the November 20-22, 2002 Montreal Workshop on “Social and Labour Market Aspects of North American Linkages” organized by Industry Canada and Human Resources Development Canada and Industry Canada. Workshop proceedings will be available. For further information, please contact: Richard Roy, Director of Business Frameworks and Taxation, Industry Canada at 9957-7842 or email at [roy.richard@ic.gc.ca](mailto:roy.richard@ic.gc.ca).

In addition, please also see:

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## **Annex**

### **Social and Labour Market Aspects of North American Linkages**

Jointly Sponsored by Industry Canada and HRDC  
Hotel Delta, Montreal, November 20-22, 2002

#### **Day 1**

**Panel:** North American Linkages: Social and Labour Market Issues for Canada  
Facilitator : Jean-Pierre Voyer, Policy Research Initiative

##### Panelists

Keith Banting, Queen's University  
Stephen Clarkson, University of Toronto  
Daniel Schwanen, Institute for Research on Public Policy

#### **Day 2**

##### **Session 1:**

The Extent and Evolution of Economic Integration Between Canada and the United States  
Chair: Alan Deardorff, University of Michigan

##### Paper

Border Effects and North American Integration: Where Are We Up To?  
Serge Coulombe, University of Ottawa

##### Discussant

Mark Brown, Statistics Canada

##### Paper

Border Effects: Assessing their Implications for Canadian Policy in a North American Context  
John Helliwell, University of British Columbia

##### Discussant

James E. Anderson, Boston College

##### **Session 2:**

North American Integration and the Labour Market  
Chair: Peter Kuhn, University of California, Santa Barbara

##### Paper

Trade Liberalization and the Labour Market  
Thomas Lemieux, University of British Columbia

##### Discussant

Craig Riddell, University of British Columbia

##### Paper

The Political Economy of North American Integration, Labour Market Adjustments and Plant Closures in Canada  
Eugene Beaulieu and Christopher Joy, University of Calgary

##### Discussant

Richard Harris, Simon Fraser University

**Session 3:**

North American Integration and Adjustments by Workers and Firms  
Chair: Don DeVoretz, Simon Fraser University

Paper

A New Look at the Out-migration of Canadian Workers in the 1980s and 1990s  
Ross Finnie, Queen's University

Discussant

Jennifer Hunt, University of Montreal

Paper

Innovation and Response in Industrial Relations and Workplace Practices Under Increased  
Canada-U.S. Economic Integration  
Richard Chaykowski, Queen's University and George Slotsve, Northern Illinois University

Discussant

Peter Kuhn, University of California, Santa Barbara

**Panel:** Assessing the Extent of Current Canada-U.S. Economic Linkages and their Costs and Benefits  
Facilitator: Thomas Townsend, Human Resources Development Canada

Panelists

Glen Hodgson, Export Development Canada  
Andrew Jackson, Canadian Labour Congress  
Jayson Myers, Canadian Manufacturers and Exporters

**Speaker:**

Carl Grenier, Free Trade Lumber Council, Montreal

**Day 3****Session 4:**

North American Integration: Implications for Social Policy  
Chair: Richard Chaykowski, Queen's University

Paper

Does Economic Integration Lead To Social Policy Convergence? An Analysis of North American  
Linkages  
Rafael Gomez, London School of Economics and Morley Gunderson, University of Toronto

Discussant

Michael Smith, McGill University

Paper

Redistribution, Social Protection and North American Linkages: Assessing the Long-Term Latitude  
for Social Policy Distinctiveness Under Increased Labour Mobility  
Gerard Boychuk, University of Waterloo

Discussant

Alain Noël, University of Montreal

**Session 5:**

Modeling Labour Mobility Decisions and the General Equilibrium Effects on the Economy  
Chair: David Wildasin, University of Kentucky

## Paper

Labour Mobility between Canada and the United States: Quo Vadis 2002?  
Don DeVoretz, Simon Fraser University and Diane Coulombe, Simon Fraser University

## Discussant

Dwayne Benjamin, University of Toronto

## Paper

Toward an Applied General Equilibrium Model with International Labour Market Linkages  
Jean Mercenier, Université Cergy-Pontoise and Nicolas Schmitt, Simon Fraser University

## Discussant

Alan Deardorff, University of Michigan

**Session 6:**

The Implications of Increased Labour Mobility on Human Capital Formation and Selected Canadian Policies

Chair: Jean Mercenier, Université Cergy-Pontoise

## Paper

The Implications of Labour Mobility on Fiscal Competition and Higher Education Policy in Canada  
David Wildasin, University of Kentucky

## Discussant

Mary Lovely, Syracuse University

## Paper

Productivity and North American Labour Market Integration: New Analytical Perspectives  
Richard Harris, Simon Fraser University

## Discussant

Eugene Beaulieu, University of Calgary

**Panel:**

Assessing the Merit of Easing Further the Movements of Workers Between Canada and the U.S.

Facilitator: Renée St-Jacques, Industry Canada

## Panelists

Jean-Christophe Dumont, OECD

Robert Lacroix, University of Montreal

Marc A. Van Audenrode, Université Laval

**Closing Panel:**

The Way Forward - Identifying Issues, Knowledge Gaps and Research Priorities

Facilitator: Craig Riddell, University of British Columbia

## Panelists

Richard Harris, Simon Fraser University

John Helliwell, University of British Columbia

Thomas Lemieux, University of British Columbia