The Global Economy—MALS

Unit 8: Trade Blocs and Regional Integration [revise]

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The Global Economy—MALS

Unit 8: Trade Blocs and Regional Integration

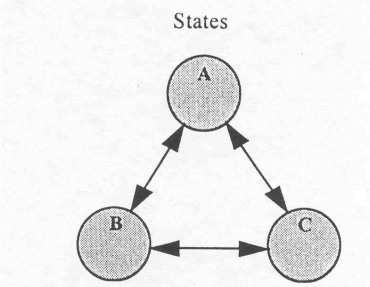
Introduction

NAFTA and the EU are just the latest regional trade (and monetary) blocs to emerge in a liberalizing world. Such trade blocs aren't necessarily accounted for in our basic theory of free trade, since such regional economies often form unions with other members to keep non-member imports out or restricted. Critics of such unions point out that the gains from such trade blocs are not well shared among consumers and workers or between the rich and developing countries. What are the historical circumstances that account for the formation of these blocs? What is the theory behind them? What have been their effects?

Part 1: The Theory of Regional Trade Blocs

Cooperation

The nation state has been the primary actor in the global economy for hundreds of years. By definition, nation states are autonomous institutions with political sovereignty and self-rule. In reality, however, states are not quite so autonomous, for their success—and failure—often hinge on the conflict and cooperation they experience with other states. Historically, conflict has been the predominant interaction, but, following two devastating world wars, there has been increased emphasis on cooperation. Much of this cooperation has taken place via the establishment of intergovernmental organizations, such as NATO, the UN, the WTO, and the IMF, to name but a few. In the end, the success of **intergovernmentalism** rests on the willingness of member states to go along with majority decisions of the group.

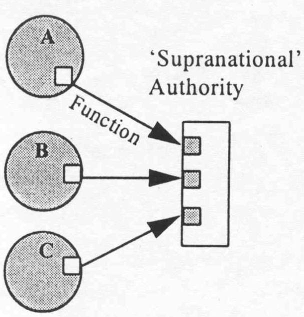


Agreement to be bound by majority decisions (tight intergovernmentalism)

Beyond Cooperation

Cooperation between states does not imply a loss of political sovereignty. When states engage in interactions that lead to a loss of sovereignty, they have gone beyond cooperation, or intergovernmentalism, and are participating in **supranationalism**. This higher level of cooperation requires states to shift power and decision making to a supra-authority whose charge is to make decisions based on the welfare of the group as a whole.

The two most common supranational arrangements made between otherwise sovereign states are **confederalist** and **federalist**. Under a confederalist system the supra-authority exists solely at the discretion of the states. Under a federal system, the states and supra-authority coexist with shared and independent powers. In other words, confederalism involves a smaller loss of sovereignty to the states than federalism does.



Transfer of functions
to a supranational authority

Regional Integration

An increasingly common form of cooperation among states is the creation of regional trade agreements, such as NAFTA and the EU. Theoretically, there are five stages of regional integration, which are differentiated by the loss of sovereignty required of the member states. These stages, in increasing degree of supranationalism, include:

- **Free trade area:** the establishment of free trade in goods and services between the member states.
- **Customs union:** a free trade area plus the establishment of common external barriers to trade toward non-member states.
- **Common market:** a customs union plus the free movement of factors of production, such as capital and labor, among the member states.
- **Monetary/economic union:** a common market plus the harmonization of monetary policy, or establishment of a single currency, among the member states.
- **Political union:** a monetary/economic union plus the establishment of common foreign policy and civil laws among the member states.

Pros and Cons of Regional Integration

There are many theoretical advantages and disadvantages that come with regional integration, most of which are exaggerated as the integration deepens. The **advantages** include:

- Decreased chance of conflict and war.
- Larger market and consumer pool exploits economies of scale.
- Freedom of movement of goods and peoples.

- Increased global significance.
- Pressure slackers to rise to the standard (e.g. environmental laws).
- Promotes democracy in less stable states.
- Trade creation—the elimination of protectionism increases trade, leading to a more efficient allocation of member state resources.

The **disadvantages** include:

- Loss of sovereignty, independence, and national identity.
- Loss of national power in favor of even bigger government.
- Increased competition causes job losses in some domestic industries.
- Loss of border control increases smuggling.
- Uniform laws don't account for cultural differences.
- Trade diversion—the elimination of trade barriers among the member states may divert trade away from more efficient non-member states that are disadvantaged by the protectionism they still face.

Part 2: North America Free Trade Agreement (NAFTA)

INSERT FIGURE, NO CAPTION, SITE SOURCE:
Source: www.dfait-maeci.gc.ca/nafta-alena/ nafta10-en.asp

Overview of NAFTA

The best way of identifying what NAFTA is trying to accomplish is from the authors of the document itself. The following is a listing of goals as set forth in the preamble of the NAFTA agreement.

- To strengthen bonds of friendship and cooperation.
- As a catalyst to international cooperation.
- To create, expand, and secure future markets.
- To establish fair rules of trade.
- To ensure a predictable framework for business planning.
- To enhance firms competitiveness in foreign markets.
- To foster creativity and innovation.
- To create new employment opportunities.
- To promote development.

- To strengthen environmental regulations.

The North American Free Trade Agreement (NAFTA) roots date to the passage of the Canadian-American Free Trade Agreement in 1989. The goal of this little noticed agreement was to create a free trade area along the American-Canadian boarder. In the early 1990s the two nations sought to expand this arrangement to include Mexico, and on January 1st of 1994, NAFTA began. The agreement called for a complete removal of trade barriers between the members within 15 years. There has been much debate among different interest groups and individuals over what the final impact of this agreement would be. Although the agreement includes the countries of the U.S., Canada, and Mexico, nearly all of the debate in the U.S. has focused on the issue of trade with Mexico.

Proponents of NAFTA

Those in favor of NAFTA included most economists, nearly all multinational corporations, and several key political figures, including Presidents George Bush and Bill Clinton. Economists favored the agreement because it fit well with the efficiency gains predicted by their free trade models. Multinational corporations were attracted to the expected improvements to the "bottom line." Presidents Bush and Clinton both believed the gains from lower prices for American consumers and job creation in American export industries outweighed the job losses associated with increased import competition and corporate relocation, particularly if job retraining opportunities were put in place.

Opponents of NAFTA

Those against NAFTA included labor unions, environmental groups, anti-globalization activists, and many political figures, including Pat Buchanan, Richard Gephardt, and many other members of Congress. U.S. labor unions feared wage and benefit reductions as well as complete job displacement due to corporate America's increased access to the Mexican labor force. Environmentalists envisioned severe environmental degradation in Mexico, where environmental laws are weak and often not enforced. They also predicted a weakening of America's present environmental laws in the name of staying competitive with Mexico. Many of the political figures who most strongly opposed NAFTA were from constituencies dominated by manufacturing-based employment.

AUDIO: Click here to listen to Pat Buchanan's thoughts on NAFTA.

To appease the fears of NAFTA opponents, there were "side agreements" made on environmental and labor rights issues. Three institutions were created to address these concerns: The Commission on Environmental Cooperation (CEC), the Border Environmental Cooperation Commission (BECC) and the North American Development Bank. Additionally, a NAFTA Trade Adjustment Assistance Program was created to compensate displaced American workers.

Beyond NAFTA

Since the introduction of NAFTA, there have been calls for its expansion to include all of the Americas. These plans were launched publicly in 1994 at the Summit of the Americas in Miami, Florida. This summit was hosted and wholeheartedly endorsed by President Clinton, who proposed the Free Trade Area of the Americas (FTAA) be implemented by January, 2005.

President George W. Bush and his administration also support the creation of a FTAA, and have recently endorsed the creation of a Central American Free Trade Agreement (CAFTA) as an intermediate step aimed at moving the process forward. On May 28, 2004, CAFTA was signed by the United States and five Central American countries. The Bush administration plans to present the deal to Congress toward the end of 2004. If approved, CAFTA would call for the elimination of tariffs between from the United States, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. Not surprisingly, the renewed discussion of further U.S. regional integration with its neighbors is stirring emotions across the political landscape in the same way NAFTA did in the early 1990s.

INSERT FIGURE, CAPTION, AND SOURCE: One cartoonist's vision of the results of free trade agreements. Source: pages.zdnet.com/sartre65/ wrack/id38.html

Additional Resources and Readings

There is a wealth of information available on the Internet that addresses the impact of NAFTA and the movement toward further regional integration in the Americas. Below are links to a variety of interesting readings, audio clips, video clips, and websites which should help you learn more about the issues and help you answer the discussion questions for this part of the unit.

- Reconsidering NAFTA on its 10-Year Anniversary
  12-08-03, Day to Day (NPR audio clip)

- Measuring NAFTA on 10^{th} Anniversary
  12-08-03, All Things Considered (NPR audio clip)

- Small Farmers in Mexico Feel Effects of NAFTA
  11-21-02, Morning Edition (NPR audio clip)

- FTAA Agreement
  04-23-01, Morning Edition (NPR audio clip)

- The United States Trade Representative: Regional Trade Agreements website

- Public Citizen's NAFTA website

- Sierra Club—Trade—NAFTA website

- AFL-CIO—CAFTA website

- Stop the FTAA website

- America's Economic Decline
  William F. Jasper, senior editor of the right-wing conservative magazine, *The New American*, examines the policies responsible for the decline of America's basic industries and the outsourcing of high-paying jobs. He then discusses what must be done to protect our economic base and national independence. (A lecture sponsored by Stop the FTAA)

Part 3: European Union

Historical Integration Attempts

Many attempts have been made throughout history to unify the continent of Europe by force. The Frankish empire of Charlemagne and the Holy Roman Empire controlled large areas of Europe for hundreds of years. Napoleon Bonaparte controlled much of the western and central mainland of Europe through conquest or alliance in the early 1800s. Hitler's Nazi Germany sought to dominate Europe in the late 1930s and early 1940s. Following the catastrophe of the Second World War, desire for a cooperative solution to Europe's differences greatly increased. In 1943, and again in 1946, Winston Churchill called for a "kind of" United States of Europe (although not necessarily including the UK), emphasizing the need for free trade, and a stable international monetary system within the region.

From the days of the mercantilists, Europeans have depended on trade as an essential part of their economies. Source: ***http://yhspatriot.yorktown.arlington.k12.va.us/~pbrennan/colonial/mercantilism.html***

In 1947 the Economic Commission for Europe was established with the goal of integrating Europe as a whole. The plan, however, quickly dissolved as the ideological divide deepened between Western Europe and the growing Soviet Union to the east. Fearing a growing Soviet threat, in 1948 the Organization for European Economic Cooperation (OEEC) was established to promote trade and to disburse the 12.5 billion dollar Economic Recovery Program, or Marshall Plan, provide by the U.S. in hopes further solidifying democracy in the region. In 1949, the UK, France, Belgium, Luxembourg, and the Netherlands signed the Brussels Treaty, calling for mutual assistance in time of attack and eventually paving the way for the creation of NATO. At this point the Cold War had begun, and further integration in Europe would clearly be divided between the East and West.

In 1949 the Council of Europe was established by ten Western European states. It called for common action in economic, social, cultural, scientific, and legal aims through the giving up of state sovereignty through creation of a majority vote assembly. Rifts, however, quickly emerged between British and Scandinavian functionalists, who were looking for an intergovernmentalist approach based on unanimity, while the federalists in France and the Benelux nations—Belgium, the Netherlands, and Luxembourg—sought the creation of European supra-national institutions with decisions based on majority rule. Ultimately, these differences could not be resolved and the groups of nations went their separate ways, each pursuing their own ideal of what integration should entail.

Laying the Foundation—The European Coal and Steel Community

On May 9th, 1950, the French Foreign Minister, Robert Schuman, presented a plan, drafted by his colleague, Jean Monnet, calling for the creation of a European Coal and Steel Community (ECSC). The plan called for Germany and France to place their key industries and resources for a wartime economy under a supranational body which would function independent of the nation states. All Western European nations were invited to join the community, and on April 18th, 1951, six countries, France, Belgium, the Netherlands, Luxembourg, Italy and Germany, signed the Treaty of Paris, establishing the ECSC. A supranational institution was created in the shape of the “High Authority,” which was able to make decisions on the regulation and trade of coal and steel without reference to the member states. The interests of the nation states were taken into account by a “Special Council of Ministers,” representatives of the national political parties had input through a “Common Assembly,” and a “Court of Justice” was set up to rule on disputes. The ECSC successfully demonstrated the feasibility of cooperative integration through supranational decision making in Europe.

WEBLINKS: Click on the following weblinks to learn about Robert Schuman, Jean Monnet, and the plan for the ECSC.

Robert Schuman
http://www.robert-schuman.org/gb/robert-schuman/biographie2an.htm

Jean Monnet
http://www.jean-monnet.ch/anglais/pMonnet/monnet.htm

European Steel and Coal Community
http://europa.eu.int/abc/symbols/9-may/decl_en.htm

Wanting the move forward on the success of the ECSC, in 1952 the European Defense Community Treaty (EDC) was proposed as way to allow Germany to contribute to a “European Army” and by 1953 a proposal to integrate and expand the ECSC and EDC into a European Political Community (EPC) had been made by functionalists who favored further integration. Ultimately, however, the EPC failed when the French assembly refused to ratify the treaty over concerns of too much supra-nationalism too soon, resistance to German re-armament, and the belief that any European army required British participation.

The European Economic Community

Seeking a more pragmatic approach, in 1955 the Benelux nations proposed a community based on economic, not political, objectives. This call for a European Economic Community (EEC) was realized on March 25, 1957, when the member of the ECSC signed the Treaty of Rome. From the outset, it was an ambitious plan, calling for creation of a common market between the member states. Article 3 of the Treaty clearly spells out the objectives of the EEC. It reads (in paraphrase):

3a Eliminate internal barriers to trade among the members.

3b Establish a common external tariff against non-members.

3c Eliminate barriers to the flow of factors of production (including labor).

3h Harmonize member state laws necessary to carry out 3abc.

3f Establish oversight institutions to ensure competition among member is not distorted.

3d Establish a common agriculture policy among the members.

3e Establish a common transportation policy among the members.

3i Create a European Social Fund (ESF).

3j Create a European Investment Bank (EIB).

The EEC also called for the continuation and expansion of the supranational system of governance established by the ECSC. The governing institutions included a Commission (equivalent to the ECSC High Authority), a Council of Ministers, an Assembly or Parliament, and a Court of Justice, along with numerous smaller programs.

The Institution of the EU

- The European Commission is the executive of the European Union. Its primary roles are to propose legislation and to carry it out. The Commission is fully independent, and is not permitted to take instructions from the governments of their member state.

- The Council of the European Union (often, unofficially, still referred to as the Council of Ministers) forms, along with the European Parliament, the legislative arm of the community. It contains ministers of the governments of each of the member-states.

- The European Parliament is the parliamentary body of the European Union. It is directly elected by the citizens of the member states and has legislative power.

- The European Court of Justice ensures that law and legislation of the European Union is interpreted and applied in the same way in each member state. ****

Part 4: More on the European Union

Moving Forward

Initially, the plan was for the common market, and other Treaty objectives, to be accomplished within 12 years; and, to a large extent, there was great success. A basic customs union was accomplished fairly quickly and by 1969 a basic common market was in place, although *numerous* barriers (technical, fiscal, and physical) to the movement of factors of production remained, particularly with labor. The Common Agriculture Policy (CAP) was fully in place, although transport policy was slow to evolve. Probably the single best indication of the progress of the community was their decision to participate in the Kennedy Round of the GATT negotiations with one, European, voice. Overall, the EEC averaged 5.7% GDP growth and an annual increase in per capita income of 4.5% during these years.

Feeling Left Out

With the success of the EEC clearly evident, and feeling the pressure of a declining economic standing within the global community, the UK set out to establish its own regional trade agreement with other European nations, which shared their view of an intergovernmentalist approach. In 1960 the European Free Trade Association (EFTA) was founded by the UK, Norway, Sweden, Denmark, Switzerland, Austria, and Portugal (later to include Finland, Iceland, and Liechtenstein). The objective of this agreement was far simpler than the EEC's, seeking to only to establish a free trade area among the members and to establish more liberal trade relations with the EEC. In the end, however, the EFTA could not match the success of the EEC, and eventually most of the members dropped out, seeking application into the EEC.

Pressing On

The EEC continued to press ahead toward further integration milestones in the 1970s. Most notably, these included:

- Establishment of the Common Fisheries Policy.
- Creation of the European Regional Development Fund (to aid less developed regions in the community).
- Initiatives to establish a community budget with its own source of revenues.
- Establishment of a European Council (not to be confused with the council of European Union, or Ministers), which serves an advisory function and is comprised of the "Heads of State" of the member nations.
- Direct elections for the European Parliament in an attempt to lessen the "democratic deficit" at the supra-national level.

- The establishment of the European Monetary System (EMS) following the collapse of the Bretton Woods system, which, although ultimately unsuccessful, sought to peg member exchange rates through active central bank intervention.

The 1970s also marked the first expansion of the community. By the mid 1960s it had became clear that the EEC, not the EFTA, was the economic and political force in Europe. Following three unsuccessful attempts at membership in the 1960s—vetoed by DeGaulle, who saw the British as sore losers and a threat to French influence—in 1973 the UK, Ireland, and Denmark became members of the EEC. (Norway was also offered membership but choose, in a national referendum, not to join.)

Eurosclerosis

Like much of the rest of the world, the late 1970s and early 1980s were hard on the EEC. Oil recessions, double-digit inflation, high unemployment, and endless debate over CAP rights and budget obligations brought integration to a standstill. On top of this, three of the poorer nations in Western Europe, Greece (1981), Spain (1986), and Portugal (1986), were admitted as members, with the expectation that their membership would encourage democracy and stability in the region.

Jump Start: The Single European Act

In response to the stagnation of the previous decade, the Commission issued a "white paper" entitled "Completing the Single Market" which recommended 270+ measures that needed to be taken in order to fully complete the common market. The Single European Act (SEA) essentially amended the Treaty of Rome, taking effect in 1986 and calling for completion of its recommendations before 1993. Some of the specific initiatives included:

- Dismantling numerous technical, physical, and fiscal barriers, particularly with regard to the free flow of investment and labor.

- Establishing majority voting (as opposed to super-majority or unanimous voting) in the Council of Ministers for issues relating to completion of the SEA.

- Amending the Treaty of Rome to allow for (and require) macro-economic policy coordination, the EMS, and further monetary integration.

- Requiring labor law and workplace issues to be addressed at the supra-national level.

- The creation of a Court of First Instance to filter and make judicial rulings in order to assist the increasingly burdened European Court of Justice.

- Formalizing European political cooperation in hopes of harmonizing member states' interactions with the rest of the world.

- The complete elimination of internal passport and customs controls within the community.

By December of 1992 the EEC, for the most part, had successfully completed the initiatives of the SEA. In celebration, the EEC changed its name to the European Community (EC) as a reflection of the deeper integration between the member states. In fact, the SEA was such a success that the community decided to continue pushing forward, hoping to transform itself into a monetary and political union.

Deepening Integration: The Treaty on European Union

In 1992 the EC signed the Treaty on European Union with three specific “pillars” of focus:

- To transform the common market into a true economic/monetary union with a common currency, the Euro, and a European Central Bank to oversee all monetary policy.

- To introduce a Common Foreign and Security Policy (CFSP).

- To introduce the system of Cooperation on Justice and Home Affairs (CJHA).

Some of the more important specifics of the Treaty on European Union TEU included:

- Establishing “European” citizenship.

- Setting procedures for the transition toward monetary union.

- Setting procedures for intergovernmental cooperation in foreign policy.

- Expanding the use of majority voting in the Council of Ministers (as opposed to a higher consensus super-majority requirements).

- Increasing the power of European Parliament in order to strengthen the democratic process.

- Creating a Committee of Regions to address the concerns of specific locals.

The TEU and its push toward deeper integration had its proponents as well as its critics. Those in favor argued that it was the next logical step on the road of integration:

- It would narrow the “democratic deficit” through a more powerful Parliament.

- There would be additional growth through the efficiency of a single currency.

- It would strengthen Europe’s hand in geopolitical negotiations.

- Without it, previous integration accomplishments would regress.

The proponents, however, felt that the TEU was simply a power grab by the "Eurocrats" in Brussels, and filled with little more than vague commitments and promises. They saw it as a treaty too soon, believing that enlargement of the community was more important than "deepening" it. And finally, they had concern over the opinion polls that showed average citizens to be ambivalent, if not opposed, to further integration. In fact, most had very little understanding of what the Treaty even entailed. Regardless, the Treaty was ratified, integration moved forward, and the European Community officially changed its name to the European Union (EU).

The mid-1990s also included the entry of some of the remaining European Free Trade Association members—Sweden, Finland, and Austria—into the European Union in 1995, as well as the signing of the Amsterdam Treaty in 1997, which set specific dates for completion of monetary union.

The Euro—Monetary Union in the EU

Since January 1, 1999, the Euro has been used for all foreign exchange operations in the participating countries. Euro banknotes and coins began to circulate on January 1, 2002 and completely replaced national currencies by July 1, 2002. (Existing national currencies ceased to be legal tender in the participating countries on or before this date.) Twelve of the fifteen EU members choose to participate, with the UK, Denmark, and Sweden opting out, although this may soon change.

Supporters of the European Monetary Union argue that the introduction of a common currency will reduce transaction costs and increase the volume of trade among the participating countries. This results in larger gains from trade and increases the extent of competition in most product markets. Tourists will also benefit from the lower transaction costs associated with a single currency.

The introduction of a single European currency, however, also means that the participating countries will no longer be able to pursue independent monetary and fiscal policies. Monetary policy for the EU will be under the control of the European Central Bank. One of the major concerns about the success of the monetary union is whether this central bank will be able to maintain an independent policy of a low inflation target if different member states require different policy prescriptions. Fiscal policy in each state is restricted because the ability to engage in expansionary deficit spending is limited due to the common interest rate the members must share. Higher levels of government borrowing in one country would raise interest rates in all participating countries, harming their potential for economic growth. In an attempt to avoid this problem, countries that maintain deficits that exceed a specified value are subject to sanctions. The debate over the potential success of monetary union in Europe theoretically centers on whether or not the EU represents an "optimal currency area," which requires certain macroeconomic conditions to be met. These include:

- free mobility of labor and capital
- balanced government budgets
- manageable government debt

- balanced trade

The Euro, introduced in 1999. Source: www.bbc.co.uk/russian/specials/euro/index.html

From 15 to 25

The most recent milestone in EU integration was expansion into Eastern Europe in May 2004. This expansion was the largest and most challenging to date, and included the nations of Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. Because of the substantially lower socioeconomic conditions in these nations, the integration of these nations will be slow, with limitations on the flow of labor and a gradual transition towards monetary union and adoption of the Euro.

Websites and Resources

A wealth of information is available on the internet that addresses the history and current status of the EU. Below are links to a variety of websites that should help you learn more about the issues and help you answer the discussion questions for this part of the unit.

- EUROPA: the official website of the European Union
- The European Union in the United States website
- Milestones of the EU—an interactive timeline from the BBC website (includes some interesting audio and video too)
- Analysis of European Union's Expansion
  04-30-04, All Things Considered (NPR audio clip)
- Ten Nations Added to European Union
  05-01-04, Weekend Edition - Saturday (NPR audio clip)

- EU Welcomes 10 New Member Nations
  05-01-04, All Things Considered (NPR audio clip)

Weblinks

During your reading of UNIT 8, the following weblinks were presented. Read them now if you have not already done so.

- Reconsidering NAFTA on its 10-Year Anniversary
  12-08-03, Day to Day (NPR audio clip)
- Measuring NAFTA on 10^{th} Anniversary
  12-08-03, All Things Considered (NPR audio clip)
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- Sierra Club—Trade—NAFTA website
- AFL-CIO—CAFTA website
- Stop the FTAA website
- America's Economic Decline
  William F. Jasper, senior editor of the right-wing conservative magazine, *The New American*, examines the policies responsible for the decline of America's basic industries and the outsourcing of high-paying jobs. He then discusses what must be done to protect our economic base and national independence. (A lecture sponsored by Stop the FTAA)
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- Analysis of European Union's Expansion
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- Ten Nations Added to European Union
  05-01-04, Weekend Edition - Saturday (NPR audio clip)

- [EU Welcomes 10 New Member Nations]
  05-01-04, All Things Considered (NPR audio clip)

Readings

NAFTA:

USTR—NAFTA: A Decade of Success

Stop the Complaints: With NAFTA, Everyone Wins, by Robert B. Zoellick

Free Trade on Trial: Ten Years of NAFTA, the Economist Magazine, December 30, 2003

The High Price of 'Free' Trade: NAFTA's Failure has Cost the United States Jobs across the Nation, by Robert E. Scott

USDA Testimony: NAFTA Agricultural Trade an Unqualified Success, April 20, 2004

Chapter 6, Article 24, "Fields of Free Trade: Mexico's Farmers in a Global Economy," *Real World Globalization*, 8th Ed., edited by the Dollars and Sense Collective, 2004.

A Greener, or Browner, Mexico? The Economist Magazine, August 5, 1999

The European Union:

Understanding the European Union: A Concise Introduction, by John McCormick (Purchased at a bookstore or online)

OR

The European Union: A Guide for Americans (Downloadable .pdf file)
User: mals 620
Password: year0405

OR

Europe in 12 Steps, by Pascal Fontaine (Downloadable .pdf file)
User: mals 620
Password: year0405

A Primer in Economics: Europe Does Not Make an Ideal Currency Area, the Economist Magazine, April 9, 1998

Assignments

DISCUSSION FORUM: Remember to go to the Discussion Forum in Blackboard to answer the question for this unit.

Discussion Question #1

NAFTA: More good than bad, or more bad than good? Should the US Congress endorse the CAFTA and the FTAA? Should any constraints be placed on these agreements? Should a deeper level of integration be pursued?

Discussion Question #2

Do you think the EU will ever become a truly political union? What similarities and differences do you see between the supra-national governance of the EU and the US federal government?