

The Future of North America

2025

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The Future of North America

2025

Outlook and Recommendations

EDITED BY ARMAND B. PESCHARD-SVERDRUP

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and the
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In memory of

Anne Armstrong

*who as chairman of the CSIS Board of Trustees
spurred the United States toward constructive diplomacy
with its neighbors and beyond.*

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PREFACE

This volume is the product of a multiyear research project conducted by the Center for Strategic and International Studies in collaboration with the Centro de Investigación y Docencia Económicas and the Conference Board of Canada. The project was designed to examine the strategic issues that North America will face in the year 2025.

In light of the hectic daily lives led by decisionmakers in each of the three North American nations, who, more often than not, are forced to put out policy or political fires that erupt on an almost daily basis or whose average citizens are trying to juggle family, work, and a host of competing priorities, scholars at the three institutions felt that policymakers, legislators, and the citizens of the three North American nations would benefit from thinking about what lies ahead. More important, we recognized the importance of examining how the three governments can best position themselves to hand future generations a better world—be it as a nation, as a region, as a hemisphere, or as part of the global community.

The objective of the project was to provide reliable information that would enable the leaders of all three nations to create sounder policy and enact needed legislation related to six areas of critical strategic importance to each of the three nations, to the region as a whole, and to the trilateral relationship: energy, the environment, labor mobility, competitiveness, infrastructure, and security. Specifically, the project focused on a detailed examination of current trends in each of these

sectors and projected future scenarios based on these trends. Limiting our focus to these six areas by no means indicates that these are the only issues of vital importance to the future of all three nations; rather, our decision was based on the need to limit the study's already ambitious scope.

As part of the project, representatives from all three nations met in roundtable sessions to assess current and future trends in each of the areas that had been identified at the outset. The sessions—designed as analytical exercises—were conducted in a closed-door format purely in an effort to facilitate a candid and manageable discussion; by no means was there any intent to exclude differing perspectives or to advance a preconceived political agenda. To ensure a free-flowing and balanced discussion as well as a trilateral approach to assessments and viable recommendations resulting from the sessions, we invited an equal number of representatives from Canada, Mexico, and the United States to participate in the roundtable addressing each critical sector. Each session included a mix of representatives from relevant agencies or committees in the executive and legislative branches of all three governments who could contribute a practical, policy, or legislative perspective to the discussion and its results; relevant stakeholders from the private sector and nonprofit organizations; and highly specialized and multidisciplinary academics, analysts, and experts from all three countries who have solid experience in assessing current global and North American trends and in projecting scenarios. In this way, these trilateral brainstorming sessions were able to capture not only the very best thinking on the issues but also wide-ranging practical perspectives, thereby strengthening the capacity of Canadian, U.S., and Mexican government officials—in the executive branch as well as the legislative branch—to analyze, comprehend, and anticipate the challenges facing North America as well as the coordination and harmonization that are needed to prepare for them.

The chapters in this volume encapsulate the results of each of the roundtables—including the discussion, analysis, and recommendations—as well the additional research conducted by the authors of each chapter. The order in which the chapters appear is intended to provide a logical progression for the reader—particularly because some of the issues are clearly interconnected—rather than to place any priority whatsoever on any of the six issues. Although each chapter focuses on a specific issue, the discussions that are reported took into account

the way shifts in one area would have repercussions on areas that were the topics of other roundtables. The chapters reflect this overlap, but the recommendations included in each chapter are presented from the perspective of the particular issue that was under analysis.

The project's underlying objective was to produce a well-researched analytical document that would assist the leaders of all three North American nations to formulate sound public policy and implement legislative decisions that anticipate future trends, based on today's facts and figures, projected out to the year 2025 and beyond. Although aimed at the policymaking and legislative community, the book's analysis also serves the average citizen of Canada, the United States, and Mexico through its ability to raise public awareness of the issues. It can help create the political will needed either to implement public policies or to pass legislation with necessary foresight—thereby empowering us all to work proactively toward the type of future that next generations will enjoy.

The project by no means presumed to predict what the future will be for North America in 2025. After all, many unknown variables can emerge and have a major impact—either favorable or adverse—on the projected future. If anything, we hope that this book does a sound enough job of articulating what the data tell us today about the need to anticipate various scenarios and, more important, helping to broaden the analytical horizon of decisionmakers and legislators in the United States, Canada, and Mexico.

It is apparent that the different stakeholders in all three nations have varying perspectives on the further integration of North America as well as on ways to move forward. It is therefore worth noting that this volume is not intended merely to prescribe the further integration of North America; rather, each of the chapters takes factual stock of the integration that has already taken place, anticipates future developments, and identifies the areas that warrant the formulation of a complementary set of trilateral public policies to more effectively address the transnational challenges and opportunities that lie ahead.

Clearly, the respective governments of North America will continue to make policy decisions that leaders consider necessary to pursue unilaterally and other policies that they will prefer to pursue bilaterally. Nonetheless, there will surely continue to be transnational challenges or opportunities facing the three nations that will necessitate a trilateral approach—if not a multilateral one—but these approaches are not

mutually exclusive. If anything, by working trilaterally on transnational challenges and opportunities, North America can demonstrate true global leadership. After all, if the three North American governments cannot work together in harmonizing policies when such cooperation best suits the needs of their respective citizens, what does this failure say about the prospects for a global consensus or multilateral progress on many of these daunting issues?

All project participants hope that this volume will help the peoples of Mexico, Canada, and the United States develop a greater appreciation for the strategic importance of their North American neighbors for their own individual futures as well as for their collective future. This is particularly relevant when considering the major transformations that we are likely to experience between now and 2025 and beyond. Simply reflecting on the developments—both positive and negative—that we have witnessed in North America and throughout the world since 1990 leads one to conclude that the twenty-first century is likely to bring a quantum sea change in both the challenges and the opportunities facing the region and the world.

Reluctance to accept change is an inherent part of human nature, as is the longing to keep things as they have always been. Nevertheless, as the following chapters illustrate, a changing global environment is imminent. An effective response to the consequences of these changes will call on the people of North America—as well as the entire world—to spearhead the necessary action if civilization is to adapt and prosper.

Governments will undoubtedly have to be much more nimble in responding to changing conditions—be they challenges or opportunities—by making policy formulation flexible and its implementation more expeditious so that governments can adapt to evolving circumstances and conditions swiftly and effectively. The same holds true for the U.S. and Mexican Congresses and the Canadian Parliament. Given the interconnection—or cause-and-effect relationship—between many of the challenges that loom on the horizon, governments will also be called upon to build up the level of collaboration between the different government agencies that are responsible for overseeing seemingly distinct yet interrelated portfolios.

It is also important to recognize that developments on the international stage will have an ever-increasing impact on whatever forces are in play within and between Mexico, the United States, and Canada. These global forces will emerge in an environment that does not re-

spect political borders or national sovereignty when it comes to pandemics, demographic changes and mobility, financial shocks, natural disasters, the scarcity of natural resources, and the advent of nonstate actors. These are just some of the developments that are capable of having significant ramifications on all the world's societies.

If it is true that the world is getting smaller with the onset of globalization, it is even more remarkable to see the increasing interdependence of the three North American nations. Although this development may not be an earth-shattering revelation to those residing along the borders of all three nations who regularly cross the border into the neighboring nation, it may be less apparent to someone living far away from the border.

North America will undoubtedly face both opportunities and daunting challenges in the years to come. How we capitalize on these opportunities or tackle these challenges will help determine the kind of future that lies ahead for North America.

ACKNOWLEDGMENTS

This volume is the result of a major research project on the future of North America in 2025. Countless individuals from Mexico, Canada, and the United States contributed their ideas, expertise, and time to this undertaking. Among them are the authors who took on the challenge of thinking analytically out to the year 2025 and then wrote the chapters in this book.

The two cosponsoring institutions—Mexico’s Centro de Investigación y Docencia Económicas (CIDE) and the Conference Board of Canada—believed in the policy relevance of this project. Both institutions made substantive contributions during the research phase and also oversaw the peer review process of the reports published in this book to make sure that the six issue areas examined in this project were approached in a balanced manner and that they reflect the perspectives of Mexico and Canada, respectively, to the extent possible.

I am especially indebted to Enrique Cabrero, Jorge Schiavon, Jorge Chabat, Víctor Carreon, Juan Rosellón, and Alejandro Villagómez—all from the CIDE—for participating in the various roundtables and for carrying out the peer review process for the chapters. Although not with the CIDE, Miguel Molina and Luis Herrera-Lasso, who reviewed the chapter on infrastructure, and Isabel Studer, who reviewed the chapters on labor mobility and the environment, also deserve my gratitude. I also thank Alejandra Aguilar Lanz for her invaluable support in organizing the two roundtable sessions that were held on the CIDE campus.

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James Dunton, director of the CSIS Press, and his colleagues Donna Spitler and Roberta Howard Fauriol kept the publication production trains running on time and ensured that this publication upholds the high standards of the CSIS Press. I am grateful to freelancer and CSIS alumna, Mary Marik, who took on the tedious task of doing the desktop publishing of the many charts contained in the book. Along these lines, my deepest gratitude goes to freelance copy editor Bitia Lanys Wicart, with whom I have worked over the years, for her painstaking review of each chapter to make sure that the very specialized text would be readily understandable to the lay reader.

In the spirit of adhering to a truly trilateral approach, each of the three nations hosted two of the six roundtables convened to study the topics examined in these pages. Needless to say, I am indebted to all the individuals who found the time to travel and attend these sessions—let alone share their ideas and expertise during the day-long discussions. There were too many participants in the sessions to mention in the acknowledgments; their names are listed elsewhere in this volume.

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I am grateful for the support that this project received from the NIC chairman, Dr. Thomas Fingar, as well as from Patrick Maher, the NIC's national intelligence officer for the Western Hemisphere. Clearly, this project coincides with the kind of "over the horizon" thinking about broader trends that the NIC usually produces in order to assist in the policymaking process. The fact that both this research project and its deliverable have been completely open to the public speaks to the ability of representatives of all three nations to work together to address issues that are of a trilateral nature and also underscores the need to continue such collaboration.

My thanks go to Jorge Garcés, managing director of NADBANK, as well as Juan Antonio Flores, NADBANK's associate director of public affairs, for recognizing the importance of thinking about the future—something that undoubtedly has a direct impact on NADBANK, whose mandate puts it at the axis of the U.S.-Mexican bilateral relationship.

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Armand B. Peschard-Sverdrup
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