

Republics in 1993 – the later might have benefited far less due to the problematic direction it took after the dissolution of Czechoslovakia). The explanation for the difference between the Swiss and the Austrian policies after the first phases is quite obvious. On the one hand Austria has well known traditional linkages and economic interests in that region of Europe, on the other hand it became clearer and clearer that Austria would quite soon be a member of the European Union and therefore have to take part in the common European effort to help the reform states in their progress towards EU membership anyway.

The longest chapter of my paper was dedicated to research on the administrative structure of the responsible units in Bern and Vienna and the relations between the different organizations within the Eastern European development aid sector. According to the expectations traditionally liberal Switzerland relied more on private initiative and financial incentives for enterprises, while more state trusting Austria developed a huge number of state-sponsored programs (for political reasons almost every ministry had its own). As a result a lack of adequate expertise and knowledge proved to be a problem in Switzerland, because the companies and NGO's, which carried through the projects in Eastern Europe were not sufficiently prepared or skilled for this completely new task. In Austria there was rather too much knowledge around and the different ministerial programs were sometimes working at the same time in the same area without showing any intention to coordinate their efforts.

Over the years some traits of convergence in the development cooperation of the two neighbors seemed to emerge. Switzerland evaluated its projects and canceled those of obviously unable private or non-government organizations (for example one project of the notoriously weak Swiss government parties that should have helped to educate Bulgarian and Albanian politicians but failed almost completely due to a lack of resources). Austria in comparison herewith handed over some of the responsibility for the work in the receiving countries to so called "contract partners" of the ministries.

These were mainly clubs and associations that were founded to organize and execute a specific task within the Austrian aid framework (I had – to cite an example – contact to an association called "Kulturverein", which organized teacher-training programs as a contract partner of the Ministry of Education). This means that some practical aspects of Austrian aid programs were privatized.

One of the best (and probably most famous) articles about Switzerland and Austria was written in 1984 by Peter Katzenstein. Under the title "distant cousins" he

managed to explain, why the different traditions in the two countries over the decades produced a similar level of social stability and economic prosperity. Liberal and decentralized Switzerland on the one hand and social democratic and more centralized Austria on the other hand share the fate of small countries in an open economy. Therefore the "social partners" (the state, the employers and the trade unions) always fared better if they tried to find a consensus in order to maintain the national position in the worldwide political and economical landscape. The outcome in the two states was quite different for the three interest groups within the "social partnership" (the trade unions had for example far less success in Switzerland, while the situation was definitively worse for the Austrian employers), but for the political and economical state of the countries in general the results were and are similar.

In the conclusion of my thesis I could take loans from the classic article of Katzenstein (consequently I subtitled it "How distant relatives helped their neighbors") The environment in which the two administrations made in the pioneer phases, forced them to change their policies in the direction they did. Different, to a certain degree opposite starting conditions were in this policy field as well followed by more similar strategies in later years and by comparable outputs (the second point is true if one concentrates on the quality of the programs and ignores the generosity of the Austrian aid).

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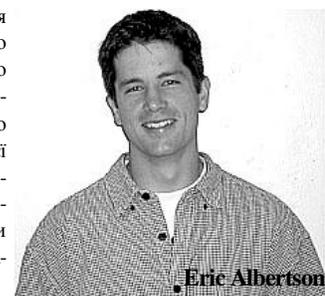
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Eric Albertson, Nebraska Wesleyan University, USA

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NAFTA: Benefit for Canada

Розглядається питання приєднання Канади до Північно-Американського договору про вільну торгівлю (NAFTA). Зазначено переваги та недоліки цієї угоди і її вплив на економіку Канади. Автор доходить висновку, що бути членом NAFTA для Кана-



Eric Albertson



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Canada – the weekend destination for many fishermen. When people think of Canada, they think of some of the best fishing stories, where they have caught the biggest northern pike known to man. Yet, others see Canada as just a cold and empty country north of the United States. However, people overlook the fact that Canada is home to more lakes and waters than any other country. Further, it is the second largest country, only following the former Soviet Union in size. This huge nation is more than a “weekend getaway.” It is a country endowed with some of the most natural resources on this earth. The abundance of natural resources places Canada in a special position in the world of trade. What do they do with all of these resources? These resources have enabled Canada to generate many exports throughout the world, and specifically, North America. Some recent legislation in world and North American trade has influenced Canada’s position on trade. In the hope of enhancing their own economy, Canada has joined the FTA and NAFTA. With the enactment of the FTA in 1989 and NAFTA in 1994, many economists and others have sought explanations as to why Canada would participate in these proposals. Despite criticisms concerning why Canada should not extend their free trade agreement by joining NAFTA, research shows that Canada has set up a policy in their favor. Canada would not have benefited by staying out of NAFTA.

Before assessing Canada’s position in NAFTA, some background information will answer a few questions. The Canadians and Americans began experiencing some free trade in the 1960’s. The Automotive Pact and the Defense Sharing Agreement helped take the first step in the direction of free trade. These accords aided the manufacturers of the industries by making duty-free access to each country’s markets, and allowing for national treatment by the other country (Roberts 7). Not much developed in free trade, for the next twenty-five years, between United States and Canada. But, in the mid 80’s the Canadian economy started to suffer. This, coupled by the fact that the United States and Canada are the world’s largest trading and investments partners led to talks on another free trade negotiation—the FTA. The Free Trade Agreement (FTA) between Canada and the United States took effect January 1, 1989. Both countries agreed to phase out tariffs, remove investment restrictions, and treat similar goods in each country equally regarding taxes, health standards and other regulations by 1998 (“Canadian-U.S. Free Trade Agreement”). For Canada, this agreement enabled them to secure a guaranteed access to United States markets. Further, the agreement

hoped to reduce both countries’ cost of doing business, increase productivity and create more jobs.

Only one year after the implementation of the FTA, the United States began talks with Mexico for a free trade agreement of their own. These talks eventually ended with a free trade agreement that extended the original United States and Canada FTA by adding Mexico. The trilateral free trade agreement between the United States, Canada and Mexico was given the name North American Free Trade Agreement and took effect in 1994. The North American Free Trade Agreement (NAFTA) has many detailed provisions. Nevertheless, it follows the same basic outline as the FTA with the United States and Canada. It called for an immediate elimination of duties on half of all United States goods shipped to Mexico and a phasing out of all other tariffs that include a variety of items like computers, textiles, autos, and agriculture. The total phasing out would last over a period of about fifteen years (Rosenberg 314-315).

The United States, Canada and Mexico each had their own motives for joining. It seems that the United States had more to gain than the other two. With 25 percent of all United States imports coming from Mexico and Canada, this placed the two nations in primary importance for United States trade. With the United States and Canada’s FTA, combined with an already \$7 billion surplus (and increasing) with Mexico, the potential benefits looked very good for the United States (Rosenberg 316). For Mexico, NAFTA would simply allow easier access to United States markets. In addition, certain agreements would allow for Mexican business expansion into southwestern areas of the United States. Canada, on the other hand, was different. What would be Canada’s benefits by joining NAFTA? This was the simple question to which many Canadians sought an answer prior to joining NAFTA.

Canadians had mixed views on joining NAFTA. Two years before its enactment, 50 percent of Canadians opposed it (Randall 75). Unlike the United States, Canadians do not consider themselves a “nation of immigrants.” Some people claim that by joining the FTA, cultural domination by the United States became an increasing problem. These same people went on to protest the talks with the United States and Mexico, indicating that culture domination and loss of sovereignty would continue to be a problem (Roberts 7). Certain environmental and labor enforcements could cause this cultural domination, as suggested by a Canadian trade representative in a May 24, 1993 article in The Wall Street Journal, “Canada and Mexico object to putting penalties in the [environmental and labor] accords because they say such measures would be an infringement

of their sovereignty and a potential device for trade harassment.” (Urquhart, “U.S., Canada” A4). Perhaps some of the Canadian public belief is due to their media, which cited negative information on the effects of the FTA. Canadian labor cites job losses from the Canada-United States FTA and, like its United States counterpart, fears that a NAFTA, which would generate competition from lower-paid Mexican workers, will simply exacerbate this (Randall 74-75).

On a more technical side, some Canadians were rejecting NAFTA talks because of the unfair trading policies associated with NAFTA regulations. Canadians did not like the fact that NAFTA required them to export their water resources to the member nations. On the other hand, Canada’s liberal party rejected NAFTA because there were not uniform trade rules developed to avoid disputes over unfair trading practices. The liberal party suggested that NAFTA was treating Canada unfairly with regard to their energy resources. Under the current conditions Canada must share its energy resources in a supply crises, but “Mexico . . . is not required to share its energy resources with [Canada or the United States] during a supply crises.” (Urquhart A2, A6). This is unfair trading from Canada’s viewpoint, for they contain a large supply of energy resources, which could lead to unfair competition from Mexico.

Another article illustrated the worries about firms in Canada. Canadians felt that by joining NAFTA, their firms would “pack up” and move into the United States or Mexico, something they had already experienced with the FTA. “Nothing worries Canadians more about free trade with America and Mexico than the spectra of Canadian firms pulling up stakes and heading south to where wages and taxes are lower, unions weaker, and winters milder . . . [Which] many have done . . . since Ottawa and Washington signed their first bilateral free trade deal.” (“The Better Bet” 27). This was another reason cited why Canada should not join NAFTA. Free trade is supposed to stimulate the economy by boosting productivity and creating more jobs, simply the explanation for why Canada wanted the FTA. Yet some firms were moving south after the FTA and those people who opposed NAFTA believed that it would get worse, meaningly, that unemployment and investment in Canada would continue to worsen. Unemployment in 1992 had hit a three year high of 11.6 percent (“No Gain” 4). The FTA was supposed to stimulate the Canadian economy. Those who blamed the FTA for aggravating the economic slump joined others in opposition to signing a NAFTA.

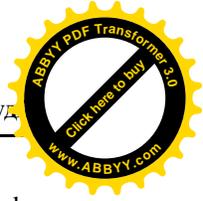
Other, more general and speculate reasons, why not to join NAFTA were also apparent. First, NAFTA talks began just one year after the FTA had started. Although

Canada joined the talks immediately, businesses and laborers, alike, wanted to see some of the benefits of the FTA realized before expanding the agreement. Others felt that the United States was “bullying” the Canadians. In a letter to the Canadian government, Thomas d’Aquino, president of Canada’s Business Council on National Issues stated, “If we said the U.S. said ‘no’ so we’ll say ‘no’ too [joining NAFTA] that would be a strategic error of great proportions” (Urquhart “Canada Businesses” A14). Canadians felt that the United States had “lured” Canada into the NAFTA talks to begin with. After some unsettled sanctions on trading, the United States had thought twice about expanding the FTA agreement into NAFTA. These same Canadians that felt pushed into the original talks, were feeling that same bully knocking at their door saying, “Maybe you shouldn’t do it either.”

In addition, few understood how Canada could benefit by signing a pact with Mexico because Canada trades very little with Mexico. Seventy-six percent of Canada’s exports go to the United States and 66 percent of Canada’s imports come from the United States. Moreover, Canada ranks sixth among Mexico’s trading partners and Mexico ranks *seventeenth* among Canada’s trading nations (Randall 68-69). In 1990, less than 0.5 percent of Canada’s exports went to Mexico and less than 1.3 percent of Canada’s imports came from Mexico (Rosenberg 56). Canada could not benefit from trade with Mexico because Mexico specializes in the agricultural and energy sectors, which are already very efficient in Canada’s economy.

On the other hand, others noticed flaws in the NAFTA agreement itself. In an essay by John O’Grady, a consultant on labor market and industrial relations, he concluded that some negotiations in the NAFTA were flawed because adjustment costs would be much higher than predicted by transforming from the FTA to NAFTA. He goes on to add, that the continuance of trade liberalization will add to the unequal distribution of income, and that being neutral with respect to everyone’s labor standards was impossible for the trade agreements. O’Grady sums up his view, “[Those of you familiar with economic literature] will know that the estimated gains that accrue to Canada from scrapping the FTA and moving into NAFTA are quite small” (Riggs 50-52).

On the other side of the NAFTA debate, were the Canadians anticipating possible benefits by joining NAFTA. In searching for those benefits, many Canadians found themselves asking, “Has the FTA been beneficial for us?” First, the Canadians considered the broader scope of events. By doing so, they found that one of the more general reasons to join NAFTA stemmed from



Canada's economic recession. For Canada not to participate in the negotiations could result in a reduction of gains obtained in the first agreement with the United States and could also deepen their political crises (Randall 115). For many Canadian policy makers, it was clear that by not signing into the NAFTA Canada could lose further gains. Some Canadian officials felt that by signing the NAFTA, it could possibly boost them out of their recession.

Most Canadians in the business community recognized that Canada had little trade relations with Mexico. So, no matter what the outcome, Canadians knew that Mexico probably could not initiate much change in Canada. Likewise, the business community knew that Mexico probably could not do any harm either. The hope was that trade statistics between Canada and the United States could show promising improvements in their new free trade agreement. If it was working in Canada's favor, then Canada's hope was to join the trilateral pact, thereby generating more trade between themselves and Mexico. The supporters of the NAFTA believed that a small gain was better than no gain.

Another reason or benefit for Canada to join the NAFTA was for agricultural reasons.* First, wheat and flour represent about one-third of the total value of agricultural exports and Canada is the second largest (behind the United States) world exporter of wheat ("Canada" 362). In 1989, Mexican exports to Canada were three times higher than the past nine years and Canada's agricultural sector had increased its exports to Mexico, surpassing their historical trend of exporting mainly auto parts, accessories, and gas turbines (Randall 113). Overall, trade had been increasing with Mexico. Moreover, in 1989, with the implement of the FTA, wheat and flour exports from Canada totaled \$2.5 billion.** By 1992 their wheat and flour exports totaled \$4.7 billion (Mitchell 516)! With 70 percent of these exports destined for the United States, most economists and laborers in the agricultural sector knew that the FTA had been helping Canada. This coupled by Canada's increased trade with Mexico was enough to support the "go ahead" with the NAFTA. If Canada's agricultural exports were increasing with the FTA, perhaps adding Mexico would open up Mexican field grains and cattle markets to the Canadian exporters. Also, adding Mexico would give Canadians [wintertime] access to Mexican vegetables and fruits at times when the Canadian [and United States] markets are not conducive to production (Globerman 55).

Forestry is another important sector of the Canadian economy that advocates of the NAFTA gazed at in admiration.*** In 1991, forestry industries provided about

15 percent of total merchandise exports for Canada ("Canada" 360). Lumber exports from Canada increased consistently through the early nineties, whereas, in the late eighties (87-89), the lumber industry experienced a reduction in exports from the previous years. In 1991, total lumber exports from Canada totaled \$5.18 billion. By 1993 these values totaled almost \$9.6 billion (Mitchell 516). Paper exports from Canada, which are included in the forestry calculations, were valued at \$9.1 billion in 1991. In 1993 these paper exports accounted for \$10.1 billion of the total exports (Mitchell 516). Those who supported the signing of the NAFTA recognized these increases and liked what they saw. By keeping the pact with the United States and extending the invitation to Mexico, those who supported a NAFTA felt that joining would not present any more harm.

Contrary to the arguments earlier about the energy sector being treated unfairly in the NAFTA accords, there are also existing benefits for the industry. In a way, Canada benefits historically, or naturally, in this realm. As already mentioned, Canada is well-endowed with lakes and rivers. This allows them to lead the world in hydroelectric output, making them "invulnerable" in the energy market to negative influences in international trade. In other words, Canada cannot trade hydroelectricity unless they move the lake or river where they generate the electricity! Despite the ending negotiations concerning energy and NAFTA, being a leader in hydroelectricity proves beneficial to Canada. At first, what looked to be unfair trading in the energy sector, now looks inconsequential because of Canada's hydroelectricity.

On the other hand, like the previous two explanations, which show improvements in trade relations between Canada and the United States, statistics show promising improvements in other energy products. In 1988, Canada exported \$5.9 billion in petroleum and similar products. By 1991 and 1992, these exports totaled \$8.7 billion and \$9.4 billion respectively (Mitchell 516). But, during the NAFTA talks, Canada did not pay much attention to Mexico's energy because this sector is under the influence of Mexico's government. The same was true for Mexico's perception on Canada's energy industry. At first, both thought that this government control would eliminate any increase in competition. However, both were overlooking the exploration costs for the oil. The finding costs for oil and natural gas are significantly lower in Mexico than in the United States or Canada, thereby leading to more emphasis on finding Mexican oil and gas. In the short run, this hurts Canada because the United States will probably use Mexican energy instead of Canada's. But in the long run,

Canadian expertise will play an important role in the expansion of the Mexican energy sector (Globerman 54). Eventually, Mexico will need further education and machinery (from Canada) to increase their output of energy. In the long run, Canada will be needed.

Two final explanations will conclude the benefits foreseen by those favoring a signing of NAFTA. First, joining the NAFTA allowed Canada to escape increased competition from the European communities, who had already started their own trade pact. In 1993, (the year before the implement of NAFTA) Canada's exports to the United States were \$12.4 billion, close to the total of Canada's exports to the European Union and Japan combined (Calais 30). This explanation supports the improvement that the FTA has had on trade between Canada and the United States. The FTA has managed to divert trade between Canada and European nations to Canada and the United States via selective tariff preferences (Riggs 69). Perhaps, by signing the NAFTA, Canada can increase this trade even more with Mexico.

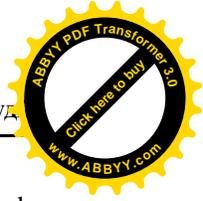
The final argument for Canada joining NAFTA stems like a rebuttal from the original argument above about how Canadian firms would move into Mexico and into the United States where wages and taxes are lower. Those on the other side of this argument suggest that Canada has the advantage in the long-run. There is evidence of some firms moving south, but there is also evidence of firms moving into Canada, such as Philips, Chrysler, Astra Pharmaceuticals, and LM Ericsson (“The Better Bet” 27). It seems that the FTA actually made Canada a more attractive place to invest. Despite the lower wages in parts of the United States and Mexico, businesses moving into Canada feel that the productivity of a loyal, well-educated workforce will pay off (“The Better Bet” 27). Canadians are looking at this increased marketization of United States and other firms in Canada as an indicator for themselves in Mexico. By joining NAFTA, Canada will receive greater access into the Mexican markets. Canada will also “expose themselves” to other Latin American countries which could prove beneficial for the future.

Overall, the statistics showed that Canada was benefitting from the FTA. In the early nineties, Canada had done better at increasing their exports than the United States. In 1992, total exports from Canada to the United States valued \$99.68 billion, an 11.2 percent increase from 1991. The United States trade deficit with Canada had increased by \$2.3 billion to more than \$10 billion in the same year (Rosenberg 56). These statistics convinced many in Canada that the advantages to free trade were real and that the Americans were not bullying them (the Canadians) after all.

The arguments presented above against Canada joining NAFTA and those in support of them joining, are valuable for comparing how the predictions before NAFTA unfolded after the signing, and help to evaluate Canada's decision on joining the pact. After six years of NAFTA, research indicates that the arguments for and against Canada's signature were valid. The following summed up many Canadians' beliefs. “We negotiated the FTA to put pressure on our economy, to increase our productivity . . . The FTA definitely led to higher productivity . . . but, because the FTA did not specifically define what constitutes a subsidy . . . we have continued to be frustrated by U.S. actions with respect to a number of trade disputes” (Roberts 8). Yes, the FTA was helping Canada, thereby making some feel more prone to signing a NAFTA. Yet, disputes still created some difficulties, making some argue against the idea of a NAFTA.

Even after the signing of NAFTA, disputes remained. For instance, in 1996, Signa SA in Mexico filed a \$36.6 million lawsuit against Canada which said Canada “was wrongfully preventing the company to enter the Canadian market” (Greenberg A2). The Canadian pharmaceutical industry prospered on its own in Canada, their tough regulations made it difficult to allow foreign products to enter their market. This lawsuit shows how some of NAFTA's rules are either flawed or ambiguous. Unfortunately, for Canada, this was not on their lists of expectations before signing NAFTA. Nevertheless, the good news for Canadians is that some of these disputes are working in their favor. Because of flooding in many agricultural regions of the United States in 1994, Canada exported more to the United States. The increase in trade relations between some of the wheat producing states and Canada allowed the United States to look to Canada during crisis, like the flooding. In fact, since 1989, Canadian grain exports to the United States have quadrupled (Calais 30). This is a benefit for Canadian exporters and in 1994, Canada took advantage of the increase in trade and the ambiguity present in the NAFTA rules and regulations to increase their exports (Calais 30).

Canada's merchandise trade statistics tell a lot about their trading before and after the NAFTA (Table 1). Before the start of NAFTA in 1993, imports totaled \$139 billion. In 1994 this value increased by approximately \$16 billion. Yet in 1995 imports had only increased by \$12.7 billion to a total of \$168 billion (Reddy 706). Similarly, before the implement of NAFTA, exports totaled \$145 billion. In 1994 this value increased by \$20 billion. In 1995, exports totaled \$192.2 billion, an increase of \$26.8 billion (Reddy 707). Although these statistics are for only a few years, they still show a favorable situation for Canada. Canada's change in



imports increased by a smaller amount from 1994 to 1995 than the change from 1993 to 1994. Their exports from 1994 to 1995 (with NAFTA) increased by more than they had from 1993 to 1994. Furthermore, in 1996, all imports only increased by \$7.8 billion, that change is even lower than the change from 1994 to 1995 (The Europa 841)! Overall, Canada's position with the United States has been favorable (Table 2a and 2b). In 1995, 1996 and 1997, Canada's net exports with the United States were \$45.7 billion, \$52 billion, and \$45.7 billion respectively. (The Europa 841). For Canada, it looks like NAFTA has aided their trade balance.

Those Canadians supporting a NAFTA in the early 90's looked at trade statistics from the FTA for evidence in support of signing a NAFTA. What they found were promising results, specifically in the agricultural, forestry and energy sectors. However, with NAFTA's implementation and by looking at overall agricultural and fishing product exports, the results do not look as good. (Table 3a and 3b). From 1995 to 1996, this value increased by \$2.3 billion. From 1996 to 1997, the value only increased by \$1.5 billion (The Europa 841). The same disappointment is found in the forestry sector, where there is a *decrease* of \$2.2 billion in total forestry products from 1995 to 1996. Further observation indicates that the energy sector also increased at a decreasing rate like the agricultural sector from 1995 through 1997 (The Europa 841). This evidence shows that the original FTA results were not good indicators of expected results with NAFTA. Perhaps, Canadian officials did not take into account other factors like weather or the cost of production in other countries. Obviously the NAFTA does not have a direct affect on all trading numbers. If costs of shipping lumber and other forestry products decreases in another nation, like Finland or Sweden, this would negatively impact the Canadian industry if Canada's costs remained constant.

However, these statistics are misleading because they do not show the increases on specific commodities from NAFTA. For instance, the results in the previous paragraph are for 1995 to 1997. Perhaps they are *good* indicators for the long run trend even if they are increasing at a *decreasing* rate because those numbers are a big increase relative to what the statistics illustrate, just before and right after, NAFTA's implementation (Table 3a and 3b).

To clarify this point, the Canadian supporters for a NAFTA used statistics on the exports of lumber, paper, wood pulp, wheat and petroleum products (Table 3b). A few years after the FTA, the numbers for these specific commodities exporting out of Canada looked favorable. Therefore, advocates of NAFTA used these numbers for

support. These same commodities of the agricultural, energy, and forestry sectors did *increase* because of NAFTA too. One year before the implementation of NAFTA (1993), the exported values for wheat, lumber, wood pulp, paper and petroleum were: **\$2.8 billion, \$9.5 billion, \$4.6 billion, \$10.1 billion, and \$6.9 billion** respectively. One year after NAFTA was signed (1995), the exporting values for these same commodities were: **\$4.3 billion, \$13.9 billion, \$9.6 billion, \$13.1 billion, and \$8.2 billion** respectively (The Europa 841). From the statistics in the last few paragraphs, and the values of the exporting commodities, one can see that Canada's position relative to the United States has improved. Specifically, the agriculture, forestry, and energy sectors have shown an increase due to NAFTA's implementation in 1994, even though the export increases are not huge. Canadians did not expect them to be huge either. Thus, the expected benefits prevailed.

The arguments against Canada joining NAFTA were also valid arguments. For instance, with Canada's 1992 unemployment rate at 11.6 percent, many argued that the FTA had only contributed to the unemployment rate instead of helping it ("No Gain" 4). Secondly, the fact that Canada really did not need Mexico in a free trade agreement still holds true. However, most Canadians would probably agree that their access into Latin America has increased, thereby providing a huge benefit for business investment and other capital flows. Thirdly, the flaws in NAFTA rules and regulations about trading within specific industries and regarding other NAFTA policies, are still present. This fact is born out by the Mexican firm, Signa, filing a law suit against Canada, and the increase in grain exports to the flooded areas of the United States. However, trade disagreements have occurred since free trade began because each country implements a trade policy to increase their wealth and standard of living. It is difficult to keep fair standards for each participant in trade.

For Canada, joining NAFTA was a good decision. With the FTA already in effect, and the results beginning to surface, adding Mexico to the pact proved to be more beneficial than harmful. If the Canadians had let the United States and Mexico form their own agreement, various situations may have hurt Canada. First, Canada would have lost most of their exports to Mexico (even though it was already a small percentage of Canada's exports). They also would have lost any future investment opportunities in Mexico and other Latin American countries. In addition, nobody knows what the terms would have been between the United States and Mexico. Canada could have lost additional exports to the United States especially in the energy and agricultural

Table 1. Canadian merchandise Imports and Exports, in U.S. \$ billions

	1992	1993	1994	1995	1996
Exports	134.44	145.18	165.38	192.2	N/A
Imports	129.27	139.04	155.07	168.05	176

Table 2a. Canadian Exports to Principal Trading Partners, in C \$ billions

	1995	1996	1997
China	3.3	2.7	2.2
Germany	3.1	3.1	2.6
Japan	11.9	10.4	10.7
Korea	2.7	2.7	2.9
United Kingdom	3.8	3.8	3.6
USA	196.9	210.1	228.8

Table 2b. Canadian Imports to Principal Trading Partners, in C \$ billions

	1991	1992	1993
Agriculture and Fishing products	NA	NA	NA
Wheat	3.8	4.7	2.8
Other agricultural products	NA	NA	NA
Energy products	NA	NA	NA
Crude petroleum	8.7	9	6.9
Natural gas	NA	NA	NA
Other energy products	NA	NA	NA
Forestry products	19.2	21.1	24.3
Lumber and sawmill products	5.2	6.6	9.6
Wood pulp and other wood	4.9	5.1	4.6
Newsprint and other paper	9.1	9.4	10.1

Table 3a. Canadian exports, in C \$ billions

	1995	1996	1997
China	4.6	4.9	6.3
Germany	4.8	4.8	5.4
Japan	12.1	10.4	12.5
Korea	3.2	2.7	3.1
United Kingdom	5.5	5.9	6.4
USA	151.2	157.4	183.1

Table 3b. Canadian exports, in C \$ billions

	1995	1996	1997
Agriculture and Fishing products	20.8	23.1	24.7
Wheat	4.3	4.7	5.1
Other agricultural products	16.5	18.5	19.6
Energy products	20.3	25.9	26.8
Crude petroleum	8.2	10.4	10
Natural gas	5.6	7.4	8.6
Other energy products	6.5	8.1	8.1
Forestry products	36.7	34.4	34.9
Lumber and sawmill products	13.9	15.8	16.7
Wood pulp and other wood	9.7	6.5	6.5
Newsprint and other paper	13.1	12.2	11.7

sectors. By joining NAFTA, Canadian policy makers knew the benefits would be slim. But, small benefits for their low-populated country are a big gain per/capita and are much better than losing future trade relations among other countries.

After evaluating the arguments for and against Canada's participation in NAFTA and some results after NAFTA's implementation, Canada would evidently not have benefited by staying out of NAFTA. In fact, had they not joined, they may have lost billions in the long run. While some of the arguments as to why they should not have joined may become true, the benefits still outweigh the negatives. In a world with scarce resources and increasing globalization, international trade offers a comparative advantage for countries willing to participate. Sometimes these advantages are clearly obvious and beneficial. Other times, the advantages are a little more hidden and require further thought and explanation. Regardless, long run predictions are important and Canada will benefit in the long run also.

* All comments and statistics referring to agriculture do not include fishing unless stated otherwise.

** Values are in Canadian dollars for the remainder of the report. (Table 1 values are in U.S. \$).

*** See Table 3a

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Політуха Олександр, МФ НАУКМА

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Деякі міркування щодо фінансово-економічних чинників розвитку зернового господарства Миколаївської області в умовах реформування

У статті обґрунтовується першочергову актуальність проблем зернового господарства Миколаївської області, стисло викладено аналіз його сучасного стану. Як можливий шлях вирішення окреслених проблем пропонується якісна модель базового сільгосппідприємства, конкурентоспроможного в сучасних умовах, аналіз, висновки та пропозиції з якого здійснено виключно в межах існуючого правового поля.

In the following article the key importance of the Mykolaiv region agriculture's problems is based, its current state is analyzed, and, as a possible way to solve the set problems, a principle model. All the analysis, conclusions, and ideas have been provided within the framework of the existing law field.

Пропонована робота не має і не може мати дискусійного характеру, адже проблема розглядається в ній уже після прийняття керівництвом країни і законодавчою владою конкретних рішень і термінів їх виконання. Тобто, йдеться тільки про реалізацію курсу реформ з найменш ймовірними втратами, але в межах існуючого правового поля.

Зернове господарство Миколаївської області розглядається як органічна і невід'ємна частина зернового господарства, агропромислового комплексу та економіки України в цілому.



Політуха
Олександр

При прогнозуванні розвитку подій слід виходити з багаторазово декларованих і закріплених відповідними

міжнародними угодами та зобов'язаннями, у т.ч. фінансовими, стратегічних намірів керівництва країни інтегруватись до Європейської співдружності, насамперед, економічно. Сьогодні цей курс гарантовано хоча б зовнішньою заборгованістю близько \$13 млрд. Реформи жорстко контролюються Міжнародним Валютним Фондом (МВФ) по всіх параметрах, тому при прогнозуванні треба враховувати найбільш свіжий і детальний з доступних документів МВФ: "Міжнародний Валютний Фонд Україна – пам'ятна записка" від 16.12.99 р.

З огляду на лімітований обсяг, у даній роботі розглядаються лише деякі фінансово-економічні чинники і, відповідно, пропонується власна модель базового сільськогосподарського підприємства – складової зернового господарства, – найбільш життєздатного в сучасних реальних умовах Миколаївської області, типових для всієї України.

Актуальність проблеми обумовлена таким:

1. Зернопродукти і похідні з них (хліб, макаронні та інші вироби) є основою харчування людини. Науково обґрунтована норма споживання при повноцінному харчуванні становить 148 кг на душу населення за рік [1, с. 219]. Згідно з цим, ще до 1993 року 15-17% валового збору зерна використовувались для харчування. В реальних умовах сьогодення, коли купівельна спроможність населення невпинно знижується, значна частина споживачів не має можливості повноцінно, збалансовано харчуватися. Ця категорія населення зараз орієнтується, в першу чергу, на відновлення енергії (калорій), яка витрачається в процесі життєдіяльності. Проведені мною розрахунки показують, що найдешевшою є ціна однієї калорії саме хлібопродуктів. Цим, на мій погляд, і пояснюється очевидний процес заміщення в харчовому раціоні українців за схемою: м'ясо на рибу; рибу на хлібопродукти, тобто рух до т.зв. інферіорних продовольчих товарів. Повідомлення преси про зростання частки споживання зерна на харчування до 26,4% можна вважати відповідними дійсності, і ця тенденція збережеться.
2. Важливою є фуражна складова продукції зернового господарства, що становить близько 52% загального обсягу використання зерна в Україні [1, с.219] і є основою тваринництва та птахівництва. Питому вагу фуражного зерна надалі потрібно збільшувати, бо лише інтенсивне тваринництво та птахівництво може забезпечити країну м'ясом. Адже навіть країни з ідеальними пасовищними умовами (приміром, Аргентина) вже давно перейшли до тваринництва на зерновій базі.
3. Зерно – основа продовольчої безпеки і незалежності будь-якої держави, тим більш для