GEORGE W. BUSH INSTITUTE

NORTH AMERICA STAKEHOLDER CONSULTATION COMMENTS

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The Bush Institute North America Competitiveness Initiative has analyzed the strengths and weaknesses of North America's economic integration process. Our Scorecard (www.bushcenter.org/scorecard) shows that North America is the most competitive trade grouping in the world. The United States by itself, of course, remains among the most competitive nations in the world. Nonetheless, the Scorecard points out areas where macro policy adjustments could improve our global competitiveness: deficit spending in the U.S., for example, is undermining the long term ability of the U.S. to innovate and compete.

Our policy working group of senior North Americanists from policy, academia and business from all three countries has identified two core areas where government and business could work together to enhance our competitiveness. First, our international competitors do a much better job of planning, financing and building cross-border infrastructure, both for transportation of goods and persons and for energy resources. A more coordinated approach engaging market forces and private capital would reduce pressure on budgets, lower production costs and increase productivity. Second, we must do a better job of providing young workers with modern, job-ready technical skills, both to shore up wages directly and to address concerns that parts of our societies are being left behind. The Bush Institute is playing a leading role in developing a North American system for upgrading and certifying the skills of entry-level manufacturing and logistics workers.

Our workforce initiative is driven by industry, but modest government support for public training institutions -- $3 million over three years focused primarily in Mexico – would help ensure that the supply of training is ready to meet demand. Our proposal for a border infrastructure facility assumes some $250 million in paid-in capital from each government, but would leverage over $7 billion in investment. Our initial estimates suggest that our transport and energy infrastructure proposals would increase U.S. GDP alone by one percentage point in the first five years – an addition of $220 billion – and reduce the U.S. federal budget deficit by 1.16% of GDP after five years – a savings of nearly $250 billion; Canada and Mexico would also see benefits. Once the longer-term impacts of improving skills development take hold, the result in terms of manufacturing output, productivity, competitiveness and wages would be significant across North America, making these highly cost-effective investments that would also address political anxiety about globalization.

We plan to present these ideas in greater detail at an event in Dallas in mid-November.