

well to develop better relations with Mexico – the United States' second largest trading partner. Exploring Canada's relations within the Free Trade Area of the Americas could also be beneficial.

3. By increasing the competitiveness of Canadian firms and ensuring Canadians are well educated to engage in the global economy.

Cohn suggested that larger, relatively more powerful states will expect that smaller, relatively weaker states will tend to settle rather than dispute a bilateral agreement (this was likely the case with the Canada – U.S. softwood lumber dispute). Nonetheless, Canada did better on lumber issues than one could expect, the outcome of the dispute was closer to Canadian objectives. However, many Canada – U.S. conflicts recur – a trend that seems to confirm the argument that smaller, relatively weaker states can win in the shorter term but the larger, relatively stronger states are likely to win in the longer term.

The U.S. government does not pay nearly as much attention to Canada as is the case *vice versa*. There seems to be what Cohn called an asymmetry of attention. According to Cohn, this asymmetry does not benefit Canada. For instance, President Bush could act harshly in a dispute with Canada in order to get fast track authority on trade from Congress.

While Canada does benefit from interdependence, there are number of drawbacks, illustrated by the Canada – U.S. economic relations, that Keohane and Nye might have underestimated in their work "Power and Interdependence."

6.2. Comment and Discussion

Viviana Patroni pointed out that neoliberal reforms in Latin America have not produced the expected results. She pointed out that economic growth has been unequal and unsustainable across the region. Moreover, poverty, social problems, corruption and crime continue to plague many Latin American countries. Canada should reconsider its role in the Hemisphere in this context. She also addressed the drawbacks to the Free Trade Area of the Americas. She asked whether the agreement is workable in the context of the tremendous diversity of Latin American countries and the significant power asymmetries among them. The lack of transparency in the FTAA process was also noted.

Elizabeth Smythe (Concordia University College of Alberta) asked whether multilateralism has paid off. She drew attention to what the state-to-state dynamic side payments imply and added that such a dynamic often undermines transparency. She also pointed out that the quest for increased competitiveness comes at a price to the public sector. Public funds are slashed as barriers to capital movements are removed.

Some participants pointed out that the FTAA will not be negotiated in the same way as NAFTA since the relative power asymmetries of participating countries are too large. In this context, a point was made that while NAFTA was negotiated in an almost "value neutral