

strongly to an erosion of investor confidence that eventually made the country's vulnerable current account position untenable. These political shocks were symptomatic of a more profound systemic shake-up in Mexico's post-revolutionary political order. The original institutional cornerstones and political rules of the *ancien régime* have come under considerable stress and change. Most importantly, the previous formula for elite accommodation and a social contract has begun to dissolve.

Mexico's transition raises a number of implications for Canada. Four modest proposals are outlined below with a view to enhancing Canada's Mexico policy in ways that could also have broader significance.

5.1 Mexico as a "Pilot Partner"

Since joining the Organization of American States in January 1990, signing the North American Free Trade Agreement and committing itself in December 1994 along with the other 33 signatories of the Miami Summit Declaration to hemispheric free trade by the year 2005, Canada has increasingly become a "nation of the Americas".²⁸ Thanks to its membership in the NAFTA, Mexico has the dual privilege of being our country's first Latin American partner in the region and first among developing countries.²⁹ As such, it should be considered a "pilot partner" for Canada. Many of the other countries in Latin America and the developing world with which Canada is presently expanding ties are also experiencing economic and political transitions. While each country's situation is obviously unique, the case of Mexico is illustrative of many of the potential challenges that Canadians might expect in other emerging markets. The lessons and insights from Canada's ongoing experience with Mexico should not be confined solely to those interested in Mexico. They should be

²⁸On Canada's evolving role in the Americas, see Keith Christie, "The Four Amigos and Beyond: Towards the Free Trade Area of the Americas," Policy Staff Paper No. 95/10 (Ottawa: Economic and Trade Policy Division (CPE), Policy Staff, Dept. of Foreign Affairs and International Trade, October 1995); Conrad Sheck, Colin Robertson, Jamal Khokhar, Nicolas Dimic and Keith Christie, "Canada in the Americas: New Opportunities and Challenges," Policy Staff Paper No. 94/06 (Ottawa: Economic and Trade Policy Division (CPE), Policy Staff, Dept. of Foreign Affairs and International Trade, April 1994).

²⁹Thanks to its entry into the Organization for Economic Cooperation and Development in 1994 -- a privilege traditionally reserved for upper income countries -- Mexico enjoys a unique status among states otherwise widely regarded as "developing countries". Nonetheless, it continues to display many of the characteristics of the latter group and thus ought to be considered as representative of developing countries.