

ECONOMIC GROWTH INITIATIVE



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Advocating free market principles that promote economic growth and further economic integration throughout North America, enabling the U.S. to better compete in the global economy.

BACKGROUND

North American economic integration has produced enormous benefits for the United States, as well as for Canada and Mexico. By freeing up trade and investment more than 20 years ago, we fostered the emergence of regional supply chains that enable us to innovate, produce, and compete in the global marketplace. Resulting structural changes in all three countries have led to robust productivity growth and broadly shared prosperity.

However, significant potential benefits from economic integration remain unrealized. For example, the U.S., Canada, and Mexico are each facing long-term challenges to ensure that workers have the skills and training they need to compete and thrive. Border infrastructure creates bottlenecks that reduce our competitiveness without enhancing security. Presently, very few organizations devote resources to promoting continental integration. An acute need for thought leadership exists to help the governments articulate the benefits of enhanced economic integration and to develop a policy strategy to secure those benefits. The Bush Institute's Economic Growth Initiative is designed to provide that thought leadership.

The policy agenda was compiled with the help of three major resources:

- The North America Competitiveness Scorecard:** Numerous organizations have analyzed the macro- and microeconomic variables that shape a country's competitiveness as a trade and investment location, the extent to which its markets are open to international competition, and the extent to which its institutions and policies promote the economic freedom of its citizens. The Bush Institute's North America Scorecard takes a number of these indices and combines them into a single score for each country, benchmarking the North American group against other major trading groups or countries. The result highlights areas – fiscal sustainability, indebtedness, enforceability of contracts, transparency of regulation, institutional integrity – where policy

“We’re all talking about how to advance our economic interests in the United States as well as the economies of our neighbors. The cornerstone of the North America Project is the promotion of free market economics as the best way to lift people out of poverty and give people a better shot at life...”

- President George W. Bush

reforms in Canada, Mexico, or the U.S. could make the North American partnership still more competitive. Numerous studies suggest that these elements of competitiveness interact in producing sustained prosperity over time.

- **Economic Integration Tool:** The Bush Institute developed a digital tool that measures the impact of economic integration on the growth, prosperity, and competitiveness of the North American partners. To measure integration, we analyze data for trade in goods and services and foreign direct investment, broken down by partner and as a percentage of the reporting country's GDP. To measure the economic benefits of NAFTA integration, we analyze growth in GDP, GDP per capita, GDP per hour worked, total employment, private employment, volume of industrial production, and hourly earnings in manufacturing.
- **The North America Competitiveness Working Group:** The Bush Institute convened eminent experts from business, government, and academia across North America for a focused discussion of energy markets, border infrastructure, and human capital development. The Working Group aided in the development of the proposed policy recommendations and will help disseminate them to policymakers at the local, state, and federal levels in all three countries.

PROGRAM IMPACT

The Bush Institute developed a policy agenda, *Investing in North American Competitiveness*, to strengthen the economic position of North America. The policy agenda has two major components:

- Enable a market-driven approach to planning and financing border infrastructure to strengthen productivity and global competitiveness of our region. Establish a new North American Border Infrastructure Bank to drive a market approach to planning, financing, and border projects.
- Build the most proficient technical workforce pipeline in the world by expanding the availability and common use of best-in-class standards, training, and credentials for frontline jobs in North America.

We believe that full implementation of these measures would boost economic growth of the U.S. economy by as much as 1% over time, with accelerating cumulative effects as the Canadian and Mexican economies also grow and as the workforce skills upgrade enhances productivity. One percent may not sound like much, but in the context of a \$20 trillion economy over several years, it represents a significant boost in American prosperity.

For more information on the Economic Growth Initiative, please contact Matthew Rooney.

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