

A JOINT U.S. – CANADIAN APPROACH TO TEACHING CONTEMPORARY NAFTA ISSUES IN MBA PROGRAMS

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The North American Free Trade Agreement (NAFTA) is the most significant trade agreement ever signed by each of its three participants: the United States, Canada, and Mexico. It is also the first time developed nations (U.S. & Canada) have negotiated a trade agreement with a less advanced country (Mexico.)

From an international trade perspective, NAFTA has been a huge success for all three members. According to the Office of the US Trade Representative, forty percent of U.S. trade now goes through NAFTA. The United States and Canada have the world's largest trading relationship. Similarly, Mexico has surpassed Japan as a U.S. trading partner, even though Japan's GDP is 10 times that of Mexico.

According to the Mexican Embassy and others, U.S. criticism of NAFTA can be attributed to the fact that the pact was oversold to the American public. The same may be said about the more recent congressional votes on China trade. During the NAFTA debate, it was argued that the U.S. would gain a million jobs. In fact, a follow up study by UCLA claims that the U.S. actually lost 500,000 jobs to Mexico, and 700,000 jobs to Canada.

Developing a Joint U.S. Canadian Travel Course

The importance of NAFTA is discussed in a variety of business school courses; for example, economics, marketing, international business, and finance. The coverage ranges from brief mention in basic courses to several lectures in courses with significant international content. In marketing courses, NAFTA is typically integrated into the international marketing coverage.

The Walton College of Business Administration of the University of Arkansas – Fayetteville (UAF) has invested considerable faculty and administration time, as well as money, in an array of international initiatives. The generosity of the late Sam Walton's family funded many of these programs.

Three years ago, the UAF teamed up with the University of Quebec at Montreal (UQAM) to offer a joint NAFTA-based travel course for MBA students. In the most recent offering, the author of this paper

taught the course jointly with Roy Toffoli, a UQAM marketing professor. UAF's and UQAM's Mexican counterpart was DUXX, a highly selective master's only program based in Monterrey.

For the first two years, only UAF MBA students participated in the program. However, UQAM professors lectured on the Canadian perspective of NAFTA and arranged travel events within Canada. Similarly, DUXX arranged the Monterrey itinerary.

This past year both UAF and UQAM had students in the NAFTA course (4 UAF; 3 UQAM). DUXX continued as the cooperating Mexican institution. Unfortunately, because of the tightly scheduled nature of the DUXX program, no Mexican students were able to participate.

Both U.S. and Canadian students received financial support for their studies. In the case of UAF, this support consisted of airfare, hotels, and a limited number of taxi and airport transfer expenses. UAF students also got academic credit. For the UAF students, this 3 ½ week travel course was the end of their MBA program.

Setting the Academic Requirements of the Course

As if 3 ½ weeks of constant travel including several 12 hour days is not enough, UAF MBA students were required to prepare four papers for the NAFTA program:

-- Background questionnaires – developed by the author -- on Canada and Mexico. These papers included questions related to each nation's history, geography, politics, legal issues, and commerce.

-- A daily log of what the group did. These diaries included notes on what various speakers and lecturers discussed.

-- A final report outlining the student's views on the future of NAFTA. Readers might be interested to note that these final reports reflected how the student processed the information provided in our various briefings. For instance, the students quickly dismissed some of the trade arguments that were offered. A particularly interesting one was the

Canadian trade ministry's speculation that Columbia and the U.K. might be offered membership in some future NAFTA expansion.

Scheduling Processes

The first questions facing instructors in such a course concern: Who does what; and when do we do it. In the first instance, Professor Toffoli handled the Montreal and Ottawa itineraries, while this author was responsible for class time in Washington, D.C. and Fayetteville, Arkansas. Both instructors coordinated with DUXX for the Monterrey segment of the course.

Let me offer a couple of observations for schools considering similar programs:

1. It probably helped that both Dr. Toffoli and this author were marketing professors. In short, we readily agreed on what was significant, and what was not.
2. And undertaking of this nature would have been impossible in pre-E-mail days. It was not uncommon to receive six or more NAFTA related e-mails in a single day.
3. Scheduling weekends and holidays can present some interesting problems. In our case, we used these days for travel days and cultural visits.
4. Hotels are particularly important to students. The UAF students cited "business centers" with free e-mail as essential.

Canadian Briefings

The Canadians had several schedule conflicts; classes, academic conferences, and Victoria Day (a national holiday). To accommodate these concerns, it was decided to start the program at UQAM. Arriving on Victoria Day allowed the two groups to meet socially, go on a city tour, and the like.

The primary academic content of the Montreal itinerary was 7-8 hours of lecture by UQAM professors, including Professor Toffoli. This immediately got the students into the unique perspective of Quebec. The UAF students found this material very enlightening. The author's students were fascinated to learn tidbits like:

-- Texas can fit into Quebec seven times.

-- Quebec's population (24% of Canada) is roughly 80% French language only, outside of metropolitan Montreal.

Afternoons in Montreal were spent on plant visits. These included a small wood production company, a cement company that now successfully exports pre-cast concrete into the U.S. thanks to the 40 percent exchange differential. The other plant visit was to a high tech company that was the world's dominant producer of flight simulators.

The class also visited the Montreal-based Commission for Economic Cooperation (CEC), an international agency set up through NAFTA. At least from a U.S. perspective, the original intent of the CEC was to monitor environmental standards. However, CEC now seems to have suffered from what we sometimes call "mission creep." For instance CEC is now promoting "shade grown" coffee for small scale farmers and the development of elaborate environmental data bases.

The Canadian itinerary also included a day in Ottawa. The highlight of this stop was four briefings at the Canadian Department of Foreign Affairs and International Trade. These briefings were very detailed. For instance, they involved various trade controversies between the U.S. and Canada. Soft woods is one such instance. Overall, these briefings clearly illustrated Canada's strong support of NAFTA as well as the government's future concerns about Canadian-U.S.- Mexican trade.

Washington, D.C. Briefings

Summer is a busy time in Washington, D.C. There are a lot of demands on the city's bureaucrats. It seems like everyone wants a briefing. Persistence paid off, and the classes benefited from some excellent briefings and discussion. The Mexican and Canadian embassies – symbolically the only embassies on Pennsylvania Avenue – were particularly noteworthy.

Our first stop was the U.S. International Trade Commission. USITC is an independent federal agency. Along with conducting economic studies for Congress, USITC enforces U.S. trade laws such as those involving dumping, countervailing duties, support surges, and patent infringement.

Other visits included the Office of the U.S. Trade Representative (USITR), the International Monetary Fund, and the Office of Arkansas Congressman Asa Hutchinson. The congressman's office was

particularly helpful. For instance, this author was unsuccessful – despite numerous efforts – to get a USTR briefing. Later, Representative Hutchinson's staffers secured an excellent briefing for us. For some reason, however, they were not able to get us passes for the White House tour.

Fayetteville Briefings

For the UAF students, this was an excellent break after two weeks on the road. There were lots of jokes about laundry and the like. By contrast, the Canadians were just in the middle of their travel.

The classroom component of the Fayetteville segment was the author's lecture attempting to tie all of our earlier briefings together. Ideally, this would have occurred at the start of the course rather than at the midpoint.

The students also had excellent briefings at Wal-Mart, Tyson, and Procter & Gamble – all of whom have significant operations in Mexico and Canada. All of these firms provided top executives with considerable NAFTA experience. Overall, the objective was to begin to switch our study orientation toward Mexico.

Monterrey Briefings

Naturally, Professor Toffoli and I were disappointed that DUXX was unable to send students to our study tour. But, this premier Mexican business graduate program was a most hospitable partner, even providing drivers for our study group. The Dean's office set up briefings by the U.S. Consul and three Mexican firms. One – a Canadian firm – was a maquiladora producing Dell Computers among other products.

DUXX also allowed our students to visit one of their classes; all of which are conducted in English. DUXX also arranged a social event for the three student groups to mingle.

Since the conclusion of this class, the DUXX Dean invited the author of this paper to teach a two week class in Monterrey. UAF and UQAM are most grateful for the cooperation of our colleagues at DUXX.

A Concluding Comment

Courses of this nature have a steep learning curve. The bulk of the work is in arranging briefings that

would be appropriate to the study topic. Good notes, reliable personal contacts, adaptability, and continuity are essential to pulling a program of this nature together.