

Mexico and the United States At the End of the Twentieth Century

Between Fear and Hope

(Part One)

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INTRODUCTION

If we lent an ear only to the fears of some U.S. analysts about Mexico's future, or to the ones who even recommend that the United States think about intervening militarily in Mexico, relations between the two countries might seem very similar at the end of the twentieth century to

what they were at its beginning. The truth is, however, that important changes have occurred, some in matters of form and others, more important, in matters of substance.

The changes in form can be seen basically in the new bilateral government institutions charged in the 1980s with dealing formally with the bilateral agenda. Since 1994, when the North American Free Trade Agreement (NAFTA)

came into force, bilateral issues have increased in number and importance. The changes in substance go from the worldwide change in civilization with the new globalizing/fragmenting trends affecting all countries to recent modifications in Mexico's economic and political structure, the growing presence of Mexicans in U.S. society and the very existence of NAFTA with its present and future commitments.

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While it is true, then, that at the end of the twentieth century many of the problems, prejudices and fears that characterized bilateral relations in the first decades of this century persist, it is also the case that new conditions have emerged in both countries that contribute to promoting links and contrasts at the same time, thus consolidating clear asymmetrical interdependence.

Though some considered that after the signing of NAFTA, the relationship between the two countries would continue within a more stable, predictable framework, current challenges show that this is not the case. Therefore, the fears that inevitably stem from what is perceived as an uncertain future continue, just like at the beginning of the century. Today, however, the reasons for the uncertainty are different, and even though they center on what might happen in Mexico, what may happen in and in relation to the United States is also a matter for concern. The fact is that both countries are going through internal changes that derive from the transformations the world is experiencing and that can be summarized as the transition from one civilization to another.

As Alvin and Heidi Toffler have pointed out,¹ since the 1960s the world has been going through a radical transformation, going from the civilization of the "second"—or industrial—"wave" to that of the "third"—or knowledge and communications—"wave." This change has been having a substantial impact on all countries and societies, including the United States and Mexico, in addition to their being affected by the traditional inertia of bilateral relations marked by their complementary and disparate circumstances.

**FEARS OF UNGOVERNABILITY
AND CIVIL WAR**

As though we were still in 1910, Steven R. David published an analysis of Mexico-U.S. relations in *Foreign Affairs* magazine stating, in short, that Mexico's future is uncertain and threatened with a civil war, thus putting in jeopardy strategic U.S. interests and increasing the probability of U.S. intervention.² David bases his fears on corruption financed by drug lords, the end of the single party era, the advent of armed uprisings led by the Zapatista National Liberation Army (EZLN) and the People's Revolutionary Army (EPR) and the economic crises that have shaken Mexico in recent years.

M. Delal Baer, in another article in *Foreign Affairs*,³ considers that while there are many reasons for optimism about Mexico's future because of growing democratization, the process of privatization of the economy, governmental fiscal res-

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ponsibility and NAFTA's operating, it is also the case that if the 2000 presidential elections eject the Institutional Revolutionary Party (PRI) from office after 70 years, enormous pressure will be brought to bear on the country's new, fragile

institutions. She also thinks that the economic reforms are only partially consolidated and therefore continue to be susceptible to the sweep of the political pendulum. For this reason, Delal Baer contends that the specter of political violence in Mexico has become very real, to the point that the assassination of a presidential candidate or even the president elect is not outside the realm of possibility. She also warns that events in Mexico should be closely followed because the worst scenarios are possible, though not inevitable.

Recently, moreover, Asma Jehangir, the United Nations special relator for extralegal, summary or arbitrary executions, who visited Mexico from July 11 to 24 stated, "During the elections the country is politicized and each of the armed groups in Mexico has a political agenda. Everyone will seek power at all levels: federal, state and municipal. Given the existence of so many arms and groups, the possibility of confrontations cannot be excluded, even in the time before elections."⁴

Just like at the beginning of the century, the main concern among U.S. analysts—and even those from elsewhere—is Mexico's future stability. While there are substantial differences between General Porfirio Díaz staying in power for 30 years and the PRI's 70 years in office, the fact is that both constitute a prolonged grip on political control in Mexico, prompting fears that a change would generate great instability.⁵ And now, like at the beginning of the century, Mexico's being a neighbor to the United States and such a high concentration of trade, investment and migration with it make it inevitable that the U.S. interest itself in what goes on in Mexico and seek to influence

events one way or another. Like during the Mexican Revolution, if the political transition in Mexico sparks internal strife, U.S. influence may make itself felt through its acts or omissions. Now, as then, U.S. policies and interests in Mexico will undoubtedly be brought to bear.

For the moment, what can be said is that while Mexico's democratization is a product of domestic forces, it has also been supported and fostered by the United States. Not only have different U.S. officials stated that one of the pillars of its foreign policy is to promote democracy in the world, but concretely in the case of Mexico, the U.S. government has also cultivated relations with representatives of opposition parties, facilitated the presence of U.S. electoral observers in Mexico and maintained as the fifth of its embassy in Mexico's six priorities that it "carries out United States programs that support Mexican efforts to broaden political participation by all elements of society."⁶

This does not mean that the U.S. government is unaware of the strides forward made in democracy in Mexico promoted by the PRI governments themselves. In fact, the report that the U.S. State Department has disseminated about Mexico goes into detail about them, saying concretely that "Numerous electoral reforms implemented since 1989 have aided in the opening of the Mexican political system, and opposition parties have made historic gains in elections at all levels."⁷

It is clear, then, that the U.S. government considers greater democratization in Mexico positive. However, it also seems clear that certain analysts of bilateral relations are very concerned about the in-

stability that could arise out of the 2000 presidential elections, in a context in which serious problems continue unresolved. Although some of the scenarios being considered may seem extreme, that does not mean they should be ignored. Quite to the contrary, they should be taken into account and evaluated in the light of the undeniably weak foundations of Mexico's political and economic advances

THE ECONOMIC CONTEXT AND CLOSER TIES

U.S. analysts are generally optimistic about the economy. Both government and academic observers concur in pointing to the benefits of economic opening policies and the limitation on Mexican state participation in the economy. They also attribute a good part of Mexico's recent economic achievements to the NAFTA. Specifically, they explain the quicker recovery from

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the Mexican crisis of December 1994 and the effects of the 1998 international financial upsets pointing to the fact that Mexico could continue to generate revenues through exports in the framework of NAFTA. They also recognize that "sus-

tained economic growth is vital to Mexico's prospect for a successful evolution to a more competitive democracy.... Mexico's level of economic prosperity has a direct though proportionally smaller impact on the United States, as it affects trade and migration."⁸

In that sense, and to emphasize the benefits of having signed NAFTA with Mexico, U.S. scholars underline that after five years, bilateral trade has increased, benefitting both our countries. Concretely, they point to the fact that in 1998, U.S. exports to Mexico and Mexican exports to the U.S. were 90 percent and 140 percent higher respectively than in 1993, before NAFTA came into effect. They estimate that in 1999, U.S. exports to Mexico will probably have doubled compared to pre-NAFTA levels and the U.S. trade deficit vis-à-vis Mexico will have changed to a surplus. They also point to the fact that in 1997 Mexico was already the United States' third largest trade partner, representing 10 percent of its foreign trade. By 1998, the U.S.\$79 billion in U.S. exports to Mexico were far more than U.S. exports to Japan, which only totaled U.S.\$58 billion, making Mexico the second most important destination for U.S. exports, surpassed only by Canada, despite the fact that the Mexican economy is only one-seventh the size of Japan's.⁹

NAFTA has contributed to consolidating the United States as Mexico's main trade partner: while in 1986, Mexican exports to the United States represented 66 percent of its total, by 1998, they represented 88 percent. And while in 1986, 60 percent of Mexican imports came from the United States, by 1998, 78 percent originated there.¹⁰ If at the beginning of the century (1911), U.S. investors already

accounted for a substantial part of foreign investment in Mexico and controlled 38 percent of total foreign investment, in 1998, at the end of the century, foreign direct investment from the United States made up 60 percent of the total.¹¹

What these statistics do not explain is that, even though bilateral trade has grown, it has been mainly the result of intra-firm trading, since the main U.S. exports to Mexico are auto parts, electronic equipment and agricultural products and Mexico's main exports to the United States are also automobiles, electronic equipment and oil. Therefore, the main beneficiaries of this increased trade have been Mexico's approximately 3,000 maquiladora plants (90 percent controlled by foreign capital), and the U.S. companies that use them. At the same time, the importance of oil to Mexican exports has been maintained and the Mexican market has increased its importance as a target for U.S. agricultural products. According to Lucía Pérez Moreno's analysis in *Expansión* magazine,¹² despite the existence of NAFTA, in its first five years, due to profound, age-old problems in Mexico, the number of companies that jumped on the exporting bandwagon increased only from 20,000 to 33,000, which represents only five percent of the country's firms. It is also important to point out that of these 33,000, a mere 500 control 60 percent of foreign trade.

According to Pérez, all of this speaks to the fact that "in Mexico there are two economies: business in dollars and business in devalued pesos. The former, obviously, is the one that has taken best advantage of NAFTA." About greater Mexican dependence on the U.S. economy, Pérez says, "What this means is that we have to keep our fingers crossed in the hope that

our northern neighbor's economy does not weaken."¹³

But these economic indicators are not the only instrument for seeing that a closer link has developed between Mexico and the United States in recent years that will probably have an impact on the understanding that each society has of the other in the future. Other useful indicators include continued Mexican migration to the United States: today between 38 percent and 50 percent of Mexicans, depending on the source, acknowledge having a close relative living in the United States.¹⁴ Consumers of Mexican origin are proliferating in the United States, now totalling about 17.7 million people who have contributed to the increase in the sale of Mexican products like tortillas, beer, tequila and hot sauces.¹⁵ Mexican-owned companies in the U.S. have increased to about 650,000, with sales of approximately U.S.\$69 billion dollars a year.¹⁶ Today, Mexicans have greater contact with the English language and U.S. culture in their own country, just as U.S. residents have more contact with Spanish and Mexican culture.¹⁷ Finally, Mexicans and non-Mexican U.S. residents seem to have an increasing interest in traveling, establishing links and getting information about the others' country.¹⁸ **MM**

NOTES

¹ For a summary of their main hypotheses, see Alvin and Heidi Toffler, *La creación de una nueva civilización. La política de la tercera ola* (Mexico City: Plaza&Janés, 1996).

² Steven R. David, "Washington and the Civil War in Mexico," *Foreign Affairs* (New York) (January-February 1999), pp. 30-45.

³ Taken from a summary published in the Mexico City daily *Reforma*, 2 and 3 July 1999, p. 8A.

⁴ Exclusive interview published on the front page of the Mexico City daily *Reforma*, 25 July 1999.

⁵ About the end of the Porfirio Díaz regime and the fears it caused, see Josefina Zoraida Vázquez and Lorenzo Meyer, *México frente a Estados Unidos. Un ensayo histórico, 1776-1993* (Mexico City: Fondo de Cultura Económica, 1994), pp. 114-119.

⁶ See the U.S. Embassy's web page section "Priority Issues for the United States Embassy," at <http://www.usembassy-mexico.gov/emenu.html>.

⁷ http://www.state.gov/www/background_notes/mexico_0599_bgn.html, "Background Notes on Mexico," May 1999, released by the Bureau of Western Hemispheric Affairs, U.S. Department of State.

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ Data taken from "Background Notes on Mexico" and from Lucía Pérez Moreno, "Informe especial sobre el TLC. Entre festejos y lamentos," *Expansión* (Mexico City), 2 December 1998, pp. 38-60.

¹¹ Taken from "Background Notes on Mexico" and Vázquez and Meyer, *op. cit.*, p. 116.

¹² Pérez Moreno, *op. cit.*

¹³ *Ibid.*, p. 38.

¹⁴ Robert A. Pastor, *Integration with Mexico. Options for U.S. Policy* (New York: The Twentieth Century Fund Press, 1993), p. 11; "Background Notes on Mexico," *op.cit.*: Vázquez and Meyer, *op. cit.*, p. 116.

¹⁵ Laura Martínez Ruiz-Velasco, "¡Viva El Alamo! La cultura mexicana permea el diario vivir en Estados Unidos," *Latin Trade* (August 1999), pp. 52-54.

¹⁶ *Ibid.*

¹⁷ *Ibid.* This information comes from reports about Hispanic companies and their sales, estimating that about half of their business is done with Mexicans.

¹⁸ This can be seen in the number of magazines and books currently on sale about Mexico and the United States, their respective cultures, ways of doing business, tourist attractions, etc., in both countries. Also, commercial flights between the two countries are on the rise.