For all those who keep asking the hard questions.

Publication of this book was made possible by funds from the Research Objective of the Czech Ministry of Education, Youth and Sports, MSM 0021620841. The book contains parts of revised and updated material that was published by the author in individual articles elsewhere.

The author would like to thank Miloš Calda, Stephen Haggard, Richard Feinberg, Craig McIntosh, Josef Opatrný and Vladimír Nálevka for valuable comments and suggestions in the process of writing this book.

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List of Abbreviations:

AFL-CIO	American Federation of Labor, Council of Industrial Organizations
ASEAN	Association of Southeast Asian Nations
BANAMEX	Banco Nacional de México
BNDD	Bureau of Narcotics and Dangerous Drugs
CEMEX	Cementos Mexicanos
CENADEH	Centro Nacional de Derechos Humanos
CIA	Central Intelligence Agency
DEA	Drug Enforcement Administration
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ICE	U.S. Immigration and Customs Enforcement
IIRIRA	Illegal Immigration Reform and Immigrant Responsibility Act
IMF	International Monetary Fund
INEGI	Instituto Nacional de Estadística y Geografía
INS	Immigration and Naturalization Service
IRCA	Immigration Reform and Control act of 1986
ISI	Import substitution industrialization
MERCOSUR	Mercado Común del Sur
NAAEC	North American Agreement on Environmental Cooperation
NAALC	North American Agreement on Labor Cooperation
NAFTA	North American Free Trade Agreement
NORML	National Organization for the Reform of Marijuana Laws
ONDCP	White House Office of National Drug Control Policy
PAN	Partido Acción Nacional
PEMEX	Petróleos Mexicanos
PRD	Partido de la Revolución Democrática
PRI	Partido Revolucionario Institucional
PROCAMPO	Programa de Apoyos Directos al Campo
SAGARPA	Secretaría de agricultura, ganadería, desarollo rural, pesca y alimentación
U.S.	United States
USCIS	United States Citizenship and Immigration Services
WTO	World Trade Organization

Introduction – What to Expect?

¡Pobre México, tan lejos de Dios y tan próximo a los Estados Unidos! (Poor Mexico, so far away from God and so close to the United States!) Popular saying in Mexico attributed to Porfirio Díaz

In the introductory section, I will address three following issues: Why I chose U.S.-Mexican relations as the topic for my doctoral dissertation, what are the basic research questions that I am trying to answer, and finally what are the main theses of this work. Further methodological questions are discussed in more detail in a special section below.

a) Choosing the topic

Choice of the research agenda deserves close scrutiny, as it is one of the most important subjective decisions each researcher has to make. Even though there might exist social pressures or academic constraints, topic selection still remains largely a free personal decision. As such, it reveals researcher's interests, values, and sometimes also underlying political convictions – choosing to study best ways to maximize return on investment is in this respect quite different from research on structural violence in marginalized communities. As scientific inquiry does not occur in social vacuum, the chosen topic needs to be in some way relevant to shared social experience and related to existing knowledge or ongoing academic debates. This is important especially in social sciences, where research outcomes have the potential to influence expert or public perception of the selected issue, which might in turn alter subsequent policies related to it.

In the case of this thesis, the relevant and hotly debated broader question is the possible incorporation of peripheral weaker countries to the increasingly integrated economic world system dominated by stronger states. Apart from current security concerns emphasized by the media, this continues to be one of the crucial issues for international relations in the near future and as well as in the long run perspective. Differences between rich and poor countries produce inherent tensions, which at times lead to misunderstandings and conflicts. How to prevent these and achieve successful mutual cooperation is far from clear.

Mexico and the United States have dramatically different levels of per capita income while sharing a 3,141 km long land border. The extent of asymmetry between the two countries has not changed dramatically over time and can be observed in numerous other economic and social indicators (see Table 1). At the same time, interaction between both countries is intense and includes both legal and illegal flows of people and goods, which creates numerous challenges for

policymakers in U.S. as well as in Mexico. The two countries are thus highly relevant examples for studying causes and effects of asymmetric relations. Even though many of the findings are limited to this particular case, together with similar studies they can serve as building blocks for more general understanding of the asymmetric phenomena.

Table 1: Basic statistical comparisons Mexico / U.S. in 2002

Indicator	**Mexico**	**United States**
Population	101,879,171	278,058,881
GDP	0.865 tril.US$	9.255 tril. US$
GDP per capita	**8,500 US$**	**33,900 US$**
Budget	0.123 tril. US$	1.653 tril. US$
Electricity production	0,182 tril. KWh	3.67 tril. kWh
Tourism incomes	7.59 bil. US$	74.49 bil. US$
Cattle	30.29 mil.	98.05 mil.
Chicken	476.0 mil.	1.72 bil.
Pigs	13.69 mil.	59.34 mil.
Labor force in agriculture	24%	2.4%
Defense budget	3 bil.US$	291.2 bil.US$
Active troops	**192,770**	**1,365,800**
Airports	83	834
Passenger cars	8.2 mil.	129.73 mil.
Commuter vehicles	4.03 mil.	76.64 mil.
TV sets per 1,000 pop.	257	847
Radios per 1,000 pop.	329	2,115
Telephones (landlines)	12,332,600	192,518,800
Life expectancy males	68.73	74.37
Life expectancy females	74.93	80.05
Pop. less than 15 years old	**43.30%**	**21.10%**
Pop. more than 65 years old	4.40%	12.60%
Birth per 1,000 pop.	22.8	14.2
Deaths per 1,000 pop.	5.02	8.7
Infant mort. (1,000 live births)	**25.36**	**6.76**
Literacy	90%	97%

Source: World Almanac and Book of Facts 2002, World Almanac Books, New York, 2002, p. 829, 862.

b) Research questions

The first part covering the broader context of the bilateral relationship includes most important historical events going back to the 19th century, but the focus of the work is primarily on the last two decades of the 20th century, in which Mexico underwent gradual liberalization and opening towards its more powerful northern neighbor. Severe debt crisis in 1982 marks a symbolic watershed in this respect, as it led to dramatic rethinking of Mexico's position vis-à-vis the U.S. It is the start of the conscious project of gradual economic as well as political opening with the goal of diminishing asymmetry between the two countries through adoption of neo-liberal economic policies promoted by the U.S. Contrary to what many had hoped for, the income gap between the two countries remains even greater than in 1980, despite high levels of trade and foreign direct investment as well as considerable extent of political democratization in Mexico. The inability to close this asymmetric gap has been an ongoing puzzle for researchers interested in the subject.

The working title of this thesis was "U.S. and Mexico: Lower Abdomen as Omen". It was meant to highlight the fact that for many in the U.S., Mexico is still regarded as the lower abdomen of their "body politic". Besides the play on words, the omen was to convey a disturbing warning sign of possible things to come in mismanaged asymmetric relationships. Indeed, the flow of clandestine migrants and narcotics from Mexico shows little signs of abating, which leads to hysteric and potentially disastrous reactions by policymakers in the U.S. Economic integration has not helped much to lift the estimated 40 million Mexicans out of poverty, but it is responsible for social dislocations in selected regions of the U.S., especially those connected to the automobile industry. Last but not least, there are significant human costs associated with this particular asymmetric relation, either in the form of hundreds of migrants perishing in the scorched deserts used as dangerous illegal border crossings, or as a result of drug-related violence on both sides of the border. This adds a sense of urgency to the somewhat abstract and analytical academic project.

In this work I will try to answer the following fundamental questions: Why has not Mexico been able to reduce the asymmetry vis-à-vis the United States even after 25 years of liberalizing policies? In what ways does asymmetry affect critical issues in the bilateral relationship? Is there a more appropriate way to approach asymmetric relations? What lessons can be drawn from the case of U.S. and Mexico for future policy decisions? Answers might not be easy or straightforward, as number of variables are influencing eventual outcomes. Given that the relations are both extensive and complex, finding a simple, single "answer" or "solution" is unlikely. However, I believe that after careful analysis of the seem-

ingly chaotic and indeterminate surrounding reality, we can establish relevant working concepts, which will help us understand as well as explain the phenomena under scrutiny.

c) Formulation of main thesis

The main thesis that I want to demonstrate is that in spite of growing integration and cooperation, the persisting asymmetry leads U.S. policymakers to keep regarding Mexico as a distinct alien and potentially subversive entity, much like the "Other" conceptualized by Edward Said in his work on the Orient.[1] Such approach leads to policies that are unilaterally conceived, short-sighted and which usually benefit only a selected group of people both in the U.S. and in Mexico. As "Other", Mexico is considered to be a space where negative externalities of U.S. policies can be piled up without paying the real cost, as it is still on the "outside" of the U.S. political sphere. Such view is in my view erroneous and fails to take into account the close proximity and interconnectedness of the critical issues facing the two countries – problems which are exported over the ever more strongly fortified border keep coming back, at times literally.

In many ways U.S. is the dominant partner in the asymmetric relationship, and it has failed to use its position to actively encourage reduction of the asymmetry, which is at the root of the most critical bilateral issues. At times it even directly contributed to greater polarization within Mexico and to impoverishment of selected vulnerable social groups. The asymmetric partnership model U.S. developed with Mexico was limited in its extent and in some cases led to widening social inequalities within Mexico. In other areas, the U.S. often pursued short-sighted, unilateral policies detrimental for Mexico, sacrificing the relationship for domestic political goals. This suggests that there exists sufficient room for more sensible U.S. policies as well as U.S.-Mexican relations in general.

d) Basic structure

The book is divided into two parts, each having four chapters. First part focuses on the wider context of the bilateral relationship. First chapter deals with historical legacies between U.S. and Mexico, which still play an important role in the relationship. Second chapter focuses on the economic history of the two countries and the origins and persistence of the asymmetry in economic development. Third chapter analyzes the relationship from the standpoint of international politics and Mexican emphasis on national independence. Chapter four is a case study of perceptions of Mexico in U.S. media in the period before and after ratification of NAFTA. Second part looks more closely on critical issues in U.S.-Mexican re-

[1] Said, Edward W., *Orientalism,* (New York: Vintage, 1972), p. 34.

lations. Chapter five analyzes the consequences of economic integration under NAFTA. Chapter six focuses on the issue of Mexican immigration to U.S. and its relation to the underlying asymmetry. War on drugs and its implications for the bilateral relationship is the subject of chapter seven. The concluding chapter eight conceptualizes asymmetric relations on a more abstract level and draws conclusions derived from previous chapters.

Bibliographic essay

Scientific successes cannot be explained in a simple way.
Paul Feyerabend

The amount of literature on U.S.-Mexican relations is extensive and covers various aspects of the relationship, so in this essay I can discuss only selected works especially relevant for this thesis. In the U.S. there are several excellent research centers devoted just to this topic, e.g. Center for U.S.-Mexican Studies at University of California, San Diego, or the Mexican program at Teresa Lozano Long Institute of Latin American Studies at University of Texas at Austin, which produce detailed analyses on specific issues related to the bilateral relationship. The scholarly journal Mexican Studies/Estudios Mexicanos published jointly by the University of California Institute for Mexico and the United States and the Universidad Nacional Autónoma de México focuses on issues primarily relevant to Mexico, but given the importance of the U.S., bilateral ties often become subjects of individual articles.

Asymmetry between the two countries is apparent even in academia, as most of the available published material is by U.S. scholars in English. Fortunately, important contributions by Mexican authors are available as well. Articles and biographies of top-ranking diplomats and policymakers who were involved in the bilateral relationship are also a valuable source of information and insights. This is complemented by official records and documents, some of which have been declassified and are available to scholars. The tensions inherent in the bilateral relationship are interesting for the media, so numerous journalistic accounts of border-related problems also exist. Apart from providing valuable information, some of them contain important observations and street-level perspectives, which enriches the otherwise somewhat dry academic analyses of the subject.

aa) Resources on U.S.-Mexican relations in general

Despite the extensive amount of resources and energy devoted to U.S.-Mexican topics, efforts to systematically conceptualize the bilateral relationship

are relatively rare. Former U.S. Ambassador in Mexico Jeffrey Davidow uses the metaphor of bear and porcupine when characterizing the two countries, the U.S. as the bear being primarily clumsy and condescending and Mexico as the porcupine behaving unnecessarily prickly.[2] In his account of the time in office, he focuses on Mexican intransigence and obsession with national sovereignty, which complicates closer bilateral ties.

Professor Peter H. Smith's *Talons of the Eagle* on the other hand shows that over time U.S. influence in Mexico as well as in Latin America has been far from benign and that policies advocated by U.S. government often contributed to economic hardship and political persecution of the general population. Book by long-term New York Times correspondents Sam Dillon and Julia Preston *Opening Mexico* forms a sort of antithesis to Smith's account, as they portray U.S. emphasis on fair elections and human rights as contributing to the positive process of opening the old-fashioned and corrupt Mexican regime to genuine democracy. Sidney Weintraub in his *NAFTA-What Comes Next?* is sympathetic to U.S. efforts especially in terms of economic integration and regards the U.S. role in the relationship as positive in general.

Long-term scholar of U.S.-Mexican relations Robert A. Pastor voices his concern that U.S. is not doing enough to help Mexico in his *Towards a North American Community* and draws lessons from successful integration of European peripheries such as Spain and Portugal to the European Communities. In contrast with Pastor, there are several books written by journalists, commentators and analysts, which further the image of Mexico as a corrupt, backward, violent, poor and oppressive. The logical consequence usually is to distance the U.S. as much as possible from the country. Ross Perot's and Pat Choate's *Why NAFTA Must Be Stopped, Now!,* Pat Buchanan's *Death of the West*, or Samuel Huntington's *Who Are We?* are examples of this line of reasoning.

In terms of general interpretations of the U.S.-Mexican relationship, the dependency school as described for example by David Packenham has played an important role. It focuses on economic fundamentals and claims that developing countries are in a dependent position vis-à-vis the developed countries, which usually take advantage of this arrangement. Economic as well as political progress in developing countries is effectively hindered by their involvement in the world economy, as it tends to strengthen their emphasis on extraction of natural resources, which they exchange for more valuable manufactures from abroad. The process also channels political power to the small elite in control of these resources. Argentine economist Raúl Prebisch was one of the first to develop the

[2] All books and articles mentioned in this section are fully referenced in the List of References section below.

idea that free trade might not be so beneficial for Latin America after all in the 1950s. Developed further by Fernando Henrique Cardoso, who would later become president of Brazil, it presented a strong case for protection of national economies. U.S. scholar Immanuel Wallerstein made an important contribution in this field by meticulously describing the workings of the capitalist world-system from the viewpoint of center, periphery and semi-periphery since the 16th century. Even more radical view from Latin America was provided by Eduardo Galeano, whose seminal book on the subject bears a revealing title *Open Veins of Latin America: Five Centuries of the Pillage of a Continent.*

The dependency school as a general interpretative model is highly controversial and has been criticized especially by mainstream economists like Jadish Bhagwati or Paul Krugman, who emphasize the positive effects of open economies and free trade. They also mention advantages in social and political sphere as a consequences of this approach, which supposedly encourages democratic institutions and enhances political freedoms. The debate is far from concluded, and various conflicting examples are cited to support opposing views. Protective government policies are thought to be crucial for economic success in South Korea or Taiwan, liberalization is credited in India's recent growth. The case of U.S. and Mexico is hotly contested between the two camps, as this work will explore in more detail.

When analyzing the bilateral relationship, Mexican sources are highly important as counterbalance to potentially overwhelming U.S. interpretations. In general, Mexican academics are more skeptical about U.S. initiatives with regard to Mexico. One of the leading analysts of the bilateral issues is Jorge Castañeda, a prominent public intellectual and minister of foreign affairs from 2000 to 2003. He co-authored the book *Limits to Friendship* with Robert Pastor in 1989, where he resolutely defended Mexican interests and was cautious against pervasive and insensitive U.S. influence. Castañeda was a firm opponent of NAFTA, and in his 1995 book *Mexican Shock* he further highlighted the profound differences between the two countries which cannot be bridged by sudden opening to free trade. Another Mexican public intellectual and minister of foreign affairs from 1998 to 2000, Rosario Green, also emphasized the need to protect specific Mexican interests within the potentially hostile international environment in her *Lecciones de Deuda Externa de México: 1983-1997.*

bb) Resources on history of bilateral relations

For chapters dealing with the history of bilateral relations, several books are of particular importance. *Myths, Misdeeds and Misunderstandings* edited by Jaime Rodriguez and Kathryn Vincent includes analyses of the most relevant conflicting issues in the history of U.S.-Mexican relations. It amply demonstrates the

problems inherent in the asymmetric relationship as it developed over time. *In the Shadow of the Mexican Revolution* by Aguilar Camín is an authoritative book on modern Mexican history with many references to U.S.-Mexican relations from the Mexican perspective. Another useful reference is a book by Lorenzo Meyer and Josefina Zoraida Vazquez *United States and Mexico,* which includes numerous details as well as a critical analysis of the historical development of the relationship. *Forging the Tortilla Curtain* by Thomas Torrans focuses on the volatile border region and its role in the U.S.-Mexican relationship since the 19th century to the present.

cc) Resources on NAFTA and economic integration

The chapter about NAFTA draws on abundant scholarly work undertaken at the time close to its adoption as well as later on analyzing its consequences. Frederick Mayer's *Interpreting NAFTA* provides the background for various interpretative approaches towards the agreement. Tense negotiations about the final wording of the agreement are covered in detail by Cameron and Tomlin in their book *The Making of NAFTA, How the Deal Was Done*. Appendini and Bislev's *Economic Integration in NAFTA and the EU, Deficient Institutionality* has been of special importance for my work, as it focuses on the institutional shortcomings within NAFTA and their consequences. *Children of the NAFTA* by David Bacon takes a look at labor issues in the booming border region. Hakim and Litan's *The Future of North American Integration: Beyond NAFTA* discusses successes and failures of the agreement and their implications for prospective policies. Recent assessment of consequences is offered for example by Hufbauer and Schott in their edited volume *NAFTA Revisited*, published in 2005. Works critical of the agreement include for example Otero's edited volume *Neoliberalism Revisited. Economic Restructuring and Mexico's Political Future*, which includes contributions of Mexican scholars, most notably del Castillo Vera's chapter with the title NAFTA and the Struggle for Neoliberalism: Mexico's Elusive Quest for First World Status.

dd) Resources on immigration from Mexico to U.S.

For the chapter on immigration there exists extensive scholarly literature on many aspects of the issue. Leading authorities in this field include Wayne A. Cornelius, who published numerous articles on the subject and undertook regular field research in Mexican villages as well as Mexican immigrant communities in the U.S. Even though he is worried about the current migration levels, he is opposed to militarization on the border and advocates stricter employment controls instead. Other prominent scholars of Mexican immigration include Douglas

Massey, Thomas Espenshade or Rodolfo de la Garza, who are all more or less sympathetic to the immigrants and focus on their integration to the U.S. society. Given the controversies over immigration policies, there are also authors advocating much stricter approach with respect to immigration reform. Stephen A. Camarota, who heads the Center for Immigration Reform, tries to prove how immigrants are hurting the national economy and what steps should be taken to dramatically decrease immigration flows. This sentiment is reflected also by several journalistic sources, for example in Jon Dougherty's *Illegals: The Imminent Threat Posed by Our Unsecured U.S.-Mexican Border*, which is explicitly biased against illegal immigrants.

ee) Resources on drug trafficking

For the chapter on drug trafficking, there are also many resources available, but they often lack objective verifiable data, as there is very little or no field research possible. Scholars then have to rely on official government reports, newspaper articles and personal interviews. Given the amount of money involved and the presumed level of corruption and violence, efforts to manipulate the public are frequent. Nevertheless, Richard Craig wrote numerous articles analyzing Mexican drug control efforts and U.S. involvement in them. Jorge Chabat focuses on recent developments and shows how Mexican governments have very little room for maneuver given U.S. pressure for stricter enforcement. Luis Astorga monitors the development of the drug trade in Mexico and tries to establish clear links between the political system and the major traffickers. Concerning U.S. policies, Peter Andreas criticizes in his *Border Games* the militarization of border enforcement under the pretense of the War on Drugs. The origins of the so-called War on Drugs is well described in Dan Baum's *Smoke and Mirrors* and Michael Massing's *The Fix* – both authors are widely critical of the harsh methods employed by U.S. government to combat drug trafficking. The international aspects of the problem are thoroughly dealt with in *Bad Neighbor Policy. Washington's Futile War on Drugs in Latin America* by Ted Carpenter. *Drugs and Democracy in Latin America: The Impact Of U.S. Policy* by Coletta Youngers and Eileen Rosin raises important issues of democratic governance amidst vigorous law-enforcement efforts, which is especially relevant in connection with Mexico's political transition.

Apart from numerous newspaper articles on this subject, one can get a glimpse of the complexity of the drug issue on The Narco News Bulletin, an online project run by several independent journalists trying to provide better and more accurate information about drug trafficking than the supposedly docile mainstream media. The project website contains numerous articles analyzing for example the conduct of The New York Times staff reporters in Mexico City, who failed to run stories on alleged drug connections of the powerful Banamex Presi-

dent Roberto Hernandéz. These controversies are difficult to resolve in any conclusive way, but their mere existence signifies that any reporting about drug trafficking might be distorted in more than one way.

ff) Primary sources

In addition to secondary sources selectively mentioned above, numerous official documents and sources can be analyzed and confronted with the existing body of literature. Speeches by government officials concerning U.S.-Mexican relations are an important resource, albeit the diplomatic language often smoothes over key differences. Congressional hearings on policies related to Mexico provide insights of policy experts and demonstrate the level of priorities of selected issues with respect to Mexico. The National Security Archive administered by George Washington University contains numerous documents related to U.S. involvement in Mexico during the Cold War. Robert Holden's and Eric Zolov's *Latin America and the United States: A Documentary History* contains many relevant documents from the earlier periods of the bilateral relationship. Relevant official data and statistics on immigration can be obtained from the U.S. Census Bureau and Mexican Instituto Nacional de Estadística Geografía e Informática (INEGI). Economic data are available at the World Bank, World Trade Organization and United Nations Conference on Trade and Development. The White House Office of National Drug Control Policy (ONDCP) publishes annual reports on drug control with extensive chapters on drug trafficking in Mexico.

gg) Opinion polls and newspaper articles

Opinion polls indicating public attitudes on issues relevant to the U.S.-Mexican relations are also abundant, major organizations administering them include the Pew Hispanic Centre, Gallup or Zogby poll within the U.S. and Latinobarómetro or Consulta Mitofsky in Mexico. Major news organizations conduct their own polls from time to time.

Newspaper articles are a valuable resource in terms of bringing attention to topics that might be omitted by both official sources and scholarly analysis. They provide much needed detailed descriptions of events, which might be put into wider contexts. One needs to be aware of the potential biases of individual newspapers and editors, but even these biases provide important information about the social environment in which reporting takes place. Most relevant U.S. newspapers which are considered "serious" include The New York Times and The Washington Post. The Los Angeles Times is also highly relevant, as it includes more detailed stories on immigration and border issues given the higher percentage of their Latino readership as well as geographic proximity of Los Angeles to Mex-

ico. In Mexico, principal newspapers include Reforma, El Universal and the somewhat left-leaning La Jornada.

hh) Critical summary

To conclude this discussion of resources, I will broadly summarize what is the current level of understanding concerning the topic of this study. There is a general consensus that despite ongoing efforts, U.S. and Mexico still face very difficult issues in their bilateral relationship. These include primarily the illegal immigration issue, the drug trafficking issue and economic tensions resulting from the NAFTA arrangement. Most analysts also agree that Mexico has undergone far-reaching transformations in domestic policies as well as its in its attitude towards the U.S. Despite undisputed successes in political as well as economic liberalization, the differences between the two countries have not decreased, and the mutual border becomes more and more fortified. There are various competing explanations for this development. Through this work, which is based on analysis of available resources concerning the key issues in the bilateral relationship, I want to extend our understanding of this problem by presenting a model of asymmetric relations that will explain the persisting tensions and thus contribute to the ongoing academic debate on the subject.

Methodology and Method – How to Do It?

There are no isolated problems; everything is a part of everything else.
José López Portillo, President of Mexico, 1977

Inevitably, knowledge of the true nature of things lures the thirsty pilgrim towards insanity.
H.P. Lovecraft

aaa) Theoretical controversies

Since the times of Auguste Comte and the heyday of optimistic positivism in social science, methodological issues became dramatically more complex. The famous late 19th century "Methodenstreit", i.e. conflict over methods between the Austrian school represented by Carl Menger and German historical school proponents Gustav Schmoller and Wilhelm Roscher foreshadowed the intensity of subsequent methodological disputes.[3] Any „proper" way to approach the study of the surrounding social reality is based on underlying philosophical assumptions, but it

[3] Jacobs, Struan, Popper, Weber and the Rationalist Approach to Social Explanation, *The British Journal of Sociology*, Vol. 41, No. 4, (1990), pp. 559-570.

has important substantive consequences. By defining what is regarded as „science", whole fields of speculative inquiry are possibly bereft of legitimacy (and funding). Thomas Kuhn, Paul Feyerabend, Michel Foucault and many other critical or post-modern thinkers have therefore challenged the supposedly objective, rational and progressive roots of the discipline, emphasizing social constructions of reality, structures of power in scientific discourse or outright subjectivity. On the other hand, rational-choice theory and related economic modeling of the surrounding reality as championed by the Chicago school proved to be valiant standard-bearers of the "proper" scientific reasoning. Acrimonious debates still rage between adherents of these competing approaches.[4]

These fundamental differences cannot be resolved easily, but they clearly demonstrate the importance of chosen approach for studying and analyzing social phenomena. Certain clarifications concerning the method of inquiry are therefore necessary before getting to the more substantive parts of my thesis. I am somewhat skeptical about the positivist and rational-choice approaches and aspirations, as in the end even they cannot escape the biases and assumptions made by the individual researcher – selection of research topics is a case in point. Universal claim of objectivity is too often false, skewed by personal interests or social and political environment in which research is undertaken.[5] Political science in the early stages of the Cold War is a notable example, with both Soviet and American scientists producing volumes of supposedly objective scientific material, which was used by their respective governments to support their positions throughout the conflict. Wildly different basic assumptions about the nature of politics and society were largely responsible for the dissimilar outcomes, each claiming the universal and objective higher ground.[6]

In a similar way, axioms and assumptions of the rational-choice approach prevalent at many U.S. universities lead to methodological clarity and coherence, but they are too often rigid and constraining for answering certain types of questions. Emphasis on maximization of utility can serve as a relevant example of such a problematic assumption – utility is an elusive concept that has numerous and varying components for each individual, depending on culturally induced preferences, personality traits as well as perception of the surrounding environment. By reducing it to a simplistic concept of "self-interest" so that it can be

[4] See e.g. Browning, Gary, Halcli, Abigail and Webster, Frank (eds.), *Understanding Contemporary Society: Theories of The Present*, (New York, Sage Publications, 2000).

[5] cf. Novick, Peter, *That Noble Dream – The „Objectivity Question" and the American Historical Profession* (New York, Cambridge University Press, 1988).

[6] Schrecker, Ellen, *No Ivory Tower: McCarthyism and the Universities* (New York: Oxford University Press, 1986).

formalized and computed, the researcher deliberately discards numerous potentially crucial factors that might play a decisive role in explaining the phenomena under scrutiny.[7]

On the other hand, various post-positivist approaches share one major problem: too often they lack any persuasive impact precisely because they admit that absolute objectivity is unattainable anyway. By stressing the relative and constructed nature of knowledge production, any claims thus made are susceptible to the same deconstruction processes they advocate. While extremely useful in analyzing dominant discourses and underlying power structures, substantive claims are more difficult to make. In the end, we are left with various competing politicized views with no common ground or genuine dialogue possible.

bbb) Basic methodological framework of the thesis

Throughout this thesis, I will therefore try to walk the thin line between presenting "objective" persuasive evidence and logically coherent arguments, while at the same time being aware that my choice of topics, data and core normative values is contaminating the supposedly pristine analytical reasoning and interpretations. I believe that such effort encourages meaningful discussion of the findings and thus has the potential to advance our understanding of the selected topic.

This approach has both advantages and drawbacks. The advantages stem largely from avoiding excesses of both the rational choice and post-positivist ways of thinking. Proponents of rational choice too often end up in a hypocritical position, as they are not ready to admit the normative underpinnings of their methods, which can best be observed on axioms regarding human behavior. By rationally maximizing self-interest, GDP growth or efficiency, it is easy to disregard the external costs of recommended policies. At times, less "rational" solution can lead to more socially acceptable outcome in the long run. For example, under simple game-theoretical models it would have been entirely "rational" for the U.S. to start war with the U.S.S.R before the latter could acquire large arsenal of nuclear weapons. The U.S. thus could have won the Cold War without significant damage to its own territory. Enormous human or environmental costs of such a project were easily overlooked under this sort of simplified formal approach, which fortunately enough did not sway responsible policymakers.[8]

Furthermore, history is full of examples of irrational decisions of momentous consequences, where application of rational choice methods would be outright

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[7] Green, Donald P. and Shapiro, Ian, *Pathologies of Rational Choice Theory: A Critique of Applications in Political Science* (New Haven: Yale University Press, 1994).

[8] Sharon Ghamari-Tabrizi, Simulating the Unthinkable: Gaming Future War in the 1950s and 1960s, *Social Studies of Science*, Vol. 30, No. 2 (Apr., 2000), pp. 163-223

ridiculous – the elimination of European Jews in the middle of a war at a significant cost for German economy as well as for its military potential can serve as a prime example. Recent messianic approach of the Bush administration to reshape the Middle East in its own image is only partially driven by rational calculations – ideas and perceptions of reality undoubtedly play a major role as well.[9]

Post-positivist approaches are also prone to criticism, albeit from a different standpoint. By emphasizing the inevitable subjectivity and relativity of knowledge, they are at the same time undermining their own conclusions, as these are bound to be subjective and relative as well. Any persuasive potential is thus constrained, as it is easy to find fellow soul-mates with similar way of thinking, but almost impossible to shift views of opponents, who are entangled in coherent discursive structures of their own.[10]

The disadvantage of trying to use available data and resources as objectively as possible while at the same time being aware of personal subjective value judgments is obvious – one loses the illusionary cover provided by claims of universal objective method as well as opens the data selection process and analysis for criticism. This might not be such a bad outcome after all, as long as such criticism is productive and results in clarification of the problem at hand. In order to be both persuasive and self-conscious within a research text, it is indeed necessary to walk through a very narrow door. Acknowledging the problem at the beginning seems to me a good step in this direction.

ccc) Wider relevance and implications of the selected topic

Going back to the topic of asymmetry and U.S.-Mexican relations, what is the larger relevant problem that I am trying to address? It is the hotly debated question about consequences of the current wave of global economic integration for peripheral states and their numerous underprivileged inhabitants. Should the integrative processes and accompanying political choices be supported in their current form? Do they indeed lead to perpetuation of inequalities and rigid hierarchic control? What political options produce outcomes acceptable both in developed and developing countries? Analyzing and interpreting the case of critical issues between U.S. and Mexico is undoubtedly an important contribution to these broader inquiries.

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[9] See for example Buruma, Ian, His Toughness Problem—and Ours, *The New York Review of Books*, Vol. 54, No. 14, (September 27, 2007), p. 4.

[10] Eller, Jack D., Anti-Anti-Multiculturalism, *American Anthropologist*, New Series, Vol. 99, No. 2. (Jun., 1997), pp. 249-256.

eee) Explaining and understanding the selected topic

In order to provide answers to the research questions presented above, the necessary first step is to try to approach the chosen topic in its complexity and context. This is no easy task given the extraordinary amounts of data now available from various fields of social, political or economic activity. Proper understanding requires adequate orientation and assessment as to what are the most relevant issues in a given area of study, what are the prevalent interpretations and how are they connected to more general concepts in the field. To achieve this goal, it is necessary to become familiar with quite diverse sources of knowledge. After enough contextual information is acquired, productive in-depth analysis of literature essential strictly for the research question can follow.

Drawing on Hollis and Smith, sufficient understanding is the necessary prerequisite for interpretation and explanation of the issue. This second step gives meaning to repetitive structures and developments as well as systematically arranges chaotic events and occurrences into inherently coherent patterns. This process is dangerous and difficult, as it requires a degree of simplification or reductionism, and complex normative issues arise in the process as well. Nevertheless, without explanation the understanding part is of limited value, as it is only the former that can relate the specifics of the issue to more general concerns on a more abstract level of reasoning.[11]

Apart from contributing a tiny stone to the expanding pyramid of human knowledge, which might be a satisfactory process in its own right, what is the role of a fitting explanation? Especially in social sciences, we should not forget that academic works indirectly affect perceptions and policies, whose outcomes might prove very "real" for all the affected in the shared social space. Therefore, appropriate action is often the third phase lurking behind proper understanding and explaining of the studied phenomena. Writing about and presenting an issue is often sufficient, as it may catch the attention of those who have the power to influence policy outcomes. Even if this is not the case, the work can contribute to a slow change in prevalent academic discourse, which might later translate to relevant policy shifts. Recent reliance on the so-called impact factor to "objectively" measure research success can be viewed as tacit acknowledgment of this dynamic. Potential wider impact of social science research raises the serious issue of politicization, which is to some extent already happening. That is exactly the reason

[11] Hollis, Martin and Smith, Steve, *Explaining and Understanding International Relations* (Cambridge, Mass.: Oxford University Press, 1991).

why one should be conscious of his/her underlying attitudes and core assumptions and be ready to confront them openly with available evidence.[12]

fff) Application of the selected methodological approach

Important general problems and observations aside, methodological questions are perhaps more productive when applied to practice. Let us start with a relevant research topic of broad interest, i.e. consequences of integration of peripheral states to the global economy on the example of U.S.-Mexican relations. After preliminary research, we can then formulate a more specific research question, such as "Why, after more than 25 years of liberalizing policies aimed at bridging the gap between the two countries, differences in fact increased and serious bilateral tensions in critical areas persist or even got worse?" At first, simple answers might come up, such as: "because Americans keep taking advantage of Mexico," or "because it is too hot in Mexico," or "because there are too many people in Mexico," or even "because Mexicans are lazy".

Such answers are not very helpful, as they are too simplistic and thus cannot satisfactorily explain the problem – it is quite hot in Arizona too, there are too many people in China as well, and migrant Mexicans often work much harder than many Americans. Searching for more appropriate answer, I have first analyzed the broader context of U.S.-Mexican relations in terms of historical legacies, foundations of economic inequality as well as bilateral diplomatic ties. A case study of U.S. perceptions of Mexico through mainstream media complements the first part of this work. Second, I have explored the three main contentious issues in the bilateral relationship, namely economic integration, illegal immigration and drug trafficking. Particularities of each of these problems are different, but I was looking for general interpretative pattern. Drawing on the broader context as well as on the root causes of the critical issues, asymmetry between the two countries emerged as the principle abstract variable influencing the relationship. After conceptualizing and developing this notion, it was possible to formulate the main thesis: U.S. as the stronger partner in an asymmetric relation with Mexico failed to realize that active steps aimed at decreasing the asymmetry are necessary for long-term solutions of bilateral problems. The asymmetric relations model, its application and wider implications of the thesis are discussed in the concluding chapter.

The above mentioned method of reasoning, which draws upon quantitative data as well as qualitative interpretation from various fields of study, is consistent with traditional approach of area studies, where wide context of the given problem

[12] Berger, Peter L. and Luckmann, Thomas, *The Social Construction of Reality: A Treatise in the Sociology of Knowledge* (New York: Anchor, 1967).

is crucial for providing convincing explanations.[13] Decontextualized approaches in social science can seem very attractive at first, as they provide easy solutions supported by sophisticated models. However, these are based on the ambitious premise that states as well as people have the same motivations for their actions all around the globe, which too often leads to unwarranted conclusions with potentially dire consequences, as the unsuccessful invasion of Iraq in 2003 amply demonstrated. To the surprise of many who were not familiar with the region, the Iraqis did not seized the historic opportunity to march together to ever greater freedom, democracy and civilizing consumer habits. After tens of thousands of civilian lives lost, context-oriented area studies are thus rightfully gaining importance which they to some extent lost after the end of the Cold War.[14]

Even though the model of asymmetric relations I present is to some extent formalized, it is nevertheless developed based on careful detailed analysis of various aspects of the studied phenomena. The formalization is used to provide more clarity for the argument – we should not forget that language itself is a formalized structure of sorts. Given the ongoing controversies about the use of purely formal modeling in area studies as well as in political science, I would definitely be on the less formal side of the argument.[15] I see that both the process of asking the "right" (i.e. relevant and interesting) questions as well as coming up with persuasive answers can in fact be hampered by requirements of formal modeling, even though quantitative analysis as such can provide useful building blocks of the wider argument.[16] This case-study of U.S.-Mexican relations, which is deeply rooted in area-studies contextual approach, can thus lead to a more general argument that can be tested elsewhere.[17]

In order to preserve the flow of reasoning, this work starts with wider contextual topics, continues with specific critical issues in the bilateral relationship and ends with a theoretical chapter devoted to conceptualizing asymmetry and asym-

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[13] For examples, see Moore, Barrington, Jr., *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (Boston: Beacon Press, 1967) or Skocpol, Theda, *States and Social Revolutions: A Comparative Analysis of France, Russia and China* (Cambridge: Cambridge University Press, 1979).

[14] Katzenstein, Peter J., Area and Regional Studies in the United States, *Political Science and Politics,* Vol. 34, No. 4. (Dec.,2001), pp. 789-791.

[15] Bates, Robert H., Area Studies and the Discipline: A Useful Controversy?, *Political Science and Politics,* Vol.30, No.2. (Jun., 1997), pp. 166-169.

[16] Johnson, Chalmers, Preconception vs. Observation, or the Contributions of Rational Choice Theory and Area Studies to Contemporary Political Science, *Political Science and Politics,* Vol.30, No.2. (Jun., 1997), pp. 170-174.

[17] George, Alexander L. and Bennett, Andrew, *Case Studies and Theory Development in Social Sciences* (Cambridge, Mass.: MIT Press, 2005).

metric relations in general. In U.S. context, the theoretical part, which includes also some of the conclusions, would be rather included at the beginning to provide clearer framework for the topic. Readers are thus encouraged to consult the concluding chapter for reference.

ggg) Terminology, units of analysis

Throughout this book I often refer to the "U.S." and "Mexico". Some clarifications are therefore needed with respect to the sovereign state as a relevant analytical unit in contemporary area studies. There can be little doubt that powerful international forces in various forms are undermining and eroding the exclusive prerogatives of independent states.[18] For two principal reasons, I am nevertheless convinced that especially in this case the states continue to be the preferred unit of analysis. First, the importance of physical borders has increased rather than decreased over time, as demonstrated by the growing resources devoted to its "protection".[19] This effort is controlled exclusively by the state, even though several NGOs have tried to "help" the state in this respect.[20] Second, policies that have decisive impact on the critical bilateral issues are also adopted on the national level. As both U.S. and Mexico are federal nations, the federal government that plays this role, not the individual states that they are composed of. Of course, various actors have significant inputs in the processes through which national policies are enacted. This has to be taken into account when analyzing specific policies, but in the end, the aggregate outcome has decisive influence for the bilateral relations.[21]

hhh) Objective of the book

To conclude, what is the goal that I hope to accomplish with this book? By conceptualizing and bringing to our attention the problem of asymmetry, our understanding of the international system will be more accurate. Tracing roots of many current critical issues and policy disagreements to the underlying asymme-

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[18] See for example Ohmae, Kenichi, *The End of the Nation State: The Rise of Regional Economies* (New York, Free Press, 1996), or Brenner, Neil, Beyond State-Centrism? Space, Territoriality, and Geographical Scale in Globalization Studies, *Theory and Society*, Vol. 28, No. 1 (Feb., 1999), pp. 39-78.

[19] Flynn, Stephen E., Kirkpatrick, Jeane J., *Rethinking the Role of the U.S. Mexican Border in the Post 9/11 World*, Written Testimony before a hearing of the Committtee on Foreign Relations, United States Senate, March 23, 2004.

[20] See for example Jim Gilchrist's Minuteman Project, at http://www.minutemanproject.com/, last access June 1, 2008.

[21] Evans, Peter B., Rueschemeyer, Dietrich and Skocpol, Theda, *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985).

try can lead to novel approaches in policymaking. It will also highlight the responsibility of stronger states to alleviate the most dramatic forms of asymmetry, as these inevitably create problems for the region as a whole. Even if the conclusions are based on the case of U.S. and Mexico, the work might well serve as a starting point for similar comparative research elsewhere.

PART I: Context of U.S.-Mexican Relations

Part I focuses on wider context of U.S.-Mexican relations in an effort to characterize the complex background, which will be subsequently used in Part II in analyzing the critical bilateral issues. In the first chapter, it covers the principal historical legacies, which have been deeply affected by the asymmetric position of the two countries. The following chapter focuses on the peripheral status of Mexico within the world economy and analyzes reasons, consequences and possible ways out of this position. Third chapter concentrates on the uses of the concept of independence, which has for a long time been the main guiding principal for Mexican foreign policy vis-à-vis the United States. The concluding chapter of this first part is a case study on changing perceptions of Mexico in The New York Times before and after the ratification of NAFTA.

1 Historical Legacies of Asymmetry

"Generally, the officers of the army were indifferent whether the annexation was consummated or not; but not so all of them. For myself, I was bitterly opposed to the measure, and to this day regard the war, which resulted, as one of the most unjust ever waged by a stronger against a weaker nation."

Ulysses S. Grant on Mexican-American War, Memoirs

Contrary to what rational-choice theorists would argue, I believe that political outcomes, institutions and even individual patterns of behavior are greatly influenced by past events, or more precisely, by dominant interpretations of past events. Continuous emphasis on selected episodes in the past shapes perceptions in the present, which can lead to reinforcement of historic stereotypes merely by assigning past meanings to current events. This is particularly relevant when applied to relations between two neighboring states, as there are likely to have been frequent contacts, the nature of which is usually well remembered. It is therefore no accident that in case of United States and Mexico, history is often evoked in the bilateral discourse. Overview of the historical legacy is therefore an essential part of the wider context of U.S.-Mexican relations. For easier orientation, selected events from the history of U.S.-Mexican relations are provided as Annex 1.

1.1 Mexico as victim of U.S. aggression

In the U.S.-Mexican case, the historical legacy is in many ways problematic, which puts additional strains on the relationship. In Mexico, the recurring dominant theme is the one of U.S. aggression and violation of Mexican sovereignty. The U.S.-Mexican War of 1846-1848, which the U.S. to some extent provoked and subsequently won decisively, is still a living memory in Mexico. Hundreds of streets, public squares and schools bear the name "Los Niños Héroes" (Boy Heroes) to commemorate young cadets who died defending the Chapultepec Castle in Mexico City against U.S. invaders rather than surrendering to the overwhelming force.[22] U.S. army units under command of Winfield Scott entered the capital in 1847 and occupied it until the signing of peace treaty at Guadalupe Hidalgo in 1848. According to the treaty, Mexican government ceded almost half of the sparsely inhabited but mineral-rich northern part of the country to United States.[23]

[22] To make the story even more attractive, legend has it that Juan Escutia, the last surviving cadet, jumped off the roof wrapped in Mexican flag so that it did not fall into enemy hands.

[23] Bejnamin, Thomas and Márquez, Jesús Velacso, The War between the United States and Mexico 1846-1848, in: Vincent, Kathryn and Rodriguez, Jaime E. (eds.) *Myths, Misdeeds, and Misunderstandings. The Roots of Conflict in U.S.-Mexican Relations* (Wilmington, DE: SR Books, 1997), p. 132.

The ceded territory was complemented in 1853 by the Gadsden purchase, which added a strip of land in southern New Mexico and Arizona to the U.S. for $10 million. U.S. government exercised significant pressure on Mexico to sign the deal, as the land was needed for proposed construction of transcontinental railroad.[24] Today, these territories roughly correspond to the entire U.S. southwest region, encompassing states of California, Arizona, New Mexico, Nevada, Utah and Texas, and even parts of Wyoming, Colorado and Oklahoma. The region today produces about 25% of U.S. GDP and is a home to over 74 million people.[25] Mexicans are still well aware that this land once belonged to Mexico. Especially Mexican migrants, who are concentrated heavily in the region loath being regarded as intruders by the majority population. They consider themselves to be living on the land stolen from Mexico by unjust conquest, which is supposed to legitimize their presence.

The fact that the events over 150 years old are still highly relevant and sensitive in both countries can be demonstrated by the scandal following an Absolut vodka advertising campaign from 2008. Billboards all over Mexico showed the pre-1848 map of Mexico (including Texas) with the slogan "In an Absolut World", hinting at annexation of this territory by Mexico. This caused outrage in the U.S. and calls for boycott of the product, which led the company to withdraw the billboards and issue a formal apology.[26]

Further sign of U.S. intrusive intentions towards Mexico have been two military interventions by U.S. troops during the Mexican revolution. First, in 1914 President Wilson ordered the occupation of important port city of Veracruz, which lasted for six months and contributed to the defeat of general Huerta by forces of competing constitutionalists led by Venustiano Carranza. Second intervention took place in 1916, when 12,000 U.S. troops unsuccessfully pursued forces of Francisco „Pancho" Villa through northern Mexico as a part of punitive expedition avenging Villa's sacking of the border town of Columbus in New Mexico. The expedition lasted from March 14, 1916 to February 7, 1917 and encountered

[24] Ceballos-Ramírez, Manuel and Martínez, Oscar J., Conflict and Accomodation on the U.S. Mexican Border, 1848-1911, in: Vincent Kathryn and Rodriguez, Jaime E. (eds.) *Myths, Misdeeds, and Misunderstandings. The Roots of Conflict in U.S.-Mexican Relations.* (Wilmington, DE: SR Books, 1997), p. 138.

[25] Bureau of Economic Analysis, *Gross Domestic Product by State*, available online at: http://www.bea.gov/regional/gsp/, last access June 1, 2008.

[26] Bonello, Deborah and Johnson, Reed, Glasses clink there, teeth grit here over ad, *The Los Angeles Times*, April 05, 2008; *International Herald Tribune:* Vodka-maker Absolut apologizes, ends ad showing California, Texas as part of Mexico, April 6, 2008.

numerous difficulties due to hostile terrain and elusive enemy.[27] Apart from harassing civilians, it failed to reach its objective of capturing or weakening Villa.[28]

In addition to direct military interventions, U.S. wielded significant influence in Mexico through more subtle means. In the period of 1876 to 1910 when the country was governed by general Porfirio Díaz, U.S. citizens and companies invested heavily in Mexico, especially in railways, mines and processing plants. The need to protect these investments translated into political influence and pressure on the Díaz autocratic regime, which relied heavily on foreign capital. As labor and rural unrest grew, government forces were often deployed to protect foreign owners in disputes with Mexican laborers.[29] Distrust of foreign interference became one of the defining moments in the 1910 Revolution and one of the issues on which most of the numerous factions were able to agree on.

The extent of U.S. influence is well demonstrated in the activities of Henry Lane Wilson, U.S. Ambassador to Mexico from 1901 to 1913. In 1913 he actively conspired with general Huerta and Felix Díaz against the revolutionary but more or less legitimate government of Francisco Madero, resulting in a coup in the course of which Madero was executed. Woodrow Wilson was appalled by the Ambassador's involvement and recalled him. The turmoil created by the Huerta coup helped to further destabilize the political situation in Mexico and presumably prolonged the violent revolutionary upheavals.[30]

More recent examples of U.S. interference in Mexican domestic affairs are connected with the so-called War on Drugs, in which U.S. government tries to combat the supply side of the drug trade, including major transit routes going through Mexico. As Mexican officials are often seen as corrupted by narcotraffickers, U.S. drug-enforcement agents are tempted to operate independently on Mexican territory. Notable incidents in this respect include abduction of two Mexican citizens suspect of murdering Enrique Camarena, an important undercover DEA (Drug Enforcement Administration) agent in Mexico in 1990 or Operation Casablanca in 1998 which targeted employees of several Mexican banks

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[27] Torrans, Thomas, *Forging the Tortilla Curtain. Cultural Drift and Change Along the United States-Mexico Border From the Spanish Era to the Present* (Fort Worth: TCU Press, 2000), p. 220.

[28] Camín, Hector Aguilar and Meyer, Lorenzo, *In the Shadow of the Mexican Revolution. Contemporary Mexican History 1910-1989* (Austin: University of Texas Press, 1993).

[29] Torrans, Thomas, *Forging the Tortilla Curtain. Cultural Drift and Change Along the United States-Mexico Border From the Spanish Era to the Present* (Fort Worth: TCU Press, 2000), p. 180.

[30] Ulla, Berta, The U.S. Government versus the Mexican Revolution, 1910-1917, in: Vincent Kathryn and Rodriguez, Jaime E. (eds.) *Myths, Misdeeds, and Misunderstandings. The Roots of Conflict in U.S.-Mexican Relations* (Wilmington, DE: SR Books, 1997), p. 167.

in connection with money-laundering without giving any notice to Mexican government.[31] Although these actions cannot be compared to outright military intervention, they nevertheless suggest that the Mexican government is not in full control of its territory nor of its citizens.

Realistic assessment of their importance notwithstanding, all the above mentioned incidents are well remembered in Mexico and contribute to a traditional sense of suspicion of the United States and its intentions. Throughout most of the 20th century, Mexican government fomented these sentiments, as they served the political goal of limiting U.S. influence. Recent controversy about a Wal-Mart store in the direct vicinity of the ancient Teotihuacán pyramids demonstrated the recurrence of the anti-U.S. emotions – demonstrators against the construction were waving signs such as "Yankee Imperialism," or "Foreign Invasion, Get Out!"[32]

1.2 PRI and Mexican nationalism

Modern history of Mexico has been profoundly affected by the 70-year rule of the Partido Revolucionario Institucional (Institutional Revolutionary Party, PRI), which emerged as the dominant political institution in the country in 1929 after almost twenty years of revolutionary upheavals. At first the party was called National Revolutionary Party and its aim was to bring together various social groups that somehow contributed to the Mexican Revolution. The party thus became an amalgam of secular liberal urban elites, socialist rural reformers, left-leaning intellectuals, big industrialists, major trade unions, and in some parts of the country also traditional hacienda owners. The powerful Catholic church was left out of the arrangement, as it was regarded as politically conservative and supportive of reactionary policies. Nevertheless, it was not harassed much by the PRI as long as it did not try to interfere in politics. To keep the diverse coalition together, the party turned to vigorous emphasis on nationalism, national history, national symbols and nationalistic art, which was supposed to create a feeling of unity throughout the country.

Unfortunately for the bilateral relations with the U.S., emphasizing differences with neighbors is one of the widely used ways to stimulate nationalistic feelings. To add to this, one of the basic metanarratives in Mexican history is based on heroic struggles for national independence and sovereignty against various sinister foreign imperialistic interventions. As a result, the nationalistic rheto-

[31] Davidow, Jeffrey, *The US and Mexico. The Bear and the Porcupine* (Princeton: Markus Wiener Publishers, 2004), p. 25.

[32] McKinley, James C. Jr., No, the Conquistadors Are Not Back. It's Just Wal-Mart, *The New York Times,* September 28, 2004.

ric had mostly implicit, but at times even explicit anti-Yankee tone. Economic imperialism of big and supposedly greedy U.S. companies became target as well, leading to nationalization of oil industry by President Lázaro Cárdenas on March 18, 1938. The event, which led to fervent but unsuccessful lobbying effort by oil companies in Washington to pressure Mexico to reverse the policy, is celebrated to this day as a great triumph of Mexican independence.[33] As a consequence, any efforts to privatize the oil industry in recent years are politically highly controversial, even if the need for investments is widely acknowledged.[34]

Aside from outright nationalization of foreign companies, economic nationalism resulted in greater state control over the economy, often supporting national companies against foreign competition. The import-substitution industrialization argument formulated by Raúl Prebisch in 1950 provided scientific framework for this approach, which advocated high tariffs for industrial products so that domestic industries get the opportunity to develop.[35] Until 1980s this has been the official policy of the governing PRI, which thus protected the Mexican market and precluded closer economic collaboration and integration with the U.S.

For the elites of the PRI, it was often convenient to fall back on nationalism and sovereignty when they encountered international criticism of their human rights record, allegations of widespread corruption, mostly in connection with the drug trade or accusations of rigged and unfair elections. Such critical voices from the outside were quickly suppressed by linking their proponents discursively with the long array of foreign powers eager to seed discord within Mexico and then use it to their selfish interests. Many of these critical voices came from NGOs based in the U.S., which only added to the feelings of suspicion. State independence can thus be seen as a strong discursive as well as political tool available to local elites. It can be useful in enhancing social cohesion and providing shielding from inconvenient international economic and political pressures, but it can also be a major hindrance to progressive impulses coming from the outside.

The extent of nationalistic sentiments of the PRI resurfaced even in 1990s, when Secretary of Education and later President Ernesto Zedillo tried to change history textbooks so that they would view the Porfiriato period leading to the Mexican revolution more realistically, noting modernization of the country through foreign investment, rising living standards etc. This move met with fierce

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[33] Smith, Robert Freeman, The United States and the Mexican Revolution, 1921-1950, in: Vincent Kathryn and Rodriguez, Jaime E. (eds.) *Myths, Misdeeds, and Misunderstandings. The Roots of Conflict in U.S.-Mexican Relations* (Wilmington, DE: SR Books, 1997), p. 190.

[34] McKinley, James C. Jr., State Oil Industry's Future Sets Off Tussle in Mexico, *The New York Times*, April 8, 2008.

[35] Prebisch, Raúl, *The Economic Development of Latin America and its Principal Problems* (New York, United Nations, 1950).

opposition from traditional PRI politicians as well as leftist intellectuals, who saw it as condoning and excusing the undermining of Mexican sovereignty.[36]

1.3 U.S. perspectives on Mexico

Ever since the two countries effectively became neighbors in the first half of 19th century, Mexico has been regarded with condescension in the North. In a number of ways, Mexico was the perfect „Other" to the emerging United States. Its political institutions were more or less authoritarian, as the pattern of Spanish settlement left the pre-Colombian hierarchical concept of social structure largely intact, basically replacing native aristocracy and spiritual leaders by *conquistadors* and Catholic missionaries.[37] Graduate settlement of white settlers on the frontier in the North on other hand led to heightened sense of individualism and local autonomy conducive to political democracy.[38]

Given the nature of Spanish settlement in Mexico, male Spanish landlords were much more inclined to take indigenous wives compared to North American settlers, which led to the emergence of large and later predominant Mestizo population. Hernando Cortéz himself paved the way through his conjugal relationship with La Malinche, an indigenous noblewoman, who assisted him throughout the conquest. From the U.S. perspective, this commingling of races was for a long time regarded with utmost suspicion, and the darker skin of Mexicans often came to symbolize inherent inferiority to the white Anglo-Saxons.[39] Mexican migrants as well as Mexican-Americans in U.S. Southwest were thus subject to ethnic discrimination and abuse by Anglo authorities, that in subtle forms sometimes continues to this day.[40]

Deep-rooted Catholicism in Mexico also served as a source of underlying contempt in the largely Protestant U.S. throughout the 19th and well into the 20th century. Moreover, since independence Mexico has been plagued by the conflict

[36] Gilbert, Dennis, Rewriting History: Salinas, Zedillo and the 1992 Textbook Controversy, *Mexican Studies / Estudios Mexicanos*, Vol. 13, No. 2 (Summer, 1997), pp. 271-297.

[37] Haskett, Robert, Coping in Cuernavaca with the Cultural Conquest, in: Kicza John E. (ed.), *The Indian in Latin American History. Resistance, Resilience, and Acculturation* (Wilmington, Scholary Resources, 2000), p. 95.

[38] The importance of the settlement pattern was first analyzed by Frederick Jackson Turner in his 1893 lecture at the American Historical Association and reprinted several times, see for example Turner, Frederick Jackson, *The Frontier In American History* (New York, Henry Holt and Company, 1921), available at Project Gutenberg at http://www.gutenberg.org/etext/22994, last access June 1, 2008.

[39] Limón, José E., *American Encounters: Greater Mexico, the United States, and the Erotics of Culture* (Boston, Beacon Press, 1999).

[40] cf. Miller,Tom, White Cops and Chicano Corpses, *The Nation*, November 4, 1978, pp. 470-472, or Lovato, Roberto, Juan Crow in Georgia, *The Nation*, May 26, 2008, pp. 20-25.

of secular Liberals and Catholic Conservatives over the issue of political power of the church, which significantly contributed to political instability, civil wars in the 1850s or French intervention at the behest of previously defeated Conservatives in 1863. The coda to the religious strife came in 1929 after bloody suppression of the Catholic Cristero Rebellion, after which the Catholic church accepted a modus vivendi with the ruling PRI, which included its exclusion from political life. From the U.S. perspective, where political secularism was safeguarded already through the First Amendment, the prolonged conflict was a clear sign of Mexican backwardness.

Battle of the Alamo from 1836 during the Texas revolution, when 200 Texian defenders held out against several thousand Mexican troops for 13 days became part of U.S. national mythology. Even though many of the defenders were in fact Mexicans living in Texas (Tejanos), the event is mostly interpreted as noble sacrifice of heroic Anglo defenders facing overwhelming, but largely incompetent Mexican onslaught.[41]

The U.S.-Mexican war confirmed U.S. superiority over Mexico both militarily and economically. The divergence of the two countries continued to grow, further strengthening the U.S. complacency with its darker, backward, Catholic neighbor. Mexican migrant workers, who started helping with harvests in the Southwest of the U.S. in large numbers since 1920s added to the stereotype, as they tended to come from poor rural backgrounds, were often illiterate as well as superstitious.[42]

Since 1930s the PRI rule annoyed the U.S. for its emphasis on socialist and anti-imperialistic rhetoric and blatant protection of local oligarchs over foreign investors. Later on, the drug trafficking added more emphasis on corrupt and inept institutions. Human rights abuses like the Tlatelolco massacre of peacefully demonstrating students in 1968 further shifted U.S. public perception of Mexico as a backward and authoritarian country. However, at a time of great international tensions, Mexico did not occupy any prominent role in U.S. imagination or foreign policy; this neglect was a further proof of U.S. complacency with regards to its smaller and weaker neighbor.[43] The legacy of this historical stereotype has abated somewhat during the Salinas presidency and the adoption of NAFTA, but since

[41] Flores, Richard R., Private Visions, Public Culture: The Making of the Alamo, *Cultural Anthropology*, Vol. 10, No. 1 (Feb., 1995), p. 99.

[42] Cortés, Carlos E., To View a Neighbor: The Hollywood Textbook on Mexico, in: Coatsworth, John H. and Rico, Carlos, *Images of Mexico in the United States* (La Jolla: Center for U.S.-Mexican Studies, 1989), p. 93.

[43] Aguayo, Sergio, *Myths and (Mis)Perceptions: Changing U.S. Elite Visions of Mexico,* (La Jolla: University of California, San Diego, Center for U.S.-Mexican Studies, 1998).

then returned with surprising force in both journalism and academia, further complicating the bilateral relationship.

1.4 Mexico's inferiority complex?

Since 1848, Mexicans have been forced to come to terms with unquestionable U.S. military and economic superiority. For policymakers and elites concerned with political legitimacy, the problem was even more acute, as they had to explain to their fellow citizens why is Mexico lagging so far behind the U.S. under their leadership. The question was closely linked to the controversy as to what extent should Mexican policies and institutions be emulating the U.S. and to what extent are any Mexican deviations viable.

For a long time imitation of the U.S. has been losing ground to various more or less sophisticated justifications of inferior living conditions in Mexico. One of the approaches was to blame U.S. aggression and interference for Mexican woes – U.S. started the U.S.-Mexican War, supported the authoritarian regime of Porfirio Díaz, interfered in the Mexican revolution, secretly supported the authoritarian PRI rule, ordered the Tlatelolco massacre through CIA and was responsible for both the 1982 debt crisis as well as 1995 peso crisis through Wall Street financial vultures. The PRI government at times employed this tactics, omitting the occasional support it received from the U.S. government with respect to internal unrest.[44]

More sophisticated version of this line of reasoning focused on the criticism of the capitalist system as a whole, of which the U.S. served as a prime example. Many Mexican intellectuals and artists in the 20th century have generally been adherents of the political left, as they were confronted with a highly unequal society with large numbers of people living in extreme poverty living next to powerful local oligarchs who made fortunes because of their political connections. For them, the U.S. with its emphasis on aggressive individualism and the virtue of selfishness symbolized a system, which when applied to Mexico would only strengthen the position of local elites and keep the social inequalities intact.[45] Moreover, the international capitalist system was regarded as exploiting Mexico's natural resources and through unjust trade practices preclude its genuine development.

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[44] Echeverría, Luis, Discurso del Presidente de México Luis Echeverría Alvarez ante la Tercera Conferencia de UNCTAD en Santiago-Chile, Abril de 1972, *Nueva sociedad*, No. 14, September-October 1974, pp.58-60.

[45] Castañeda, Jorge, *Utopia Unarmed. The Latin American Left After the Cold War* (New York, Vintage Books, 1994), pp. 23-35.

As a result, both the 1917 Constitution and the speeches of PRI presidents included frequent references to communitarian or socialist discourse. Alas, over time it became clear that these references were rhetorical, designed to keep an authoritarian regime in place and local entrepreneurs shielded from international competition. The gap between U.S. and Mexico widened further, adding to the latent inferiority complex.[46] Only in 1980s Mexican policymakers started embracing U.S.- endorsed economic policies, culminating with the claim of President Salinas that through entry into NAFTA, Mexico will soon became one of the First World countries.[47] Similar high hopes were expressed in 2000 as Vicente Fox was elected as the first non-PRI president after 70 years. Even though these hopes keep being unfulfilled, they are indicative of a strong drive to shake off the inferiority status ascribed to Mexico.[48]

To add a more sinister twist on the inferiority issue, some light-skinned Mexican elites claim that Mexico's predicament is based on the high percentage of indigenous people, whose ignorance and insistence on traditional „lazy" lifestyle are hampering the progress of the country. Such racial reasoning is a disturbing mirror image of U.S. prejudices of Mexico as a whole.[49] This argument can also be turned around, and Mexico's lack of progress blamed on the corrupt ruling class, which uses the resources of the country only to further enrich themselves at the expense of the poor.[50]

Both lines of reasoning acknowledge that there might be serious internal problems within Mexico which are at the root of its condition, leading to widely differing prescriptions in domestic politics. However, another way to deal with the latent inferiority complex is to deny it altogether. Notwithstanding economic and political difficulties, Mexicans are better than Americans, because they are more compassionate, more valiant, more emotional, more friendly, more honest, more joyful, more spiritual, more sensitive, more family-oriented or just better in soc-

[46] Mexican GDP per capita measured in constant 1995 US$ was at 14.4% of the U.S. level in 1970 and by 2002 the figure fell to 11.6%. Taking purchasing power parity into account, the figures would be 30.9% in 1975 and 25.1% in 2002. World Bank: *World Development Indicators 2005*, CD-ROM.

[47] See for example Transcript of Commencement address by President Carlos Salinas de Gortari of Mexico, *The Tech*, Vol. 113, Issue 29, June 23, 1993.

[48] cf. Camacho Solís, Manuel, Davos: ¿mismo discurso?, *El Universal*, January 29, 2007.

[49] Limón, José E., *American Encounters: Greater Mexico, the United States, and the Erotics of Culture* (Boston, Beacon Press, 1999), pp. 135-139.

[50] Baer, Delal M., Dispatch: Misreading Mexico, *Foreign Policy*, No. 108 (Autumn, 1997), pp. 138-150.

cer.[51] This sort of argumentation has been gradually losing its appeal, as evidenced for example by the unceasing appeal of life in the United States for many young Mexicans.[52]

For U.S.-Mexican relationship it is important that Mexicans are well aware of their weaker position and are reacting very sensitively to any references to it. They are very suspicious of foreign interference and are touchy about all trappings of national sovereignty, sometimes up to an irrational degree. The media as well as public opinion polls reflect this attitude.[53]

1.5 Sectoral cooperation

Mexico and the U.S. have been capable of close cooperation in the past, notwithstanding their mutual suspicions. However, various forms of close cooperation have always been limited to certain sectors and areas to maintain the notion of national independence, especially on the Mexican side. Prominent example of cooperation was the bilateral Bracero Program taking place between 1942-1964, under which Mexican farm workers could be hired by U.S. farmers for harvest. Both governments coordinated the project and provided transportation for the workers.

During the Cold War, Mexico was clearly on the U.S. side, the leftist rhetoric of government figures and reasonably good relations with Cuba notwithstanding. Mexico became signatory of the Rio Treaty in 1947, which established a military alliance similar to NATO in Europe. In conversation with President Johnson in 1964, future president of Mexico Díaz Ordaz „recalled Mexico's position during the October 1962 missile crisis and said that the United States could be absolutely sure that when the chips were really down, Mexico would be unequivocally by its side."[54] CIA has been active within Mexico, as it was helping the PRI government to combat student radicals and political dissent. Future president Gustavo Díaz

[51] Every time the Mexican soccer team loses to the U.S., it is almost a national tragedy. Gutierrez, David G., Migration, Emergent Ethnicity, and the "Third Space": The Shifting Politics of Nationalism in Greater Mexico, *Journal of American History*, Vol. 86, No. 2, (1999), pp. 481-517.

[52] Shain, Yossi, The Mexican-American Diaspora's Impact on Mexico, *Political Science Quarterly*, Vol. 114, No. 4 (Winter, 1999-2000), pp. 661-691.

[53] Latinobarometro: *Poll: Latin Americans like U.S., but a little less*, September 23, 2007, available at http://www.latinobarometro.org, Publicaciones, Presentaciones para bajar, last access June 1, 2008.

[54] Department of State, Memorandum of Conversation, November 12, 1964, LBJ Ranch, Texas Mexico White House – Executive Branch Files, Mexico - CIA, Department of State, Defense Intelligence Agency, Department of Defense, Congressional, White House, and FBI Files, Paperless Archives, CD-ROM.

Ordaz was the best man on the wedding of the long-term chief of CIA bureau in Mexico City Winston Scott in 1963.[55] The maquiladora program under which U.S. companies built manufacturing plants in northern Mexico dates back to 1965. These plants assembled products from imported parts and re-exported the finished goods to U.S. market tariff-free. Even if Mexico tried hard to diversify its economy, its most important trading partner continued to be the U.S. long before NAFTA came into effect.

Despite the media emphasis on conflicts and disagreements, several joint U.S. and Mexican counter-narcotics operations have been successful in the past, and joint bureaucratic structures are in place to coordinate such efforts further. Territorial disputes arising from the changing course of Rio Grande (called Rio Bravo in Mexico) have been settled equitably.[56] Conflict over usage of water from the Colorado river, whose estuary is in the Sea of Cortéz, reached the International Court in the Hague, but was subsequently settled as well.[57] Close cooperation also developed in border cities, where people cross the border on a daily basis and fire-truck crews have often helped with emergencies on the other side of the border.[58] Cross-border initiatives include also extensive cooperation in environmental protection efforts.[59]

To sum up the historical legacy section, we can observe two major trends: first, strong emphasis on highlighting the differences between the U.S. and Mexico leads in both countries to mutual distrust, detachment and insistence on protection of national sovereignty. The asymmetry between the two countries often pushes Mexico to take defensive posture, while the U.S. is mostly condescending in this respect. Second, geographic proximity means that both countries are in a

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[55] Morley, Jefferson, *LITEMPO: The CIA's Eyes on Tlatelolco. CIA Spy Operations in Mexico.* National Security Archive Electronic Briefing Book No. 204, National Security Archives, available at: http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB204/index.htm, last access June 1, 2008.

[56] The longest dispute over the territory of El Chamizal was resolved in 1963. See for example Wilson, Larman C., The Settlement of Boundary Disputes: Mexico, the United States, and the International Boundary Commission, *The International and Comparative Law Quarterly*, Vol. 29, No. 1 (Jan., 1980), pp. 38-53.

[57] Brownell, Herbert and Eaton, Samuel D., The Colorado River Salinity Problem With Mexico, *The American Journal of International Law*, Vol. 69, No. 2. (Apr., 1975), pp. 255-271.

[58] See for exaple U.S. Environmental Protection Agency: *United States-Mexico Joint Contingency Plan for Preparedness for and Response to Environmental Emergencies.* EPA 550-R-99-006, 1999, available online at: www.epa.gov/oem/docs/chem/ipmjcp-e.pdf, last access June 1, 2008.

[59] Capello, Héctor M. (ed.), *Nuevos paradigmas sobre la frontera Estados Unidos-México. Problemas asociados a una larga transición* (Cuernavaca: Centro Regional de Investigaciones Multidisciplinarias, 2003), p. 23.

position to benefit from mutual cooperation and peaceful coexistence. They also share common problems that can be best addressed jointly, which is another powerful push in the cooperative direction. Constant and complex intertwining of these two patterns constitutes the basic ambiguity of the relationship which continues to this day and which will be explored in greater detail in the chapters that follow.

2 Asymmetry and the Peripheral Trap

"The division of labour among nations is that some specialise in winning and others in losing."

Eduardo Galeano

2.1 Introduction

Before addressing its consequences, it is important to look at the origins of asymmetry between Mexico and the United States and possible reasons for its long-term persistence. The population of the U.S. is about three times as high as in Mexico, mainly due to differing immigration patterns, which contributes to the unequal position of the two countries. However, as the overall level of economic development is the main component of the resulting asymmetry, this chapter will focus on the respective positions of the two countries within the international economic framework.

The dichotomy between center and periphery as the basis of the economic world-system is highly relevant for studying asymmetric relations. It has been made relevant for social sciences mainly through the works of Immanuel Wallerstein, who described and analyzed the workings of the so-called capitalist world economy. Concepts of centre, periphery and semi-periphery became building blocks for his understanding as well as explanation of world economic history. According to his analysis, the capitalist world system was formed throughout the 16th century and led inevitably to the dramatic differentiation between two types of areas: the centers, which became hubs of global trade, finance and also of scientific innovation, and the peripheries, which were assigned the role of supplying raw materials as well as cheap labor for business enterprises directed from the centers.

Wallerstein claims that this underlying economic structure has had profound consequences for economic, political as well as cultural developments all around the globe. For example, with regards to political organization, countries in the centre have generally favored economic liberalism and political democracy, as it has suited their position within the world economy – it supported capital accumulation, led to security of individual property and encouraged innovation. On the periphery, however, more repressive regimes developed given the need to control the impoverished and hard-working laborers in resource-extracting industries. As a result, social inequality has also been higher in peripheral countries, as the re-

pressive ruling elite has usually been capable of appropriating most of the economic benefits.[60]

This analytical approach is in many respects insightful, but remains too static - historical events are explained by emphasizing one key independent variable, which is the position of a country within the economic world system. Such approach tells us only a little about the dynamics through which countries can escape their disadvantageous peripheral status, which might lead to pessimism concerning possibilities of global economic development or possibly even to advocacy of revolutionary changes. The dynamics of escaping the peripheral position are a highly relevant research question, as continuation of this status undermines long-term economic prospects of the given country. In the present chapter the case study of Mexico and the United States is analyzed with focus on the dynamic transformative processes necessary for a successful transition from the peripheral status.

This chapter will demonstrate that given the nature of the world economic system, escaping the peripheral position is much more difficult than development analysts thought in the optimistic time after the end of the Cold War. Mere economic and political liberalization is not enough to ensure success - active support from neighboring central areas as well as determined domestic administration pursuing appropriate public policies are necessary in the process as well. This finding is relevant in the context of current debates concerning development policies and foreign involvement and runs contrary to the claim that a liberalized open economy and free trade would inevitably translate to economic as well as social progress in the long run.[61]

Mexico is an important example of a country trying to escape its peripheral status. Since 1980s it underwent significant economic as well as political liberalization aimed at closing the development gap between itself and the more advanced central economies, namely the U.S.. However, the results have been unpersuasive so far, with 50% of the population still living below poverty line and 20% in extreme poverty in 2002.[62] At the same time, there are many countries such as South Korea, Spain or even Poland which have been much more successful in integration to the world economy and in increasing living standards of their respective populations in the process. What are then the principal factors deter-

[60] Wallerstein, Immanuel, *The Capitalist World-economy* (London, Cambridge University Press, 1979).

[61] Anderson, Robert E., *Just Get Out of The Way: How Government Can Help Business in Poor Countries* (Washington, D.C., Cato Institute, 2004).

[62] World Bank, *Mexico - Poverty in Mexico: an assessment of conditions, trends, and Government strategy*, available online at: http://go.worldbank.org/K6OETKRVR1, last access June 1, 2008.

mining success and failure in attempts to break out of the peripheral status? What is the connection between the peripheral status and asymmetry in the level of economic development? Even though I am primarily focused on the case of Mexico within its specific context, I also believe that the answers will provide a useful framework for further discussion of the issue in general.

2.2 Mexico becomes the periphery

2.2.1 Mexico and the U.S. at the creation of the world economy

Even though this chapter is focused primarily on more recent developments, it is important to look at the way Mexico's position within the world economy developed over time, how was it reflected within the political system and what policies were adopted in this respect. The following brief historical overview will provide background for subsequent analysis.

In the search for reasons why Mexico ended at the periphery of the world economy, it is necessary to go as far back as the fall of the Aztec Empire in 1521 and the colonization of central Mexico by the Spanish Crown. Even though the native population suffered terrible losses through warfare and disease at the time, enough Indians survived to work in fields and later in mines. The pattern of colonization was thus based on Spanish landlords who replaced traditional native aristocracy.[63] The Spanish kept using the labor of Indian peasants on their large hacienda estates in a similar way as the native aristocracy did before them. Feudal customs imported from Europe only contributed to this rigid social structure.[64] Colonial government of New Spain emphasized extraction of natural resources for the use of the Spanish Crown – only a fraction of the wealth remained in Mexico and was mostly spent on majestic and lavish churches. Mexico thus became a peripheral region already at the time when the capitalist world economy was still in formation.[65] The pattern of settlement also ensured that features of modern capitalism developed too slowly, the merchant classes in cities being politically much

[63] Todorov, Tzvetan, *The Conquest of America: The Question of the Other* (University of Oklahoma Press, 1999), pp. 146-148.

[64] Wachtel, Nathan, The Indian and the Spanish Conquest, in Bethel, Leslie (ed.): *The Cambridge History of Latin America*, *Vol. 1*, (New York, Cambridge University Press, 1984), pp. 207-247.

[65] Galeano, Eduardo H., *Open Veins of Latin America: Five Centuries of the Pillage of a Continent* (New York: Monthly Review Press, 1974).

weaker than the powerful landlords and mine-owners, who had a abundant Indian labor at their disposal.[66]

After gaining independence from Spain in 1825, Mexico became politically deeply divided between the conservative and the liberal faction. The Liberals, who called for progressive economic and political reforms, were not able to decidedly defeat the Conservatives who were allied with the traditionalist and powerful Catholic Church. The long and bitter struggle eventually led even to the ill-fated French intervention (1862-1867), as leading Conservatives saw the French effort to establish a monarchy under Maximilian of Habsburg as the only way to stop Liberal advances (Liberals had previously won the so-called War of the Reform lasting from 1857 to 1861). These intense internal political struggles delayed serious modernization efforts, which started only under the stable but authoritarian rule of Porfirio Díaz (1876-1911), originally a Liberal general fighting against French and conservative forces. He encouraged foreign investment and supported the creation of modern infrastructure and industry. Mexico was however a latecomer to the industrialization process and depended heavily on foreign (mainly U.S.) capital to finance most of the projects.[67]

Comparison with the United States reveals some important similarities as well as differences. British colonies in North America also started in a peripheral position within the world economy, exporting natural resources and importing British manufactured goods. However, shortly after independence the U.S. government decided to sharply raise tariffs and promote local manufactures, thus helping to create national industry. This decision, promoted by the first Secretary of Treasury Alexander Hamilton, encountered vigorous opposition at the time, mostly from agricultural producers dependent on exports, who depended on low tariffs and free trade for their products. The industrialization effort was nevertheless eventually successful and throughout the 19th century the U.S. gradually became an industrial powerhouse competing with Great Britain on world markets.[68] Regional disparities and diverging economic interests surfaced most dramatically in the destructive Civil War (1861-1865), which ended by the decisive victory of the North. This conflict, which further strengthened the political power of industrial and financial sectors, can be interpreted also as a defeat of conservative agri-

[66] Kicza, John E. (ed.), *The Indian in Latin American History. Resistance, Resilience, and Acculturation* (Wilmington, Scholary Resources, 2000), p.xxi.

[67] Meyer, Michael C., Sherman William L. and Deeds, Susan M., *The Course of Mexican History, 7th edition* (Cambridge, Mass., Oxford University Press, 2002), pp. 162-165.

[68] National Bureau of Economic Research: *NBER Marcrohistory: VII. Foreign Trade*, available online at: http://www.nber.org/databases/macrohistory/contents/chapter07.html, last access June 1, 2008.

cultural interests, which sought to preserve the peripheral status of the South within the world economy for their own advantage.

The pattern of settlement in the United States was also dramatically different than in Mexico – small independent farmers were gradually pushing native Indians out of their lands and usually could not use captured Indians as serf labor. Thus, except for the Southern plantation system, no class of wealthy landowners emerged which would see it in their interest to block progressive reforms. To add to this, Catholic Church played a major role in supporting the Conservative faction in Mexico, as in the 19th century it owned more than half the land in the country.[69] In the U.S. no church had such political influence, except maybe for the Puritans in Massachusetts in the very beginnings of colonization. These factors contributed to the fact that entering the 20th century, United States were already one of the most important centers of the world economy while Mexico still remained at its periphery.

2.2.2 Mexican Revolution and the reinforcement of peripheral status

Somewhat paradoxically, the rapid economic development under Porfirio Díaz contributed to widespread social and political unrest, which ultimately resulted in the Mexican Revolution of 1910. Farmers were being expelled from their lands in order to make room for railroads and other big projects. Workers and miners felt they were not receiving a fair share of the wealth produced for foreign investors. Moreover, Mexican elites were disgruntled by the prominent role foreigners enjoyed due to strong financial backing and close connections with the authoritarian regime. The Revolution of 1910 started as a political struggle over the constitutional principle of no re-election, which Porfirio Díaz broke by his recurring candidacy in the 1910. Subsequent armed uprising quickly acquired nationalistic as well as socialist overtones as well. After Porfirio Díaz was forced into exile, Francesco Madero – the opposing presidential candidate during the 1910 elections – was removed in a coup and assassinated. In the chaotic aftermath, several armed factions started competing for political power. In the south, the movement led by Emiliano Zapata focused on confiscating large estates and redistributing land to individual farmers.[70] In the north, the ex-bandit general Pancho Villa led a huge army and confiscated as well as occasionally plundered foreign-owned mines and factories.[71]

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[69] Powell T.G.E., Priests and Peasants in Central Mexico: Social Conflict during "La Reforma", *The Hispanic American Historical Review,* Vol. 57, No. 2. (May, 1977), p. 298.

[70] cf. Livingston, Arthur, Ideas and Men in Mexico, *The Nation*, May 22, 1920, pp. 681-683.

[71] Camín, Hector Aguilar and Meyer, Lorenzo, *In the Shadow of the Mexican Revolution. Contemporary Mexican History 1910-1989* (Austin, University of Texas Press, 1993), pp. 43-45.

Sporadic fighting and destruction continued well into the 1920s and eventually subsided when the party later known as PRI gained undisputed control of the country. This party swore to uphold and promote the spirit of the democratic Constitution from 1917, which was drafted with significant inputs from diverse factions of the revolutionary movement. The constitution thus contained strong nationalist and socialist provisions, including the claim in Article 27 that all natural resources belong exclusively to the Mexican state.[72] From the viewpoint of the liberal capitalist world economy, the outcome of the Mexican revolution was mostly regressive, as it resulted in weaker investor's rights, stronger state intervention in the economy and increased administrative protection of workers and small farmers. The peripheral status of Mexico within the world economy was only reinforced, as Mexican governments decided to limit the much-needed foreign investments and to rely on limited domestic resources for economic development. One important discursive legacy of the Revolution was the notion that free trade and liberalized economy are subversive tools of overpowering U.S. influence, for which reason Mexico consciously chose to remain at the periphery of the global economy.[73] At the same time, the memory of destruction of property and infrastructure during the revolutionary fighting discouraged international investors wary of possible further turmoil.[74]

2.2.3 The PRI regime and the Mexican miracle

The Party of Institutionalized Revolution which emerged in the late 1920s as the dominant political force in Mexico for the next 70 years was in fact a motley conglomerate of conflicting interests, which tried to incorporate most sectors of the society in order to have control over them. Unifying factors were the emphasis on nationalism and independence (both political and economic) and a strict ban on any political influence of the Catholic Church. Rhetorically, the party was committed to socialist redistributory agenda, but in reality it cooperated rather well with large Mexican industrialists and even with powerful landowners in the southern parts of the country.[75] Frictions were resolved behind closed doors within

[72] Original version of the 1917 Constitution is available for example by Instituto de Investigaciónes Jurídicas, UNAM, at: http://www.juridicas.unam.mx/infjur/leg/legmexfe.htm, last access June 1, 2008.

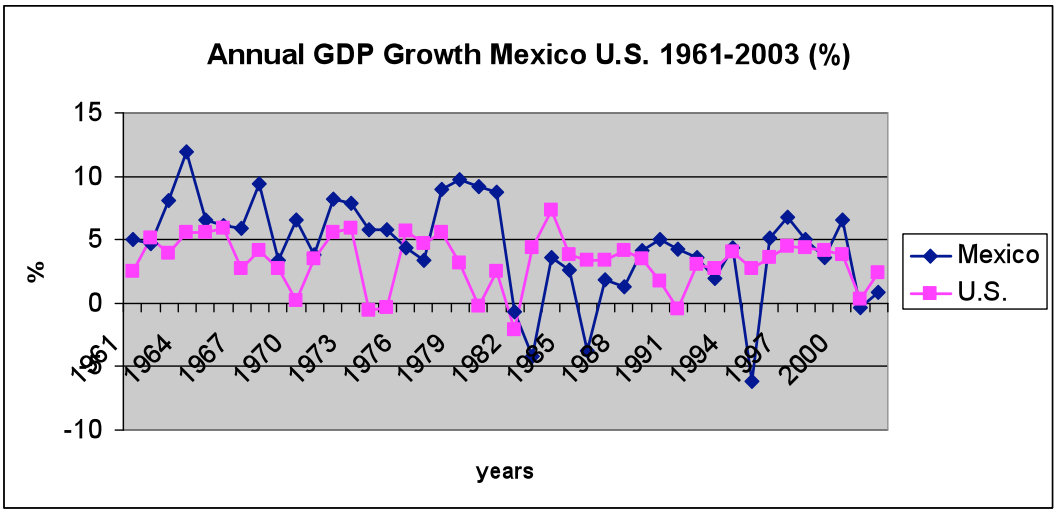
[73] Brown, Jonathan C., *Oil and Revolution in Mexico* (Berkeley: University Of California Press, 1993), p. 178.

[74] Krauze, Enrique, *Mexico: Biography of Power. A History of Modern Mexico 1810-1996,* (New York, Harper Perennial, 1998), pp. 438-491.

[75] Camín, Hector Aguilar and Meyer Lorenzo, *In the Shadow of the Mexican Revolution. Contemporary Mexican History 1910-1989* (Austin, University of Texas Press, 1993), p. 143.

the party, which appeared unified on the outside. Political opposition was either co-opted or suppressed.

Despite its commitment to rely primarily on domestic resources for economic development, the authoritarian PRI was nevertheless successful in raising the standard of living for Mexicans throughout the 1940s, 50s and 60s. This period is therefore often referred to as „El milagro Mexicano" – Mexican miracle. Urbanization as well as literacy rate increased, life expectancy grew, infant mortality fell, social services expanded and public facilities were significantly improved. This achievement is even more remarkable given the fact that the country was undergoing dramatic demographic growth at the same time (in 1910 the country had 13.2 million inhabitants, by 1990 100 million).[76] Tall modern buildings alongside wide boulevards in Mexico City became symbols of economic success. However, despite rhetorical pledges of the ruling party about social justice, distribution of income remained highly unequal – measured by the Gini coefficient, income inequality in post-revolutionary Mexico remained higher than in the United States.[77] As we can see in Graph 1, average annual GDP growth was higher in Mexico than in the U.S., slowly closing the asymmetric gap in economic development between the two countries.



Graph 1: Annual GDP growth in Mexico and U.S. 1961-2003.
Source: World Development Indicators (WDI) Database, CD-ROM, World Bank, 2005

[76] Instituto Nacional de Estadística Geografía e Informática (INEGI): *Habitantes - 1895-2005 - nacional, Población total, 1895 a 2005*, available at: http://www.inegi.gob.mx/est/contenidos/espanol/sistemas/cgpv2000/100historia/epobla01.asp?s=est&c=986, last access June 1, 2008.

[77] Camín H.A. and Meyer L., In the Shadow of the Mexican Revolution, p. 175.

Relations with foreign investors soured even further after the nationalization of oil industry by President Lázaro Cárdenas in 1938. This decision continues to be extremely popular in Mexico and remains celebrated annually to this day. Aggrieved U.S. oil companies even sought military intervention, but president F. D. Roosevelt vetoed the idea as he was more worried about the unraveling World War II in Europe.[78] The Mexican state eventually ended up indirectly managing over 800 companies, most important of which were in the energy sector. The nationalistic economic model of development was given intellectual backing by the UN Commission for Latin America (ECLAC) led by Argentinean economist Raúl Prebisch. In the 1950 he formulated the idea of import-substituted industrialization as the only way to break the crippling dependence on expensive imports of manufactures, which the peripheral countries can exchange only for the relatively cheaper primary products.[79]

2.3 Crisis and the search for a way out in the 1980s

2.3.1 Crisis of the national economy

Mexican nationalistic economy started entering a severe crisis from the beginning of 1970s. Several factors contributed to the process - given its protected status, national industries were not forced by global market forces to innovate and increase productivity. Modernization of production facilities was still dependent on expensive foreign technology and expertise that needed to be imported. At the same time, spending on social programs kept increasing, as legitimacy of the PRI regime was to a large extent based on its capacity to increase living standards. To finance growing deficits, Mexico started borrowing large amounts of money on international financial market. At the time, private banks were eager to find borrowers for large quantities of petrodollars coming from the Persian Gulf states after the increase in oil prices. Latin American countries urgently seeking credit seemed to be perfect customers in this respect and little questions were asked as to future prospects of debt repayment (see Graph 2).[80]

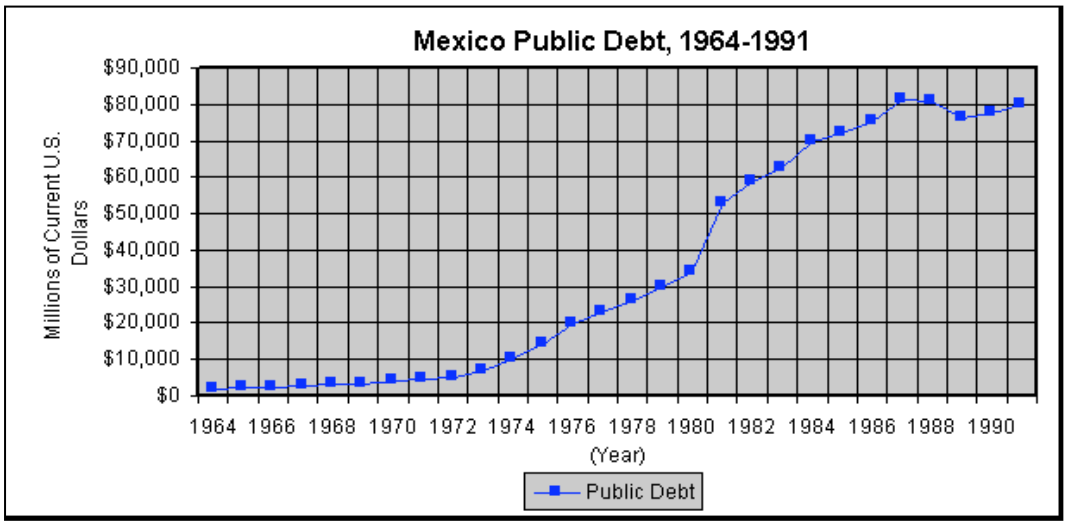
In 1970s, vast new oilfields were discovered in the Gulf of Mexico near Campeche, which the government regarded as a guarantee of successful economic

[78] Smith, R.F., The United States and the Mexican Revolution, 1921-1950, p. 191.

[79] Prebisch Raúl, *The Economic Development of Latin America and its Principal Problems* (New York, United Nations, 1950). For related theorists see Packenham Robert A., *The Dependency Movement. Scholarship and Politics in Development Studies* (Cambridge, Mass., Harvard University Press, 1992).

[80] Pastor, Robert A., *Latin American Debt Crisis: Adjusting for the Past or Planning for the Future* (Boulder, Lynne Riener Publishers, 1987), p.9.

future given the high price of oil at the time.[81] Based on these potential riches, Mexico started borrowing even more money abroad, partly in order to finance development of the new fields.[82] When the price of oil suddenly fell in 1982, the country was unable to service its debt obligations. To forestall capital flight, President Lopéz Portillo nationalized all banks by decree, which further undermined Mexico's credibility on international financial market.



Graph 2: Mexico Public Debt, 1964-1991.
Source: UCLA Department of Chicana and Chicano Studies, available online at: http://www.sscnet.ucla.edu/chavez/hinojosa/chicano125/usmx40.html, last access August 21, 2008.

Mexico urgently needed emergency loans from abroad to stabilize its economic situation. However, borrowers needed credible assurances that these new (as well as the outstanding old) loans would be repaid. Mexican government was thus forced to adopt policies aimed primarily at satisfying the creditors – government spending on social welfare, infrastructure and education was sharply decreased to stabilize the budget, and the economy was to be gradually liberalized. Value of the peso plummeted throughout the crisis, which further worsened the ability of the government to repay dollar-denominated debt. Imports became prohibitively expensive and were also sharply reduced in order to achieve positive

[81] Grayson, George W., The Mexican Oil Boom, *Proceedings of the Academy of Political Science*, Vol. 34, No. 1, Mexico-United States Relations (1981), pp. 146-157.

[82] Merrill, Tim L. and Miró Ramón (eds.) *Mexico: A Country Study*. (Washington, GPO for the Library of Congress, 1996), available online at: http://countrystudies.us/mexico/78.htm, last access June 1, 2008.

trade balance, which was necessary for generating foreign currency needed for the service of debt. All these developments had disastrous consequences for the standard of living of ordinary Mexicans –real wages fell while prices of goods increased, throwing many middle class hopefuls back into poverty.[83]

Paradoxically, it was the excessive reliance on outside loans that ultimately led to the demise of the nationalistic economic model. Peripheral Mexico was not able to generate enough capital on its own and had to rely on the center in this respect. Given the high aspirations of the PRI for national development and social advance (the example of prosperous United States was too close to ignore), borrowing money to shore up deficits became the most convenient short-term solution, which unfortunately for Mexico eventually caught up with economic reality.[84]

2.3.2 Grand opening

Following the crisis of the 1980s, Mexican elites were forced to re-think their approach to economic policymaking, as the model of protected national economy became discredited and unsustainable. The only way for Mexico to get out of the crisis seemed to be to gradually liberalize its economy and open it to the world. Especially younger technocratic PRI cadres educated in the United States became convinced that the economic program promoted by foreign creditors might not be so disadvantageous for Mexico after all. Starting gradually throughout the administration of President Miguel de la Madrid (1982-1988), liberalizing reforms and opening of the economy had slowly been taking place - 500 national companies were privatized and Mexico entered into GATT in 1986. The way forward in economic development was no longer seen in successful autonomous development, but through integration with the advanced and dynamic centers of the world economy. Such vision required also a fundamental re-thinking of economic relations with the United States, as these were traditionally regarded as potentially disadvantageous for Mexico due to its weaker economic position. The threat of national sovereignty being undermined through overwhelming U.S. economic influence also prevented earlier closer integration.

The liberalizing program of economic opening soon encountered resistance within the PRI, which led to internal split and to creation of the Democratic National Front (*Frente Democrático Nacional*) in the presidential elections of 1988. Cuauhtémoc Cárdenas, nephew of the legendary Lázaro Cárdenas who had na-

[83] Pastor, Robert A., *Latin American Debt Crisis: Adjusting for the Past or Planning for the Future* (Boulder, Lynne Riener Publishers, 1987), p.53.

[84] Smith, Peter H., *Talons of the Eagle - Dynamics of US-Latin American Relations* (New York: Oxford University Press, 2000) p. 253.

tionalized the oil industry in 1938, became the frontrunner of the movement which was later transformed into the Party of the Democratic Revolution (*Partido de la Revolución Democrática – PRD*). He emphasized the need to democratize the country and focused on traditional leftist rhetoric that the ruling PRI started to abandon.[85] With regards to the economy, Cárdenas claimed that the state was supposed to continue sharing responsibility for economic development with the private sector. Many commentators believe that Cuauhtémoc Cárdenas actually won the presidency in 1988 and that only a blatant electoral fraud orchestrated by senior leaders of the PRI enabled the victory of Carlos Salinas de Gortari, the official candidate of the PRI.[86]

Under the technocratic, U.S.-educated President Salinas, efforts to close the asymmetric gap through economic liberalization and integration with the U.S. became much more intense. Apart from further privatizations and tariff reduction, he sought major foreign investments. In accordance with the traditional distrust of the U.S., he first turned to Japan and Europe for possible funds. However, in Japan he was turned down, as Japanese investors remembered the losses incurred in the aftermath of 1982 crisis and in Europe the available investment flows were directed towards newly opened states in Central and Eastern Europe.

With other options exhausted, the Salinas administration took the unprecedented step of essentially opening the country to the U.S. Unilateral steps which included lowering of tariff barriers and further privatization of state-owned companies showed that Salinas is serious about the endeavor. The cornerstone of Mexican strategy was to push for complex bilateral trade agreement with the U.S., which would be based on two following principles: In exchange for U.S. investments, Mexico would provide guarantees against state actions which could endanger these investments. Also, in exchange for preferential access of Mexican goods to the U.S. market, Mexico would open its market for U.S. products, which would push for increased efficiency in industries in both countries.

By advocating the North American Free Trade Agreement (NAFTA), Mexican administration created hopes that the country would speed its entry into the club of developed nations and close the gap between living standards in U.S. and Mexico. Inflow of U.S. capital, which would take advantage of cheap Mexican labor was supposed to lift the whole economy. It is difficult to estimate the extent of naïveté, cynicism and honest miscalculations inherent in these proposals, but it must have been evident that there would be winners and losers under this type of

[85] Camp, Roderic Ai, *Politics in Mexico* (Cambridge, Mass., Oxford University Press, 1999), p. 236.

[86] Dillon, Sam and Preston, Julia, *Opening Mexico: The Making of a Democracy,* (New York, Farrar, Straus & Giroux, 2004), pp. 149-181.

agreement, as drastic adjustments would need to be made to conform with NAFTA provisions, including closing of plants and removal of state subsidies. In a poor country with high income inequality like Mexico, the need for adjustment assistance is especially high, as affected individuals have limited options how to react. However, NAFTA did not include any such provisions, nor provisions which would provide for U.S. assistance to Mexico with financing of infrastructure or regional development. Jorge Castañeda and other prominent Mexican politicians and/or intellectuals have been against the agreement from the start,[87] but the vision of bringing the consumer paradise of the U.S. closer to Mexico was stronger than worries about possible side effects.

The North American Free Trade Agreement was eventually approved in November of 1993, Mexican government even actively lobbied in the U.S. Congress for this purpose. This was in marked contrast with previous Mexican mistrust about potentially corrosive U.S. influence as well as emphasis on non-interference in domestic policy. Core provisions of NAFTA included gradual elimination of all tariffs (including tariffs on agricultural products) and improved protection for foreign investment, where independent arbitration panels were to have final word in dispute settlement. Labor protection and environmental side agreements were added to NAFTA in order to facilitate passage through U.S. Congress controlled by Democrats, but these proved to be mostly ineffective – for example the newly established bi-national North American Development Bank was supposed to finance cross-border environmental projects, but its funding and impact remained limited – in 2005 it contracted loans (not grants) amounting to mere 146 million dollars.[88]

At first, the future looked rosy for Mexico under NAFTA. The agreement seemed to support the ambitions of finally escaping the peripheral status and joining the group of developed „first-world" countries. It was supposed to bring in massive foreign investments, which would use cheap Mexican labor to produce merchandise for the vast and robust U.S. market. On a much smaller scale, this production model worked already since mid 1960s, when Mexican assembly factories (*maquiladoras*) near the U.S. border imported tariff-free parts and re-exported finished products back to U.S. tariff-free again, eventually providing employment for hundreds of thousands of Mexican workers.[89] In the medium and

[87] Castañeda, Jorge G. and Heredia, Carlos, Hacia Otro TLC, *Nexos,* No. 181 (1993), pp. 43-57.

[88] North American Development Bank: *North American Development Bank Annual Report 2005*, available online at: http://www.nadbank.org/, last access June 1, 2008.

[89] In 2006, total number of employees in the maquiladora sector was estimated at 1,202,134. Instituto Nacional de Estadística Geografía e Informática (INEGI): *Personal ocupado en la industria maquiladora de exportación y ocupación*, available online at: http://www.inegi.gob.mx /est/contenidos/espanol/rutinas/ept.asp?t=emp75&c=1811, last access June 1, 2008.

long run, NAFTA was also supposed to curb migration from Mexico, as enough employment opportunities would be created at home. After initial adjustments, the liberalized Mexican economy was expected regain world-class competitiveness thanks to its cheap labor and priority access to the U.S. market. Gradual democratization was to go hand in hand with this process. Hopes were indeed high in Mexico, which saw itself as finally becoming an integral part of the North American center of the world economy.[90]

2.4 Disillusionment and mixed blessings of the 1990s

After the high hopes in the early 1990s, the disillusionment that followed was especially bitter for Mexico. Several events demonstrated that the way out of the periphery is wrought with substantial difficulties – one strike with the proverbial „magic wand" according to neo-liberal economic textbooks is by far not enough. The surprising Zapatista uprising in Chiapas was the first incident to shake Mexican optimism. It started ostensibly on January 1, 1994, which was the same day NAFTA came into effect. Struggles for land against big landowners who were unlawfully extending their holdings and social marginalization of ethnic Indians were the defining features of the Zapatista movement.[91] The armed confrontation showed that the predominantly rural Mexican South is ill-prepared for liberalizing efforts, especially with regard to the fragile agricultural sector. This episode, which has repercussions to this day, embarrassed politicians in Mexico City, who were expecting to spend the year 1994 gleefully rubbing shoulders with rich international investors eager to come to Mexico.

Second blow to Mexico's optimism came in March 1994 with the assassination of Luis Donaldo Colosio, official presidential candidate of the PRI, who was hand-picked by Carlos Salinas to continue his legacy. The murder has not been fully clarified to this day, but connections of powerful drug-trafficking cartels to the murder have been alleged at the time. Unexplained murder of such a prominent figure shocked Mexican public and brought about serious doubts about the fundamentals of the political system as a whole. However, continuing economic optimism about NAFTA and fears of destabilization led to the victory of the re-

[90] See Salinas de Gortari C., *México, un paso difícil a la modernidad* (Plaza y Janés, México, 2000) or Dillon, Sam. and Preston, Julia, *Opening Mexico: The Making of a Democracy,* (New York, Farrar, Straus & Giroux, 2004), pp. 181-229.

[91] Rich, Paul, Nafta and Chiapas in: Rich, Paul and de los Reyes, Guillermo (eds.), *NAFTA revisited - expectation and realities,* The Annals of The American Academy of Political and Social Science, Vol. 550, 1997, pp. 158-175.

placement candidate of the PRI, Ernesto Zedillo de Ponce León. This presidential election in August of 1994 was presumably won without electoral fraud.[92]

Third blow to Mexico's ambitions came in December of 1994 when international investors started converting peso-nominated bonds and other assets into dollars, as the Mexican peso was believed to be artificially overvalued. Mexican central bank tried to defend the peso at first, but soon ran out of its reserves and was forced to partially devalue the currency. Confidence in the peso dropped even further, which led to investor panic and resulted in two more devaluations in January of 1995. Without U.S. help in the form of emergency loans in the spring of 1995 the crisis would deepen even further.[93] Similar to the crisis in 1982, rapid devaluation of the currency meant sharply decreased real wages, as all imported products became dramatically more expensive to buy. Peso-nominated savings of the struggling middle class lost value, and Mexican businesses having loans in dollars suddenly found them much more difficult to repay. With investors fleeing the country and government forced to cut spending, Mexico experienced a sharp recession. The GDP fell by 6.3% in 1995 and real wages dropped below 1970 levels. Rapid liberalization of the financial market has been blamed for the peso crisis, as both attacking the peso and withdrawing money out of the country was made much easier throughout the reforms.[94] Electoral cycle apparently played a role too, as the PRI administration used the artificially strong peso as a sign of improving prosperity throughout the electoral year of 1994.[95]

To add to Mexico's woes, the envisioned NAFTA dream did not work out exactly as planned. True, trade between U.S. and Mexico increased dramatically. Exports from Mexico to the U.S. rose sevenfold from meager 20 bn USD in 1980 to 140 bn USD in 2000. At the same time, by 2000 exports to the U.S. were responsible for 90% of all Mexican exports.[96] This impressive rise however hides the fact that most of this volume was intra-company trade, where U.S. companies used their Mexican subsidiaries only for low value-added tasks in order to cut labor costs. Such operations did not create many positive linkages to local economy, and, given the increased emphasis on automation, did not provide that many em-

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[92] Dillon, Sam and Preston, Julia, *Opening Mexico: The Making of a Democracy* (New York, Farrar, Straus & Giroux, 2004), p. 210.

[93] Eichengreen, Barry, *Financial Crises. And What to Do About Them* (New York, Oxford University Press, 2002), p. 76.

[94] Veseth, Michael, *Selling Globalization. The Myth of the Global Economy*, (Boulder, CO, Lynne Rienner Publishers, 1998), p. 87.

[95] Chang Roberto, Understanding Recent Crises in Emerging Markets, *Federal Reserve Bank of Atlanta Economic Review*, Second Quarter, 1999.

[96] World Bank: *World Development Indicators*, CD-ROM, 2001.

ployment opportunities as expected.[97] Working conditions in many of the new factories were often appalling, as managers relied on the traditionally lax attitude of Mexican authorities towards enforcement of employment law.[98] Moreover, after calculating all the costs, benefits and risks, big investors started favoring China over Mexico even for labor intensive products destined for the U.S. market. Mexico thus lost the advantage of being the primary destination of U.S. foreign investment, the volume of which remained below expectations. Brazil, which does not have any comprehensive free trade agreement with the U.S., was receiving approximately the same amount of investment as Mexico. China received more than three times that much in 2005.[99]

NAFTA nevertheless had numerous positive effects in Mexico, especially in the Northern region, which received most of the new investments. Shining skyscrapers, brand new SUVs and huge air-conditioned malls abound in Monterrey, the industrial capital of the northern state of Nuevo León. GDP per capita in this state is over four times higher than in Chiapas and twice as high as the national average.[100] U.S. auto industry opened a number of new factories in Mexico (large Ford factory is in Hermosillo, Sonora, a new plant is being built by General Motors in San Luis Potosí). At the same time, car manufacturing plants of these same companies are being closed down in the U.S. as production is shifting to Mexico to take advantage of much lower wages.[101]

At the same time, the south of Mexico has been largely left out from the investment flows, mainly due to poor infrastructure as well as geographic distance. After liberalization of agricultural trade, cheap (and often government-subsidized) U.S. products penetrated Mexican market, putting pressure on small farmers. Many of them gave up on farming, left for cities or tried to get to the United States. Especially imports of U.S. corn became politically very sensitive and led

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[97] Oxfam: *Rigged Rules and Double Standards - Trade, Globalization and the Fight Against Poverty* (London, Oxfam publishing, 2002), p. 79.

[98] Bacon, David, *Children of Nafta. Labor Wars on U.S./Mexico Border* (Berkeley, University of California Press, 2004).

[99] The amounts for 2005 are 18bn US$ for Mexico, 72bn US$ for China, and 15bn for Brazil. United Nations Conference on Trade and Development: *FDI Country Fact Sheets,* available online at: http://www.unctad.org/Templates/Page.asp?intItemID=3198&lang=1, last access June 1, 2008.

[100] Instituto Nacional de Estadística Geografía e Informática (INEGI): *Sistema de Cuentas Nacionales de México*, available online at: http://www.inegi.gob.mx/est/default.aspx?c=1607, last access June 1, 2008.

[101] Malkin, Elisabeth and Maynard, Micheline, U.S. automakers expand in Mexico, but do it very quietly, *The New York Times*, July 21, 2006.

to demands for renegotiation of related provisions in the NAFTA.[102] In the debates about benefits and drawbacks of NAFTA, the unceasing waves of migrants from Mexico to United States are a constant remainder that definitely not all its aspirations have been fulfilled so far.[103]

2.5 Increasing Asymmetry Within Mexico

Mexico has undergone dramatic economic changes during the presidencies of Carlos Salinas de Gortari and Ernesto Zedillo de Ponce León. The ratification of NAFTA in 1994 was the most visible as well as the most controversial part of the process of economic liberalization. Many of the debates about merits of economic liberalization and globalization in general were focused on the issue of convergence vs. divergence. Proponents of economic opening were claiming that in the long run, open economies will tend to converge, implicitly meaning that the developing countries will catch up with the developed world.[104] Opponents of the politics of liberalization accused the process of creating wide divergences, both between countries and between citizens in each individual country. In this section I will explore the issue with respect to individual Mexican states and their experience throughout the period of trade liberalization. This provides an intermediate level of analysis in the convergence debate (international convergence and convergence between individual citizens in one state being the other levels). As there are significant differences between individual Mexican states, the processes of liberalization were bound to have different effects in different regions.

In more general terms, the debate on convergence is inconclusive, mainly because high political stakes are involved. Lant Pritchett makes a powerful case in his article "Divergence, Big Time", but he is focused more on broad historical patterns over long periods of time.[105] Charles I. Jones tackles the issue of convergence in his "On The Evolution of World Income Distribution", finding mixed empirical results.[106] His work is also focused on cross-country comparisons over

[102] Salazar, José Alberto García, Política Arancelaria Y Protección Del Mercado De Maíz En México, *Momento Económico*, No. 123, (2002), pp. 12-25.

[103] Stracke, Christian, Mexico - The Sick Man of NAFTA, *World Policy Journal*, Volume XX., No 2., (Summer 2003).

[104] Sachs, Jeffrey D., Warner, Andrew M., *Economic Convergence and Economic Policies*, NBER Working Paper Series, Working Paper No. 5039, (National Bureau of Economic Research, Cambridge, Mass., 1995).

[105] Pritchett, Lant, Divergence, Big Time, *Journal of Economic Perspectives*, Vol. 11, Number 3, (Summer 1997), pp. 3-17.

[106] Jones, Charles I., On the Evolution of the World Income Distribution, *The Journal of Economic Perspectives*, Vol. 11, No. 3, (Summer 1997), pp. 19-36.

longer periods of time. In case of regions within one state, the dynamics of the Kuznets curve might play some role as well. According to the hypothesis, inequality increases in the initial stages of development and decreases later on.[107] Some regions might thus grow faster than others in the beginning, but the benefits eventually spill over to other regions of the state as well.

Specific to Mexico, it is widely known that it is a highly unequal country, both in terms of social stratification and geographic concentration of wealth. The discussion about effects of trade liberalization, NAFTA and the Peso crisis on Mexico is inconclusive. For example, Morris and Passe-Smith article "What a Difference a Crisis Makes: NAFTA, Mexico, and the United States"[108] or an older article by Heath entitled "The Impact of Mexico's Trade Liberalization - Jobs, Productivity and Structural Change" are very good at assessing the overall impact on Mexico, which has been less promising than expected at the beginning of the 1990s.[109] Concerning regions within Mexico, important work was published by Mexican economist Gerardo Esquivel. He found that Mexican regions have been actually converging economically from 1940s to 1970s, then the convergence stopped and in the 1990s the regions start to diverge. He is mostly concerned with the Mexican South, which is seen as lagging more and more behind.[110] In this section I want to build on Esquivel's findings, confirm them and suggest some possible interpretations for the dynamics of the process.

2.5.1 Divergence or convergence?

When a highly unequal country opens itself economically, there are various economic models that can be used to assess the situation. Proponents of regional convergence could use a modified form of the Heckscher-Ohlin trade model, in which the country would focus on its most abundant factor, which will get comparative advantage over other factors of production within the country. When unconstrained, capital would get allocated in places where the marginal returns on investment are the greatest, which should be the poorest areas (where wages are presumed to be the lowest). According to such reasoning, poor areas of Mexico could have actually benefited from the economic opening, as labor is most abun-

[107] Acemoglu, Daron and Robinson, James A., The Political Economy of the Kuznets Curve, *Review of Development Economics*, Vol.6, No. 2, (2002), p. 183.

[108] Morris, Stephen D., Passe-Smith, John, What a Difference a Crisis Makes: NAFTA, Mexico, and the United States, *Latin American Perspectives*, Vol. 28, No.3, (May 2001), pp. 124-149.

[109] Heath, John, The Impact of Mexico's Trade Liberalization - Jobs, Productivity and Structural Change, in: Wise, C.: *The Post-NAFTA Political Economy. Mexico and the Western Hemisphere* (University Park, Penn.: Pennsylvania University Press, 1998), pp. 171-201.

[110] Esquivel, Gerardo, Convergencia Regional en México, 1940-1995, *El Trimestre Económico*, Vol. LXVI (4), No. 264 (2002), pp.725-761.

dant there. The rich areas, on the other hand, would suffer, because they are relatively more capital-abundant, which is less useful under the new trade conditions (i.e. opening to a capital-abundant country like the U.S.). The Solow model also predicts regional convergence, given the assumption that the steady state is the same in each region of Mexico.[111] Such assumption seems relatively reasonable to make, given the fact that there are little or no constraints for capital and labor mobility within the country. The Solow model is consistent with Esquivel's findings that economic convergence occurred among Mexican regions from 1940s to 1970s.

However, other models suggest that the initial inequality is likely to get even worse through economic opening. Only places which already have decent infrastructure are likely to benefit from the opening, and only people with certain level of education can enjoy the advantages of liberalization. The idea of clusters and linkages within the economy also suggests that benefits from the process will be concentrated in areas, which already have some start-up advantage. The center-periphery dichotomy developed by Wallerstein is relevant in this sense, even if it was originally developed to apply to international economic system. According to his model, economic liberalization is likely to improve the position of the local centers as they become connected to their international counterparts. Peripheral regions within the state would be marginalized even further in the process.[112]

2.5.2 Divergence in Mexico, 1988-2000

As convergence and divergence within Mexico is important with respect to the general discussion on effects of liberalization, I calculated whether existing differences between individual Mexican states further increased or decreased during the period of liberalization. For that purpose, absolute numbers about growth economic were not really interesting. Instead, I looked at relative contribution of each state to the national GDP of Mexico in the years 1988 and 2000, in percentage points. Then, I subtracted the 2000 figure from the 1988 figure. As a result, I got the relative increase or decline of contribution of each state to the national economy. This number (Ψ) shows whether the state benefited from the liberalization process and contributed more to the national economy in the year 2000 than in 1988 ($\Psi>0$), was indifferent to it ($\Psi=0$), or was hurt by it ($\Psi<1$), *relative* to other states.

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[111] Durlauf, Seven N., On The Convergence and Divergence of Growth Rates (in Controversy), *The Economic Journal*, Vol. 106, No. 437. (Jul., 1996), pp. 1016-1018.

[112] See Wallerstein, Immanuel, *The Capitalist World-Economy* (London, Cambridge University Press, 1979).

If convergence were taking place in Mexico, the Ψ would be highest in the poorest states, as they would increase their share of national GDP at the expense of the richer ones. If the process was essentially divergent in nature, we should expect high Ψ in states which were already relatively richer than others in 1988.

All of my data are from INEGI, Instituto Nacional de Estadística, Geografía e Informática, which is the official statistical agency of the Mexican government. The data on GDP of individual states should be fairly accurate, as the Mexican state has a tradition of intervening in the economy and therefore has incentives to measure it properly. Nevertheless, the existence of large informal sector might distort the figures slightly. As we are interested in relative numbers contributions of each state to the national economy, possible methodological errors that affected all the measurements should have limited impact. For the same reason, the units of measurement of GDP (old pesos vs. new pesos, relative prices vs. fixed) are also irrelevant.

To measure the initial wealth of each state, I used GDP per capita in the year 1988. There are some inherent limitations connected with this measure. First, it is not converted to purchasing power parity, which could distort the overall picture, as life is more expensive in Mexico City than in Chiapas highlands. Second, Gini coefficients are not available for individual states. Two states with the same GDP per capita can differ greatly depending on the equality of distribution of the GDP, which might influence the process of convergence or divergence on the national level. States can for example be converging relative to other states but diverging internally, increasing internal income inequality measured by the Gini coefficient. Apart from noting these limitations, there is not much that can be done about them, as more precise data are not available at the INEGI so far.

Last but not least, it is important to keep in mind that the divergence is relative and is not in any way connected to absolute growth. It may be the case that everybody in Mexico is better off today, but divergence suggests that those who were richer in 1988 are now even more rich than those who were poor in 1988. The results can be observed in the following Table 2.

Table 2: Divergence within Mexico, 1988-2000

	% of GDP in 1988	% of GDP in 2000	Ψ	GDP p/c 1988
Chihuahua	**3.25**	**4.52**	**1.27**	**5194.73**
Distrito Federal	21.35	22.24	0.88	10123.08
Baja California	**2.54**	**3.37**	**0.82**	**5978.31**
Quintana Roo	0.72	1.33	0.61	5707.6

Nuevo León	**6.33**	**6.91**	**0.57**	**7977.79**
Aguascalientes	0.73	1.18	0.45	3965.99
Querétaro de Arteaga	1.31	1.72	0.41	4874.45
Puebla	3.1	3.52	0.41	2937.79
Tamaulipas	**2.74**	**3.04**	**0.3**	**4758.36**
Guanajuato	3.3	3.57	0.26	3237.83
Coahuila de Zaragoza	**2.99**	**3.22**	**0.23**	**5913.85**
Yucatán	1.17	1.34	0.17	3339.15
Morelos	1.28	1.37	0.1	4171.2
Baja California Sur	0.47	0.54	0.07	5731.2
Sonora	2.75	2.81	0.06	5892.94
Colima	0.53	0.55	0.02	4867.71
Tlaxcala	0.57	0.54	-0.03	2929.99
Durango	1.32	1.22	-0.1	3810.63
San Luis Potosí	1.85	1.72	-0.13	3603.34
Michoacán de Ocampo	2.51	2.35	-0.16	2759.17
Nayarit	0.73	0.56	-0.17	3446.94
Sinaloa	2.24	2.06	-0.18	3976.21
Oaxaca	1.71	1.48	-0.23	2215.58
Chiapas	1.94	1.71	-0.24	2364.96
Guerrero	1.88	1.64	-0.25	2805.45
Zacatecas	1.03	0.76	-0.27	3141.71
Hidalgo	1.7	1.41	-0.29	3519.53
Jalisco	6.78	6.44	-0.34	4990.57
Tabasco	1.86	1.17	-0.68	4828.26
México	11.4	10.53	-0.87	4534.71
Campeche	2.23	1.08	-1.15	16236.81
Veracruz	5.68	4.12	-1.56	3561.75

Source: Author's calculations based on INEGI – Información Estadística: Producto Interno Bruto, available at: http://www.inegi.gob.mx/inegi/default.aspx?s=est&c=1618, last access June 21, 2009.

As we can see from the Table 2 above, the five border states printed in bold increased their share of national GDP by 3,25%, while the southern and central states have lost 6,25% of their relative contribution to national GDP. The Federal District also increased its relative importance in Mexican economy over the period under observation. The states are sorted according to Ψ, but when compared

with the GDP per capita column, we can see that states which were already ahead increased their economic importance. The only outlier is the oil-rich state of Campeche, where production stagnated due to lack of investment. The process of economic transformation thus contributed to the widening income inequalities within Mexico, contrasting the more dynamic Northern states with the states that lost ground in the South.[113]

2.6 Asymmetry, liberalization and development

The calculations confirm the notion that Mexican economy is internally on a divergent path. The suggested causality is that those states which improved their standing relative to others during the relevant period were those who were already better-off in the beginning. Given the simple methodology, the finding is pretty robust, which makes it relevant in the context of the convergence vs. divergence debate. The above-mentioned empirical data on Mexican states are just another example of divergence in the period of liberalization when areas that are already better-off grow faster than their poorer counterparts.

The neo-liberal ideology seems to be the culprit for two reasons – first, it encourages trade openings and liberalization, which has the inherent effect of benefiting some parts of the society and harming others. Often, the areas and groups that are already marginalized are those who are the losing within the arrangement, as they do not have sufficient political clout to negotiate better terms. In the case of Mexico, freeing the trade with respect to agriculture forced small farmers to compete with subsidized imports from the U.S. If the liberalization process is to be beneficial for the whole society, some form of adjustment is necessary, under which the winners transfer some of the acquired benefits to the losers.

On this point, the neo-liberal ideology strikes for the second time, as it attacks the essential adjustment mechanism, which is the modern state. Neo-liberal thinkers justify this approach by the paramount importance of maximum growth. What they often fail to mention is the fact that this extra growth will primarily benefit those are already rich, widening income inequality.

If other studies concerning divergence were done on the sub-state level in different countries over the same period of 1990s, one could expect that regional asymmetries increased in general due to the liberalization process. The U.S. itself is far from being immune from these pressures, with Connecticut having twice the

[113] INEGI, *Regiones Socioeconómicas de México*, available at: http://jweb.inegi.gob.mx/niveles/jsp/index.jsp, last access June 1, 2009.

Gross State Product per capita than Mississippi in 2003.[114] The attention usually devoted to overall GDP growth is therefore to some extent misleading especially in larger states, where the figure does not capture important regional developments. The state of Nuevo León in Northern Mexico had GDP per capita of 26,540, whereas Oaxaca only 6,335 in 2000, which should be quite disturbing for Mexican central government as such wide asymmetry can have important social, political and electoral consequences.[115]

The ambitious multi-billion dollar Puebla-Panama Plan proposed by Vicente Fox in 2000, which should focus on improving infrastructure in southern Mexican states as well as in Central America could bring important changes to the neglected region.[116] However, given the emphasis of current Mexican government on business competitiveness, there are worries that the whole region would be converted to a giant maquiladora, while at the same time dispossessing local communities.[117]

2.6.1 Political opening and the periphery

Economic opening also paved the way for gradual democratization in Mexico, where the PRI held virtual monopoly on political power until the Congressional elections in 1997, when the party lost absolute majority of seats in Congress for the first time since 1930s. Not happy with the authoritarian PRI, nor with the left-leaning PRD, the economically successful North became a bastion of Party of National Action (*Partido Acción Nacional*, *PAN),* a socially conservative party, which made important advances on local level against the PRI already in the 1980s. Now supported financially by businessmen benefiting from NAFTA ties, the PAN acquired resources as well as expertise to launch a successful bid for the presidency in the elections of 2000. Its candidate, Vicente Fox Quesada, who was previously chairman of Coca-Cola Mexico, ran a modern electoral campaign based on positive image of a successful, honest and friendly cowboy ready to chase the outdated PRI out of Los Pinos (the presidential palace in Mexico City). His electoral victory was seen as a positive sign, as the old authoritarian political

[114] Bureau of Economic Analysis, *Gross Domestic Product by State*, available at: www.bea.gov /bea/regional/gsp/, last access June 1, 2008.

[115] For the political crisis in Oaxaca, see for example Martinez, Fabiola, Rechaza el gobierno federal culpa en la crisis de Oaxaca, *La Jornada*, August 3, 2007, or Saldierna, Georgina, En Oaxaca, el gobierno estatal violó derechos humanos, *La Jornada,* August 16, 2007.

[116] Plan Puebla Panama official website, available at: http://www.planpuebla-panama.org/, last access June 1, 2008.

[117] Pickard, Miguel, *PPP: Plan Puebla Panama, or Private Plans for Profit?,* CorpWatch, September 19th, 2002, available online at: http://www.corpwatch.org/article.php?id=3953, last access June 1, 2008.

system typical for the periphery was replaced by seemingly more modern competitive system of three major parties. Also, the cordial relationship of Vicente Fox with President George W. Bush renewed hopes for a better future for Mexico through improved relations with the United States. The first meeting of the two presidents on Bush's Crawford Ranch seemed to confirm such expectations.[118]

However, the high hopes of close cooperation did not last very long. President Bush was not able to push immigration reforms much sought by Mexico through U.S. Congress even if his party controlled both the House of Representatives and the Senate. Attacks on September 11, 2001 dramatically altered the priorities of Bush's administration to the detriment of Mexico – the porous southern border suddenly became regarded as a grave security threat rather than a bilateral social problem.[119] Furthermore, the slight recession that followed in the United States showed how vulnerable the Mexican economy became because of its close ties to the U.S. – the economic slowdown automatically spilled over to Mexico and was much more persistent there. It also became obvious that Mexico did not possess enough instruments to fight the recession on its own, the government basically had to wait for the revived U.S. economy, which would pull Mexico up again. Even though theoretically there has been a huge growth potential in Mexico given the decades of underinvestment, the country grew slower than the U.S. throughout the 1990s and early 2000s, which further widened the income gap between the two countries.[120]

Mexico's position vis-à-vis the United States became truly tested in the months leading to the invasion of Iraq in 2002 and 2003, as the country held a seat on the Security Council at the time. Torn between urgent economic as well as political need not to antagonize United States and its longstanding support for non-intervention policy, which is embedded even in the Mexican constitution (Article 89, Section 10), the administration agonized over its position.[121] According to Adolfo Aguilar Zínser, who was Mexican ambassador to the United Nations at the time, Mexican diplomacy quietly gathered a coalition of non-interventionist countries, which provoked anger of the U.S. and led to the sacking of Zínser by President Fox. U.S. was nevertheless forced to withdraw the proposed war resolution

[118] Davidow, Jeffrey, *The US and Mexico. The Bear and the Porcupine* (Princeton, Markus Wiener Publishers, 2004), p. 180.

[119] See for example Hayworth J.D., *Whatever It Takes: Illegal Immigration, Border Security and the War on Terror* (Washington D.C., Regnery Publishing, 2006).

[120] Free trade on trial, *The Economist*, December 30, 2003.

[121] Full text of the Mexican constitution is provided online for example at Instituto de Investigaciónes Jurídicas, UNAM at: http://www.juridicas.unam.mx/infjur/leg/legmexfe.htm, last access June 1, 2008.

out of fear of insufficient support.[122] This episode demonstrates the precarious situation of Mexico, which despite all economic ties and all positive bonding between the two presidents still diplomatically sided with the peripheral countries against foreign intrusion from the center.

On the domestic front the much applauded democratization brought about a political deadlock in Congress, where President Fox and PAN had to cooperate with PRI or PRD in order to get legislation passed. The most ambitious plans of Fox concerning pensions and tax code reform thus have not been passed, as the opposition was adamant in its refusal to collaborate. While formally the country was fully democratic, the inner workings of the political system were plagued by past corruption, personal antagonisms and clientelism towards voters.[123]

Regional differences within Mexico also widened, the North reaping most of the benefits from the economic transformation while the South stagnated at best. The high extent of polarization of the country was well reflected in the heated 2006 presidential election and its aftermath. Andrés Manuel Lopéz Obrador of the leftist PRD, whose program focused on pressing social issues and was aimed against unfettered economic liberalism lost the election by 0,58% after leading in the polls for a long time. Several prominent figures from the old PRI like Manuel Camacho Solís or Porfirio Muñoz Ledo campaigned with Lopéz Obrador,[124] emphasizing the widespread disillusionment that the economic reforms brought to large segments of Mexican society. The razor-thin (or stolen, as many in Mexico claimed at that time) victory of Felipe Calderón from the PAN showed the financial as well as political strength of the forces connected with generally pro-U.S. liberalizing attitudes. Geographically, the political strength of the PAN was centered primarily in the North of the country, while the Southern states were won by Lopéz Obrador.[125] Mexico City itself was politically controlled by the PRD with comfortable margin.

From the center-periphery viewpoint, global economic forces, to which Mexico opened itself, led to the creation of islands of relative prosperity (local centers), while at the same time large regions remained stuck within their peripheral

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[122] Zínser, Adolfo Aguilar, Lecture Series *Current Mexican Politics*, University of California, San Diego, 2004.

[123] Holzner, Claudio A., The Poverty of Democracy: Neoliberal Reforms and Political Participation of the Poor in Mexico, *Latin American Politics & Society*, Vol. 49, No. 2, (2007), pp. 87-122.

[124] cf. Becerril, Andrea and Garduño, Roberto, López Obrador se mantiene firme en su propósito de limpiar los comicios, *La Jornada*, July 6, 2006.

[125] For electoral maps, see Instituto Federal Electoral: *Estadísticas electorales*, available online at: http://www.ife.org.mx/documentos/Estadisticas2006/presidente/m_pdte_1.html, last access on August 21, 2009.

status. Principal factors determining which region would end up in which position were apparently the usefulness of the particular region for international capitalist economy and its capacity to adjust to it. At the time of the weakening of redistributive state functions, social as well as political polarization was bound to rise. The aftermath of the 2006 election, when Lopéz Obrador refused to accept his defeat and organized massive long-term protests paralyzing the capital for many months showed how dangerous and damaging such polarization can ultimately be.[126]

After roughly 25 years of liberalizing efforts and official commitment to escape the peripheral status and to join the economic centre, Mexico as a whole is still a long way from achieving that goal. The tantalizingly close geographic proximity to the United States proved to be of limited value in this respect. According to estimates, over 40% of Mexicans still live in poverty,[127] the justice system is plagued by corruption and inefficiency as in the old days of the PRI and drug related violence has reached unprecedented new heights.[128] Migration is not fading as economic divergence between Mexico and the United States is increasing – the proposed hi-tech border fence is a succinct commentary on this fact.[129] These problems are a vivid demonstration that the transition from periphery to centre is a much more complex process in which simple economic liberalization is by far not sufficient. Free elections and rotation of parties in power finally took place in Mexico after a prolonged period of one-party rule, but this proved to be no panacea for the political system as well. What are then the possible explanations of why Mexico remains in the highly asymmetric position with respect to the U.S.? Before we get to this question, it is helpful to briefly look at U.S. economic policies towards Mexico, as they play an important role within this asymmetric relation.

2.6.2 U.S. economic policies towards Mexico

Approximately since mid-19th century, Mexico has become a capital-scarce and labor-abundant country. As explained above, it naturally attracted U.S. capital, which helped to modernize the country around the turn of the century. However, the Mexican Revolution and subsequent waves of nationalization culminating in the 1938 expropriation of foreign-owned oil industry made it clear that po-

[126] Calderón's First Month, *Latinnews: Latin American Newsletters*, January 2007.

[127] World Bank, *Mexico - Poverty in Mexico: assessment of conditions, trends, and government strategy*, available online at: http://go.worldbank.org/K6OETKRVR1, last access June 1, 2008.

[128] State of siege, *The Economist*, June 14, 2007.

[129] Recent law authorizes 700 miles of new hi-tech fence on the U.S.-Mexican border. See Library of Congress, THOMAS, *Secure Fence Act of 2006*, available online at http://thomas.loc.gov/, last access June 1, 2008.

litical risks of investing in Mexico are considerable, especially when U.S. government was not willing to threaten the Mexican government by intervention, as it did in other countries throughout Central America.[130]

Throughout World War II and the beginning of the Cold War, an economic *modus vivendi* was established with Mexico. U.S. was running a stable trade surplus with Mexico by providing mostly manufactured goods and machinery and could rely on supplies of strategic materials and natural resources. In exchange, it respected Mexican tariffs and interests of local businesses as well as state-owned companies. National security concerns were dominant, and keeping Mexico out of the communist bloc was the primary objective. To achieve this goal, U.S. experts even encouraged limited land reform and other state-sponsored socially conscious programs in order to blunt the most dramatic inequalities, which could then trigger violent social unrest.[131] After the discovery of substantial deposits of oil in Mexico, economic ties became strategically more important for the U.S., but still far less relevant than with other trading partners like Europe, Japan or the Gulf States.

After the debt crisis of 1982, U.S. became aware that the economic mismanagement of the PRI reached such an extent that it potentially threatened even the political stability of the country. This would seriously threaten U.S. interests. It therefore supported the liberalizing reforms of the 1980s, led by U.S.-educated professionals. These reforms were also signaling the definite retreat from temptation of centrally-planned statist economy inspired by the countries from the Communist Bloc. U.S. Treasury Secretary Nicholas F. Brady was instrumental in devising a plan in 1989 to partially relieve Mexico of its crushing debt obligations by converting the debt into tradable bonds with lower interest rates. Commitment to economic reforms was an underlying condition Mexico had to accept together with the Brady plan.[132]

However, when the NAFTA agreement was proposed, which would mean a much closer economic integration between U.S. and Mexico, domestic opposition arose in the U.S. The biggest concern was that manufacturing jobs requiring low skills would shift to Mexico, leaving U.S. workers unemployed. In an age of media sound bites, a third-party presidential candidate Ross Perot made headlines

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[130] Smith, Peter H., *Talons of the Eagle - Dynamics of Us-Latin American Relations* (New York: Oxford University Press, 2000), pp. 164-190.

[131] Aguayo, Sergio, *Myth and (Mis)Perceptions, Changing U.S. Elite Visions of Mexico*, (La Jolla: University of California, San Diego, Center for U.S.-Mexican Studies, 1998).

[132] Eichengreen, Barry, *Financial Crises. And What to Do About Them* (Oxford, New York: Oxford University Press, 2002), p. 70.

with his alarmist claim of „giant sucking sound" of jobs fleeing to Mexico.[133] The threat of relocating to Mexico was thought to undermine the lower middle-class, blue-collar workers and further weaken trade unions, which would thus lose bargaining power. As a result, large segments of the Democratic party were sharply against the agreement. However, most Republicans and so-called New Democrats led by President Clinton saw in NAFTA an opportunity to improve global competitiveness of U.S. companies, especially vis-à-vis Japan. Preferential access to the promising Mexican market eventually won other Democrats over as well.

As it turned out, NAFTA did not have dramatic impact on U.S. economy as a whole. However, Mexico quickly became after Canada the second-biggest trading partner, only recently overtaken by China.[134] Most of the trade volume is intra-company, which often means that parts manufactured in U.S. are sent for final assembly in Mexico and then possibly re-exported to the U.S. In this way, NAFTA is playing an important part in restructuring of U.S. car companies, which are closing down plants in the U.S. and opening new ones in Mexico.[135] Several other sectors are similarly affected, which contributes to the overall trend of widening income disparities within the U.S. as well. Unemployment in the U.S. did not rise after NAFTA given the creation of new jobs, but those were usually in the service sector, where wages were generally lower than in manufacturing.[136]

Even after NAFTA, protectionist tendencies resurface time and again in the U.S. A prominent case involved Mexican truckers, who were allowed to operate throughout the U.S. under the NAFTA framework. However, U.S. administration kept postponing the effect of relevant provisions, supposedly because of security concerns. This led to a formal complaint under NAFTA, which the United States lost and now grudgingly keeps granting trucking licenses to more and more Mexican companies, against vigorous opposition and occasional strikes by U.S. trucking trade unions.[137]

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[133] Perot, Ross and Choate, *Pat, Save Your Job; Save Our Country, Why Nafta Must Be Stopped - Now!* (Westport, Conn.: Hyperion, 1993).

[134] U.S. Census Bureau, *Foreign Trade Statistics, Top Trading Partners - Surplus, Deficit, Total Trade,* available at http://www.census.gov/foreign-trade/top/index.html#2007, last access June 1, 2008.

[135] See for example The car market in Mexico, *Latinnews: Latin American Newsletters, Mexico & NAFTA,* (May 2007), p.11, or Dillon, Sam, A 20-Year G.M. Parts Migration To Mexico, *The New York Times*, June 24, 1998.

[136] Faux, Jeff (ed.), *NAFTA at Seven, Its impact on workers in all three nations*, Economic Policy Institute Briefing Paper, (Economic Policy Institute, Washington, D.C., 2001).

[137] Drivers protest allowing Mexico trucks in U.S. Teamsters, others say plan giving vehicles nationwide access is unsafe, *Associated Press*, September 6, 2007, available online at: http://www.msnbc.msn.com/id/20625369/, last access June 1, 2008.

U.S. agricultural policies also became a contentious issue in relations with Mexico. Under NAFTA, tariffs were gradually eliminated also on agricultural goods, which was consistent with the idea of a free trade area. However, the agreement does not abolish agricultural subsidies by governments. U.S. exports of agricultural products to Mexico rose from $2,6 billion in the year 1990 to $11 billion in 2006, corn exports rose from $147 million to $1,068 million during the same period.[138] As part of liberalizing reforms and austerity measures after the peso crisis, Mexican government had to cut budgets for programs that were assisting farmers. United States, on the other hand, keeps spending approximately $16 billion per year on agricultural subsidies and heavily subsidizes products such as corn, which is then exported to Mexico. As a result, Mexican small corn farmers cannot compete with subsidized U.S. corn, which puts even more pressure on rural communities. For this reason, several leading Mexican politicians have called for renegotiation of relevant provisions of the NAFTA, but so far to no avail.[139] U.S. policy, which is detrimental for Mexican farmers, is in this respect driven by powerful domestic interests that purposefully disregard any notions of fair trade in agriculture between the two countries.

There have nevertheless been successful attempts to enhance the pro-business aspects of the NAFTA. In 2001 Mexican and U.S. governments signed Partnership for Prosperity, which was supposed to enhance public-private cooperation and further facilitate cross-border investments. The partnership does not include any U.S. assistance to Mexican development efforts, as improved business competitiveness is supposed to guarantee economic growth.[140] Similarly, the Security and Prosperity Partnership of North America (SPP) from 2005 again focuses strictly on economic and security cooperation. As part of its structure, it also includes the North American Competitiveness Council, which is composed of 30 leaders of the major U.S., Mexican and Canadian corporations, who are supposed to set priorities for the project. Welfare of workers, stricter environmental standards and strengthening of democratic governance are thus not very likely to receive priority attention. Controversies related to the SPP are not connected to bilateral relations, critics come from all three countries.[141]

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[138] United States Department of Agriculture, Foreign Agricultural Service, *FAS Agricultural Export Commodity Aggregations*, available at: www.fas.usda.gov, last access June 1, 2008.

[139] Bolaños, Angel and Valdez, Javier, Ofrece AMLO impedir la libre importación de maíz, *La Jornada*, 14.8.2005.

[140] U.S. Department of State, *U.S.-Mexico Partnership for Prosperity,* available at: www.state.gov /p/wha/rls/fs/8919.htm, last access June 1, 2008.

[141] Sciacchitano, Katherine, From NAFTA to the SPP. Here comes the Security and Prosperity Partnership, but - what security? whose prosperity?, *Dollars and Sense,* January 8, 2008.

On the whole, economies of U.S. and Mexico are firmly intertwined, but these ties are not closing the considerable income gap. U.S. policies, which are still easily hijacked by special economic interests, do not take into account the asymmetric position of the two countries and at times disregard specific needs of the developing Mexican economy.[142] As a result, positive effects of liberalization in Mexico have been very selective in terms of affected regions and individuals. This selective aspect of positive effects is typical for the liberalized world economy and can be thus taken as a sign that Mexico is indeed opening up. High adjustment costs to this process produces also a great number of people, who are losing economic ground and have only limited options to cope with the new economic situation. One of these realistic options is to complement the global flows of goods and capital by moving North to the more favorable labor market.

2.7 Possible Explanations of Persisting Asymmetry

One of the first explanations for persisting asymmetry between U.S. and Mexico to come to mind would be the neo-Marxist thesis. It is based on the claim that given the nature of the underlying capitalist world-system, changing the position of a country within this exploitative arrangement is extremely difficult or even impossible.[143] However, such an explanation is not sufficient, as there are several relevant examples of countries that have managed the transition from periphery to center more or less successfully, such as Ireland, Czech Republic, Hungary, Spain, South Korea or Taiwan. The transition is apparently possible, but what are the main factors that distinguish these countries from the less-successful example of Mexico?

Another possible explanation for Mexico's problems could be based on inherent inferiority of the culture of Catholic Southerners, who are supposed to be lazy, unimaginative, violent, subservient to authorities and dominating over women.[144] Culture definitely plays an important role both in economics and politics as it shapes preferences and perceptions of actors. The case of Spain, which is now one of the most dynamic European economies, however, refutes to some ex-

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[142] Cohen, Stephen D., *The Making of United States International Economic Policy: Principles, Problems, and Proposals for Reform* (New York, Praeger, 2000).

[143] See for example Warnock, John W., *The Other Mexico* (Montreal, Black Rose Books, 1995), or Cox, Robert W., Global Perestroika, in: Crane, George T. and Amawi, Abla (eds.) *The Theoretical Evolution of International Political Economy. A Reader* (New York, Oxford University Press, 2001), pp. 158-172.

[144] cf. Buchanan, Patrick J., *State of Emergency: The Third World Invasion and Conquest of America* (New York: Thomas Dunne Books, 2006) or Huntington, Samuel, *Who Are We? The Challenges to America's National Identity* (New York: Simon & Schuster, 2004).

tent the line of reasoning based on cultural inadequacy of Hispanic culture. Existence of world-class Mexican companies such as CEMEX helps to undermine such claims as well.[145] The unceasing migration flow can also be regarded as running contrary to the cultural argument – Mexican workers undergo great personal sacrifices and endure various hardships in order to improve the lot of their families by hard work. Compared with hedonistic lifestyles of many contemporary Americans, such attitude is perhaps more reminiscent of determination traditionally associated with white Protestants.

A more sophisticated argument explaining the persisting asymmetry is based on the dichotomy of center and periphery. It focuses on the underlying nature of economic activities in Mexico as well as in the United States. According to the economic theory of comparative advantage, Mexico as a labor-abundant country should focus on labor intensive activities. U.S. as a relatively capital-abundant country should concentrate on capital intensive production. Both countries theoretically gain after exchanging the labor intensive and capital intensive goods.[146] The problem is that capital intensive goods usually have higher profit margins and better terms of trade than labor intensive ones. As long as this remains so, Mexico will always be relatively worse off than the United States in their mutual exchange. At the same time, both countries could be even worse off without any exchange at all. This approach can thus explain the widening income gap between the two countries when they are both experiencing economic growth.

Another related argument emphasizes the nature of industrial activity taking place in Mexico – most of its factories are mere final assembly lines which use cheap unskilled labor, but only little of the high value-added research and development. This situation is difficult to change and requires effective collaboration with the public sector as well – overall lower level of education in Mexico, which is predominantly publicly funded, is part of the problem. As long as cheap unskilled labor will be the main attraction for companies to invest in Mexico, the educational system would not feel sufficient pressure to improve and the vicious circle could continue well into the future. Czech Republic, for example, is in a better position in this respect, as it is able to provide cheap but reasonably well educated workforce. Big multinational companies thus have incentives to establish R&D centers and higher-value added production facilities in the country. Such establishments usually not only pay above-average wages, but also provide positive linkages for the overall economy.

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[145] The master builder, *The Economist*, October 13, 2005.

[146] Gillis, Malcolm et al., *Economics of Development, 4th edition* (New York, W.W. Norton & Comp., 1996), pp. 456-459.

Given the inadequate education, Mexico became effectively dependent on export of cheap unskilled labor, which became its second most important source of foreign exchange throughout the 1990s (after oil exports). Migrant laborers send billions of dollars from the U.S. back to Mexico every year.[147] This situation is not particularly helpful in the long run, as high emigration rate precludes locally-driven development and stifles incentives for better schooling – most emigrants from Mexico end up with manual jobs requiring little qualification anyway. This problem is analyzed in detail in Chapter 6 below.

Dramatic and persisting income as well as social inequality within Mexico, which is even higher than in the U.S., also thwarts efforts to escape the peripheral status. Great numbers of urban and rural poor lack means to effectively participate in the national economy as they have little or no access to credit and their lack of education limits their options. The super-rich on the other hand spend exorbitant amounts unproductively just to isolate themselves in high-security compounds, which are supposed to protect their lives and property from potential attacks of the desperate.[148] Liberalization of the economy has not led to the reduction of these disparities. Small middle class, which usually forms the backbone of successful developed economies was hit hard by the peso crisis and is squeezed between these two extremes. Outdated and ineffective tax system full of loopholes is contributing to the problem, as it allows the elites to contribute very little to the national budget, which in turn lacks the resources necessary to improve public infrastructure as well as the education system.[149]

Even though ownership passed from the state to private enterprise in the early 1990s, important sectors of Mexican economy (telephones, TV broadcasting) are still controlled by monopolies or oligopolies with close connections to political parties. These monopolies are able to extract higher profits by keeping artificially high prices to the detriment of consumers, which further hampers economic development. In this respect it is not surprising that Carlos Slim Helú, owner of several Mexican telecommunications and media companies, is by some accounts the

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[147] In the year 2006, the amount was 23.7 bn US$, see Instituto Nacional de Estadística Geografía e Informática (INEGI), *Balanza de pagos: Ingresos por remesas familiares por entidad federativa*, available at: http://www.inegi.gob.mx/est/contenidos/espanol/rutinas/ept.asp?t=rem02&s=est&c=8477, last access June 1, 2008.

[148] Gonzalez, Saul, Mexican President Orders Crackdown on Crime, *Public Broadcasting Service*, February 22, 2007, available online at: http://www.pbs.org/newshour/bb/latin_america/jan-june07/mexico_02-22.html, last access June 1, 2008.

[149] See A government damaged. Mending fences at home and abroad, *The Economist*, October 4th 2001, or Mexico's Calderón eyes business in tax reform plan, *San Diego Union Tribune*, June 20, 2007.

richest man on the planet and his personal fortune amounts to 3,7% of Mexican GDP.[150] The monopolies in Mexico not only stifle the economy, but also have the potential to block progressive legislation in order to safeguard their privileged position.[151] To add to this, Mexican state still controls the energy sector, including both the extraction of oil and the generation of electricity. These important sectors lack access to foreign investment which hampers their growth – neo-liberal analysts therefore prescribe even more privatization as a cure for Mexican economy.[152] However, by further curbing the role of the state, any hopes for closing the serious income gap or of improving public services in a foreseeable future would definitely collapse, as no other actor is able to do so at the moment.

Another set of explanations for Mexico's complex problems emphasizes the corruption and violence associated with the volatile drug trade, which imperils meaningful political process on local and possibly even national level. After the successful crackdown on Caribbean swift-boat drug trade by the U.S. Coast Guard, Mexico has become the principal trade route for Colombian cocaine destined for U.S. market. Overall turnover from the illicit drug trade was estimated to be $320 billion per year worldwide; the cocaine trade, for which the U.S. is the main destination, was estimated at $70 billion per year.[153] This gives traffickers enormous financial leverage, especially in poorer areas of Mexico. Even the Drug Enforcement Administration, which spearheads the U.S. efforts in combating illegal drugs had a comparatively modest budget of $2,6 billion in 2006, even though in absolute terms it is a huge amount of resources.[154] Efforts to disrupt the drug trade consume a lot of public resources and energy both in Mexico and the U.S., and have so far been unsuccessful – the most spectacular failure was the 1997 resignation of Mexican number one drug control official General Gutiérrez Rebollo after he was found to be on the payroll of the Juaréz drug cartel, effectively using his official powers to suppress rival gangs.[155] Enactment of NAFTA undoubtedly

[150] Monopoly money. Competition is not Mexico's strongest point, *The Economist*, November 16th 2006.

[151] The duopoly of two Mexican TV networks were able to keep all licences for digital broadcasting for themselves through a law that was passed in 2006 just before general elections, see for example Impide reforma pluralidad en TV, *Diario Reforma,* May 6, 2007, or Becerril, Andrea, Nada justifica los privilegios en la ley Televisa: Aguirre Anguiano, *La Jornada*, May 5, 2007.

[152] Volte face, *The Economist*, January 27, 2000.

[153] United Nations: *United Nations World Drug Report 2005*, available online at: www.unodc.org /pdf/WDR_2005/volume_1_web.pdf, p. 127, last access June 1, 2008.

[154] Drug Enforcement Administration: *DEA Staffing & Budget*, available at: http://www.usdoj.gov /dea/agency/staffing.htm, last access June 1, 2008.

[155] Mendez, Alberto, Ratifica juez condena de prisión por 40 años a Gutiérrez Rebollo, *La Jornada*, January 29, 2007.

made trafficking easier, as the overall amount of goods traveling over the border increased exponentially, leading inevitably to less frequent controls. In the year 2006, 4,7 million trucks and 88 million passenger vehicles legally crossed the U.S.-Mexico land border.[156]

Apart from corrupting the political process, the drug business creates perverse economic incentives, especially for the young and ambitious – it is the easiest, albeit also the riskiest way to make money fast. When compared with hard tedious low-paid work, which is for many in Mexico usually the only alternative, the drug trade can seem even attractive. Moreover, the social stigma of being a drug trafficker is significantly smaller in Mexico than in the U.S. – from the point of view of many ordinary Mexicans, traffickers are just satisfying the needs of rich and bored U.S. consumers.[157] Jesús Malverde, a mythical Robin Hood type of outlaw reportedly executed in 1909 serves as the unofficial patron saint of Mexican traffickers. Frequently visited shrine is devoted to his worship in Culiacán. Also, whole genre of songs called *narcocorridos* basically glorifies the dangerous exploits and at times tragic ends of traffickers.[158] As a result, the drug trade can drive potentially productive and entrepreneurially minded people away from legitimate business. Moreover, they often eventually end up unproductively dead due to frequent turf wars between rival cartels. In the context of centre-periphery relations, the drug trade exists to satisfy illegal desires in the centers and depends on demand and money from the centrally positioned consumers. At the same time, it has the potential to seriously disrupt public institutions and security in peripheral production or transport countries, which do not have enough resources to control the problem. Chapter 7 analyzes the problem in greater detail.

Last but not least, the U.S. administrations are not doing enough to help Mexico escape the peripheral status, even though both countries would benefit greatly from such result. NAFTA was based on a slogan „trade, not aid", with the hopes that increased levels of trade would be sufficient for Mexican transition into the developed world. However, despite its popularity at the time, this thinking turned out to be flawed. Even with all the trade, Mexico did not have the necessary resources to modernize its infrastructure nor to finance effective social or en-

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[156] U.S. Department of Transportation, Bureau of Transportation Statistics, *Border Crossing/Entry Data*; based on data from U.S. Department of Homeland Security, Customs and Border Protection, OMR database, k dispozici na http://www.transtats.bts.gov/bordercrossing.aspx, last access last access June 1, 2008.

[157] Quinones, Sam, *True Tales From Another Mexico. The Lynch Mob, the Popsicle Kings, Chalino and the Bronx* (Albuquerque, University of New Mexico Press, 2001).

[158] Astorga, Luis, Los corridos de traficantes de drogas en México y Colombia Los corridos de traficantes de drogas en México y Colombia, *Revista Mexicana de Sociología*, Vol. 59, No. 4 (Oct. - Dec., 1997), pp. 245-261.

vironmental programs after years of underinvestment and neglect. The U.S. should recognize the asymmetrical position in which it stands vis-à-vis Mexico and offer more help in this respect – in 2001 Mexico received only $21 million as development assistance from USAID (it also received $11 million on counter-narcotic efforts from the State Department and $25 million as Department of Defense Security Assistance). For comparison, Mali received $49 million, Guatemala $49 million or Egypt $439 million through USAID. In the cases of more successful periphery-centre transformations like in Spain, Czech Republic or even Southeast Asia, the center was actively encouraging the aspiring countries and providing extra funds when necessary.

U.S. policy is shortsighted in this respect – Mexico is not treated as an integral part of the North American continent, but more like the dark, southern Other, associated with poor illegal immigrants, drugs and violence. Failing to see the complex connections between the two countries, money is allocated for border fortification rather than development grants and aid, which could alleviate root causes of several problems plaguing the relationship. The way out of the periphery is by no means easy, and active outside encouragement is in many ways crucial. Apart from necessary economic help, it also provides optimistic visions about the future, which can start breaking the vicious cycles of poverty, desperation and fatalism, so typical for the periphery.

3 Asymmetry, Politics and Independence

3.1 Introduction

"The strong will do what they can; the weak will do what they must."

Thucydides

"Independence? That's middle class blasphemy. We are all dependent on one another, every soul of us on earth."

George Bernard Shaw

Apart from long-term economic asymmetry described above, the Mexican quest to achieve national independence has defined U.S.-Mexican diplomatic relations at least since the Mexican revolution. The notion of state independence has long been of great interest to scholars interested in international relations and political science, as independent states have been regarded as key building blocks of the international system.[159] In recent years, the concept of national independence became more contested as the rate of global economic integration presents significant challenges to the whole system of formally sovereign states.[160] At stake is the analytical relevance of state governments as principal agents and centers of power, and in a broader sense democratic control of citizens over the political as well as economic direction of their country itself. There has been anxiety expressed about possible effects of the hegemonic dominance of the United States on factual independence of weaker states;[161] similar concerns have been voiced in the European context over the expanded role of European Union bureaucracy vis-à-vis its member states.

In this chapter I will demonstrate using the example of U.S. and Mexico that in order to understand and explain the role of state independence, it is necessary to view it as a strong discursive tool available to local elites. This tool can be useful especially within asymmetric setting, as it enhances social cohesion and provides shielding from international economic and political pressures, but it can also be a hindrance to progressive impulses coming from the outside. It will become clear from the analysis that important aspects of state independence can be preserved even if the others are sacrificed to the globally integrated economic system. This finding is important as it shows clear limits as well as possibilities of government

[159] for a prominent example, see Waltz, Kenneth, *Theory of International Politics* (Cambridge, MA: Addison-Wesley, 1979).

[160] Ohmae, Kenichi, *The End of the Nation State: The Rise of Regional Economies* (New York, Free Press, 1996).

[161] Castañeda, Jorge G. and Heredia, Carlos, Hacia otro TLC, *Nexos*, No. 181, (1993), pp. 43-57.

power, leading to more realistic assessment of policy options. Given the fact that most states are in an asymmetric relation with respect to global economic forces, the conclusions are relevant to more abstract discussions of asymmetry in international politics.

Methodology of this chapter is laid out as follows: First I will examine the concept of independence and its traditional use in international relations. Then I will look at Mexico's relations with the United States as the issue of independence has been crucial for Mexico throughout its history. It was under constant threat of becoming dependent on the Colossus of the North, as the United States is sometimes seen throughout Latin America.[162] The asymmetry in power and resources between the United States and Mexico is unquestionable, so I will ask to what extent has Mexico succeeded in safeguarding its independence. Next section will list instances where Mexico has indeed acted as if it were dependent on the United States, followed by a chapter enumerating occasions of Mexico's defiance of the United States, asserting its independence against strong external pressures. This dialectical thesis and antithesis form the springboard for the synthetic framework of the concluding section, which will provide explanatory framework based on discourse analysis that combines the two preceding contradictory chapters. Wider consequences for U.S.-Mexican relations and suggestions for further research will follow from such a synthesis.

3.2 Concept of independence – preliminary observations

Linguistically, the term "independence" derives from the Latin verb *dependere,* which literally means "hang down" or "hang from". The concept was first documented in 17th century English to describe persons not affiliated with any established political party, who were therefore able to speak and act *independently.*[163] Such persons were free to speak and act unconstrained as they pleased. Similarly, independent states were free to behave as they saw fit – in practice it meant that they could choose internal political organization and pursue their own international policy. The term independence gained prominence when it was used by groups challenging direct colonial rule, starting with the United States Declaration of Independence.[164]

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[162] Ingenieros, Jorge, Para la Unión Latino Americana, *Revista de Filosofía*, Vol. 8, (November 1922), reprinted in Holden, Robert H. and Zolov, Eric (eds), *Latin America and the United States: A Documentary History* (Oxford, Oxford University Press, 2000), p. 123.

[163] Klein, Ernest, *Kleins Comprehensive Etymological Dictionary of the English Language* (Amsterdam: Elsevier Science, 1971).

[164] Declaration of Independence, available for example at http://www.ushistory.org/declaration/document/, last access June 1, 2009.

The problem with independence is that, realistically speaking, it is but a discursive construct, much like absolute equality or equality of opportunity. In fact, there are two major problems, namely of options and of consequences. Many desired options are beyond any realistic reach, and the threat of serious adverse consequences or, conversely, promise of handsome rewards effectively impose constraints on decision-making. Facing stronger partners in asymmetric relations limits the notion of independence even further.

From this angle, a truly independent person is one that has a wide variety of options and is unlikely to suffer serious consequences whatever he/she says or does. It is therefore no accident that financial independence is of utmost importance to people, as today it is money that grants realistic options and mollifies possible adverse consequences. Most people are thus actually in a dependent position, as they cannot make choices which would undermine their source of income, emotional comfort or social acceptance. These constraints have the effect of regulating behavior at times against true desires of the individuals in question.

To some extent, this applies to states as well. Formally speaking, independence is perfectly possible for a state, which defines and protects its borders, enforces internal order, enters into alliances with foreign powers, joins United Nations, has ambassadors abroad, etc. Even if exceptions exist, most states today are formally independent, the U.N. currently having 191 such members.[165] Debates about independence from this formal perspective are relevant mostly for ethnic groups aspiring to gain formal independence, such as the Kurds, Acehnese or Basques.

However, even formally independent states are subject to serious constraints of options and consequences. Some desirable options are simply beyond possible reach – e.g. free schooling for every citizen or unlimited fishing rights in the whole Atlantic Ocean. Potential adverse consequences and associated costs are the main constraining factors for independent policies. Other states are the main limiting factor, as they might go as far as to wage war and occupy their neighbors if they are insulted or bothered by their actions. There are other, more subtle ways for other states to punish undesirable behavior, ranging from economic sanctions to assassination of its leaders.[166] A second type of constraint comes from the threat of internal disorder or outright revolution, which often results from policies the state has undertaken and which are unbearable for the population as a whole or for powerful interest groups.

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[165] Official United Nations website, http://www.un.org/members/index.html, last access June 1, 2009.

[166] Smith, Peter H., *Talons of the Eagle - Dynamics of US-Latin American Relations* (New York: Oxford University Press, 2000), p. 168.

From this practical perspective, no state is wholly independent. The degree of its independence is determined by three factors – its economic, military or political potential to attain desirable options, resistance to external pressure from other states and effectiveness of control of internal order. The last two factors signify resilience towards adverse consequences caused by independent decisions. Again, asymmetry in terms of economic resources or military strength amplifies the constraints to truly independent policymaking.

The analysis becomes more intriguing when we move from the overly reductionist view that essentially treats states like autonomous individuals. This might have been relevant in the age of Louis XIV and is still popular with neo-realist scholars who largely dismiss internal decision-making within the state as irrelevant for international politics,[167] but a number of theoretical as well as empirical studies have challenged this comfortably simplistic notion.[168] What happens to the concept of state independence when we look at how decisions are arrived at within the state?

Policies that look on the outside as actions of a unified state have in fact consequences both for the state as a whole and for the individual decision-maker or the interests which he/she represents. This adds one level of constraints to the formally independent choices, as decision-makers are often unable or unwilling to suffer the consequences at the hands of their constituents or core supporters. The dream of independence is still further away, paradoxically especially so in a democratic society, where leaders need to cater to their supporters and sponsors if they wish to remain in power. This is not necessarily wrong, but it clearly demonstrates the increased level of constraints decision-makers need to take into account.[169]

The situation becomes even more complex when we admit that the international system has an undeniable influence on the selection of decision-makers in a given state by rewarding or punishing individual politicians according to their programs and methods. The arguments in this respect vary but they all share the underlying notion that internal political structure is to a great extent dependent on

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[167] Waltz, Kenneth, *Theory of International Politics* (Cambridge, MA: Addison-Wesley, 1979) or Mearsheimer, John J., *The Tragedy of Great Power Politics* (New York, NY: Norton, 2001).

[168] Wallerstein, Immanuel, *The Capitalist World-Economy* (London: Cambridge University Press, 1979).

[169] Cobb, Joe, The Real Threat to U.S. Sovereignty, *Heritage Lecture No. 497*, The Heritage Foundation, available at: http://www.heritage.org/Research/InternationalOrganizations/HL497.cfm, last access June 1, 2008.

the international economic and political system.[170] If this were the case, it would make much more sense to study the international system as a whole, as some scholars have indeed proposed.[171]

Last, but not least, various post-positivist currents of thought challenge the concept of independence from the standpoint of knowledge and identity.[172] To put it simply, neither individuals nor states are moved to action based on free judgment and objective criteria of costs and benefits, but they rather act on prevalent social constructions of reality, knowledge and identity, which effectively preclude truly independent behavior. Privileged speakers are then able to create prevalent discourses, which are used to reinforce the symbolic as well as material power of the group they represent.[173] I will revisit the last two analytical approaches in the concluding section of this chapter.

3.3 Mexico and the U.S. – Depths of Dependence

In this section, I will present various instances when Mexico was in the dependent position vis-à-vis the United States. Relevant historical examples go as far back as to the 19th century. National history in Mexico has achieved an almost mythical status and on the symbolic level it is highly significant for day-to-day political debates even today.[174] The theme of national independence is one of the key symbolic concepts in this respect.

3.3.1 Direct intervention

Concerning formal independence, the most serious incursion took place during the U.S.-Mexican War, when the U.S. Army under General Winfield Scott entered Mexico City on September 14, 1847. With the capital occupied, the Mexican authorities had little or no bargaining power and were effectively forced to sign the peace treaty at Guadalupe Hidalgo on February 2, 1848, in which they ceded almost half of their territory to the victorious Americans, including present

[170] Gourevitch, Peter, Second Image Reversed: The International Sources of Domestic Politics, *International Organization*, Vol. 32, No. 4., (1978), pp. 881-912.

[171] Wallerstein Immanuel, Social Science and the Quest for a Just Society, *American Journal of Sociology,* Vol. 102, No. 5, (1997), pp. 1241-1257.

[172] Gill, Stephen, Knowledge, Politics, and Neo-Liberal Political Economy, in: Stubbs, Richard (ed.), *Political Economy and the Changing Global Order*, (Oxford: Oxford University Press, 2000), pp. 38-59.

[173] van Dijk, Teun A., The Study of Discourse, in: van Dijk, Teun A. (ed.), *Discourse as Structure and Process* (London: Thousand Oaks, 1997), pp. 1-33.

[174] Carreño King, Tania and Vázquez del Mercado, Angélica, La disputa por la historia patria. Una entrevista con Lorenzo Meyer, *Nexos*, No. 43 (1993), pp. 41-49.

day California, Arizona and New Mexico.[175] Needless to say, these events are interpreted as the quintessential national tragedy in official Mexican historiography. Young cadets defending the central Chapultepec Castle in Mexico City, who rather jumped to their deaths shrouded in Mexican flags than surrender when they ran out of ammunition, add an appropriate finishing touch to the melodramatic disaster.[176]

During the Porfiriato, U.S. businesses invested heavily in Mexico and needed adequate protection for their property. In one notable incident in 1906 during a strike at the Greene Consolidated Copper Company in Cananea, 275 Arizona Rangers crossed the border to suppress the strike. Even though they entered Mexico on "invitation" from Rafael Yzabel, the Governor of Sonora and against orders of the Governor of Arizona Territory, the incident was an affront to many Mexicans and contributed to the general unrest leading to the 1910 revolution.[177]

Further direct United States interventions occurred during the Mexican revolution. First, in 1914 American soldiers on orders from Woodrow Wilson occupied the important port city of Veracruz in an effort to force the resignation of General Victoriano Huerta, who took control after a coup against President Francisco Madero. Paradoxically, Huerta's coup had been coordinated and executed with the support of the United States Ambassador to Mexico, Henry Lane Wilson. The United States remained in control of the port for six months. Second intervention was led by General John Pershing as a punitive operation against Francisco Pancho Villa, whose soldiers were harassing U.S. citizens alongside the border and even sacked the town of Columbus in New Mexico. The expedition lasted from March 14, 1916 to February 7, 1917 and failed to reach its objective of engaging and capturing Villa.[178]

The threat of direct U.S. intervention was present in 1920s and 1930s when the U.S. was negotiating with Mexico the compensation of damages to property of U.S. citizens and companies incurred throughout the Revolution. Nationalization of oil industry in Mexico in 1936 again led to interventionist pressures, which were ruled out by President Roosevelt. Since that time, direct U.S. intervention

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[175] Full text of the Treaty of Guadalupe Hidalgo from 1848 is available online at: http://www.ourdocuments.gov/doc.php?flash=true&doc=26&page=pdf, last access June 1, 2008.

[176] Pastor, Robert A., Castañeda, Jorge G., *Limits to Friendship. The United States and Mexico* (New York: Vintage Books, 1989), p. 23.

[177] Gonzales, Michael J., United States Copper Companies, the State, and Labour Conflict in Mexico, 1900-1910, *Journal of Latin American Studies,* Vol. 26, No. 3 (Oct., 1994), pp. 651-681.

[178] Camín, Hector Aguilar and Meyer, Lorenzo, *In the Shadow of the Mexican Revolution. Contemporary Mexican History 1910-1989* (Austin: University of Texas Press, 1993).

has not been seriously considered, but Mexican army was training for the event well into 1990s.[179]

Other types of small-scale intervention in Mexican affairs occurred throughout the so-called war on drugs in the 1980s and 1990s, when American law enforcement officials at times secretly abducted Mexican citizens so that they could be tried for drug-related charges on U.S. soil. The Drug Enforcement Administration (DEA) and U.S. Customs ran extensive covert operations on Mexican territory without notifying the Mexican government for fear of disclosure.[180] This flagrant disregard of international law demonstrated the level of mistrust towards Mexican law enforcement agencies, which were perceived as hopelessly ineffective and corrupt to successfully challenge the rise of Mexican drug trafficking cartels. Although it cannot be compared to outright military occupation, it nevertheless undermines the claim that the Mexican government is in full control of its territory and has exclusive jurisdiction over its citizens.

All the above-mentioned cases are widely regarded by most Mexicans as evidence of arrogant U.S. superiority at best and self-serving imperialism at worst. For Mexicans, they also demonstrate that even on the formal level, Mexican independence cannot be taken for granted and is under constant threat.[181]

3.3.2 Economic dependence

Even though the United States might at times have respected formal Mexican independence, it was able to exercise significant influence through its economic interests. The first relevant period was the authoritarian rule of Porfirio Díaz from 1876-1911 (known in Mexico as *El Porfiriato*). During that time the country was rapidly modernizing with the help of vast amounts of foreign capital, mainly American or British. New railroads, telegraphs, factories, and mines remained in foreign hands, which antagonized both the impoverished Mexican laborers and the local elites. Dictatorial methods of Díaz suited the foreigners, as they prevented unrest or upheaval and facilitated large scale dislocations of people who

[179] Bailey, John and Aguayo Quezada, Sergio (eds.), *Strategy and Security in U.S. – Mexican Relations Beyond the Cold War* (La Jolla, Center for U.S.-Mexican Studies, University of California, San Diego, 1996), p. 23.

[180] Youngers, Coletta A. and Rosin, Eileen (eds.), *Drugs and Democracy in Latin America: The Impact of U.S. Policy* (Boulder: Lynne Rienner Publishers, 2005).

[181] Former U.S. Ambassador in Mexico Jeffrey Davidow notes that during his many interviews with the Mexican press, all questions were a variation on the theme "Mr. Ambassador, how do you plan to undermine our sovereignty today?", Davidow, Jeffrey, *The US and Mexico. The Bear and the Porcupine* (Princeton: Markus Wiener Publishers, 2004), p. 29.

were moving from rural villages to sprawling towns.[182] Economic dependence created tensions that eventually broke out in the Mexican Revolution of 1910. There is little doubt that the above-mentioned direct interventions by the United States were to some extent motivated by the need to secure these significant U.S. investments.[183]

After the revolutionary dust settled, Mexican governments realized that economic prosperity is indeed dependent on some form of cooperation with the United States in terms of investment and trade. During the *sexenio* of President Manuel Ávila Camacho (1940-1946) Mexico agreed to pay damages for U.S. investments destroyed or seized during the Revolution, which was a prerequisite for improved relations between the two countries. Foreign investment indeed resumed, although it was controlled more closely by the government.

In the 1970s, foreign debt emerged as another major problem for the aspirations of Mexican economic independence. In order to finance expansionist economic policies during a period of slow growth, Mexican governments became ever more indebted abroad. Commercial banks awash with liquidity from petrodollars were eager to find willing borrowers. Newly found oil reserves in Campeche and Tabasco in Southeastern Mexico further boosted confidence of Mexican officials that it would be easy to repay any debt they might temporarily incur. Increasing indebtedness created a significant constraint for the Mexican government, as it needed to constantly re-finance old maturing loans. New loans were usually granted under conditions becoming ever more favorable to creditors.[184]

The situation became critical in 1981 as world oil prices fell dramatically and interest rates rose sharply. Suddenly, Mexico found itself unable to roll over the loans and keep repaying interest on its foreign debt of $80 billion (roughly 40% of GDP at that time), leading to the 1982 default crisis.[185]

As a result, Mexico and other Latin American governments were forced to accept economic policies imposed by the International Monetary Fund, which provided emergency loans. These policies effectively halted nationalist import-substitution industrialization behind high-tariff protection and shifted focus to free trade, economic liberalization and limited government. Many in Mexico, how-

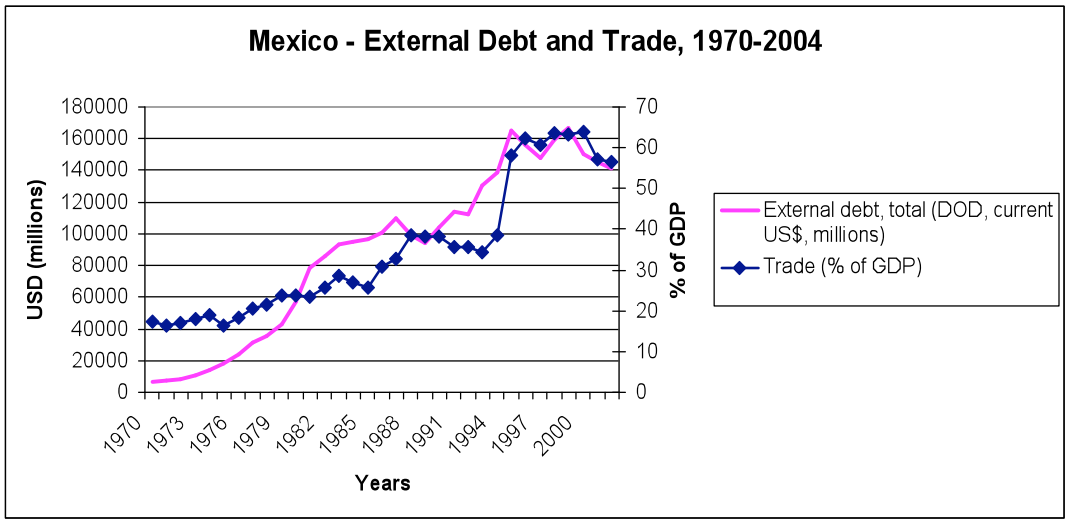
[182] Benjamin Thomas and Ocasio-Meléndez, Marcial, Organizing the Memory of Modern Mexico: Porfirian Historiography in Perspective, 1880s-1980s, *The Hispanic American Historical Review,* Vol. 64, No.2 (1984), pp. 323-364.

[183] Camín H. A., Meyer L., In the Shadow of the Mexican Revolution. Contemporary Mexican History 1910-1989, p. 34.

[184] Rosario Green, María, Mexico's Economic Dependence, *Proceedings of the Academy of Political Science*, Vol. 34, No. 1 (1981), pp. 104-114.

[185] Eichengreen, Barry, *Financial Crises. And What to Do About Them* (New York: Oxford University Press, 2002).

ever, saw it as a euphemism for selling state-owned companies to foreign investors and discarding any notion of independent economic policy.[186] Graph 3 demonstrates that the period of rising external debt precedes the economic opening, which is measured by trade relative to GDP (increase in trade from 1977 to 1981 is attributable to exports of newly-found oil for high prices).



Graph 3: Mexico - External Debt and Trade, 1970-2004
Source: World Development Indicators (WDI) Database, World Bank, 2005

There were undoubtedly technocrats within the Mexican ruling party who favored the policies prescribed by IMF, but external pressures resulting from economic vulnerability caused by the debt crisis significantly helped this group to gain prominence, which had considerable consequences for the country. Neoliberal reforms and conscious opening towards U.S. economic influence reached its peak under President Carlos Salinas de Gortari, who was also the first Mexican President to speak to an American audience officially in English. He even used government resources to lobby United States Congress to approve the North American Free Trade Agreement, which was supposed to "make a First-world nation out of Mexico" by opening the economy even further. At the same time, the agreement was designed to prevent a nationalist economic backlash in the future by locking in certain policymaking areas (such as investor protection and dispute

[186] Packenham, Robert A., *The Dependency Movement. Scholarship and Politics in Development Studies* (Cambridge, Mass.: Harvard University Press, 1992).

settlement) within international law, out of reach for national governments to amend.[187]

The dependence and vulnerability of the Mexican economy were nevertheless demonstrated again by the so-called Peso crisis of 1995, when postponed devaluation of the peso led to the large-scale flight of speculative capital. Even with a United States credit line of support, the economy contracted sharply, bringing about a 20% reduction in real wages. This shock definitely demonstrated to Mexican policymakers the severity of consequences of mishandling international flows of capital and at the same time the extent of dependency of state economy on international financial markets.[188] In 2002 foreign investment accounted for over 20% of gross capital formation, which suggests the extent of increased dependence of Mexico on this source of financing (the figure hovered around 5% until the 1990s).[189]

The argument about the so-called "golden straitjacket", developed by Thomas Friedman, fits the Mexican situation well, as economic policymaking has become severely constrained and realistic options are confined to a narrow range of possibilities approved by the IMF and international investors.[190] Even Andrés Manuel Lopéz Obrador, the left-wing populist presidential candidate for 2006 elections in Mexico, went to great lengths to assuage foreign investors and banks that if he won, he would not deviate from economic "orthodoxy". This orthodoxy developed by U.S. economists is supported by United States government agencies as well as by big American companies and investment banks, who undoubtedly gain from its implementation.[191]

Economic dependence of Mexico on the United States is further aggravated by its patterns of foreign trade. Even when nationalist governments tried to diversify exports, United States remained the principal trading partner for both exports and imports. The dominant position of the United States has further strengthened in the aftermath of the NAFTA agreement. In 2004, 87.6% of Mexican exports were destined for the American market, and 55.1% of its imports came from the U.S.[192] For the United States, on the other hand, Europe and East Asia are more

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[187] Rochlin, James F., *Redefining Mexican "Security". Society, State and Region Under NAFTA.* (Boulder, Lynne Rienner Publishers, 1997).

[188] Chang, Roberto, Understanding Recent Crises in Emerging Markets, *Federal Reserve Bank of Atlanta Economic Review*, (Second Quarter, 1999), pp. 6-16.

[189] World Bank: *World Development Indicators* (WDI) Database, 2005

[190] Friedman, Thomas, *The Lexus and The Olive Tree* (London: Harper Collins, 1999).

[191] Rodrik, Dani, Trading With Illusions: The Developing Countries Hazardous Obsession with Global Integration, *Foreign Policy*, (March/April 2001), pp. 34-52.

[192] Central Intelligence Agency: *CIA World Factbook*, available at: http://www.cia.gov/cia/publications/factbook/geos/mx.html#Econ, last access June 1, 2008.

important trading partners in terms of volume. Dependence of Mexico on the access to the U.S. market translates to lower bargaining power in economic negotiations. For example, Mexico has not been able to effectively challenge protectionist schemes by powerful lobbies of the U.S. sugar and citrus industries even within the NAFTA framework.[193]

To add to this, hundreds of thousands of Mexican workers are employed in the export sector or in the above-mentioned maquiladora plants, where they assemble imported parts into finished products that are destined for re-export to the U.S. market. In 2000, there were approximately 3,655 such plants, employing 1.19 million Mexican workers.[194] If access to the U.S. market were in any way threatened, these workers would abruptly lose their jobs, which is a serious negative consequence that has to be taken into account by the Mexican government when negotiating with United States. Independent economic policy is thus severely constrained. Economic crises of 1982 and 1995 serve as dire remainders of how costly the imprudent exposure to outside economic forces might become.

3.3.3 Political Dependence

Political dependence consists of substantial constraints on the part of policymakers, which are not based solely on adverse economic consequences. National security and general geopolitical position of the country are most relevant in this respect, as they clearly cause some political options to be prohibitively costly on one hand, and provide strong incentives for certain types of cooperation on the other. To some extent, economic dependence also inherently transforms into some sort of political dependence, as powerful economic interests usually find ways to influence first the selection of policymakers and subsequently the choices these policymakers make.[195]

Before World War II, there had been occasional periods when Mexico could at least theoretically contemplate foreign alliances with outside powers. Conservatives allied with the French under Napoleon III against Mexican Liberals, effectively challenging the Monroe doctrine. Germans were actively courting Mexicans to gain foothold in Latin America before and during World War I, substantially annoying the United States in the process. The Zimmermann telegram where the German ambassador was instructed to propose to the Mexican President a military

[193] Mayer, Frederick W., *Interpreting NAFTA, The Science and Art of Political Analysis* (New York: Columbia University Press, 1998).

[194] Gruben, William C. and Sherry L. Kiser, *NAFTA and Maquiladoras. Is the Growth Connected?* Federal Reserve Bank of Dallas, June 2001, available at: http://www.dallasfed.org/research/border/tbe_gruben.html, last access June 1, 2008.

[195] Gourevitch, Peter, Second Image Reversed: The International Sources of Domestic Politics, p. 890.

alliance with the goal of recapturing Texas, Arizona and New Mexico in case U.S. declared war on Germany significantly contributed to United States decision to enter WWI, although Mexico resolutely rejected the offer. Asymmetry between military capabilities of the two countries was too great to make this a realistic option even at that time.[196]

After WWII, political dependence of Mexico on the United States became obvious to Mexican governments. In the era of intercontinental ballistic missiles and widespread communist agitation throughout Latin America, Mexico depended on United States to guarantee international security as well as stability for the Western Hemisphere. Mexico therefore supported the United States throughout the Cold War in international organizations such as the Organization of American States and the United Nations. Effective military alliance with the United States was based on the 1947 Inter-American Treaty of Reciprocal Assistance (so-called Rio Treaty). In a language similar to the NATO treaty, it stipulated that an attack on any of the signatories is considered an attack on all. Despite occasional rhetorical excesses criticizing U.S. imperialism by Mexican presidents, Mexican governments never did anything to undermine the Rio Treaty throughout the Cold War, which served as an important constraint on their behavior. The CIA also cooperated closely with Mexican intelligence agencies in suppressing leftist dissenters.[197]

As will be described in Chapter 7 in more detail, the U.S. government has since 1930s pressured Mexico to pursue aggressive counter-narcotics policies to curb supply to U.S. market. Even though several attempts were made by Mexico to build its anti-drug policy on harm-reduction basis, the U.S. kept pressing for escalation and militarization of anti-narcotics enforcement. Mexico usually tried to comply with these demands, albeit in a more limited form.

3.3.4 Symbolic and psychological dependence

Apart from economic and political influence, the mere existence of affluent United States next door has had tremendous impact on the Mexican mind. First, for a country where 40% of the people still lived below the poverty line in 2004,[198] there is a natural fascination with the exuberant consumer culture of the U.S., which is seen by many as a model to be emulated. This explains for example the fact that Carlos Salinas was very successful in eliciting support for NAFTA

[196] Tuchman, Barbara W., *The Zimmermann Telegram* (New York: Ballantines Books, 1958), p 7.
[197] Rosario Green, María and Smith, Peter H. (eds.), *Foreign Policy in U.S. Mexican Relations* (La Jolla: Center for U.S.-Mexican Studies, University of California, San Diego, 1989).
[198] Central Intelligence Agency: *CIA World Factbook*, available at: http://www.cia.gov/cia/publications/factbook/geos/mx.html, last access June 1, 2008.

when he claimed that thanks to the agreement Mexico would soon enter the First World consumer paradise.

Due to geographic proximity and massive migration, American culture has dramatic influence in Mexico, Hollywood movies serving as the vanguard. It is very easy for young Mexicans to form their life ambitions and strategies based on conditions in Southern California as presented on the silver screen.[199] To provide one specific example, it is quite fashionable among some U.S. youngsters to have low-ride, chrome-plated, brightly painted cars with tinted windows. Mexican youths learned about it and low-ride, chrome-plated, brightly painted bicycles became the fashion of the day in poor neighborhoods, as buying a car would be prohibitively expensive.[200] The fact that "Los Simpson", which is a satirical commentary on American lifestyle, were the most watched movie in Mexico for a month in 2007 further demonstrates the immersion within U.S. culture.[201]

On the psychological level, it is easy for Mexicans to develop an underlying inferiority complex, especially if they ponder over the fact that in 1800 both countries were still on a roughly equal economic and demographic footing.[202] Millions of Mexicans voting with their feet and try to leave their country is a sobering realization of the possible effects these symbolic factors might have, economic incentives notwithstanding.[203]

Not only Mexican youngsters, but also Mexican policymakers are induced to listen and follow advice of U.S. experts. Neo-liberal reforms and NAFTA were based on U.S. academic models, with endorsements by prominent U.S. Nobel Prize winners in economics as well as all former U.S. Presidents alive at the time. Well-paid American crime experts from a consulting firm led by former New York Mayor Rudolph Giuliani have also been brought in to stem the crime wave in Mexico City.[204] Beginning with Miguel de la Madrid, all Mexican Presidents

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[199] Mora, Carl J. *Mexican Cinema: Reflections of a Society, 1896-2004* (Berkeley: University of California Press, 3rd edition, 2005).

[200] Quinones, Sam, *True Tales from Another Mexico. The Lynch Mob, the Popsicle Kings, Chalino and the Bronx* (Albuquerque, University of New Mexico Press, 2001), p. 159.

[201] "Los Simpson" en América Latina y "Superbad" en EU son las más vistas, *El Periódico de México,* August 23, 2007, available online at: http://www.elperiodicodemexico.com/nota.php?sec=Espectaculos&id=132365, last access June 1, 2008.

[202] Smith, Peter H., *Talons of the Eagle - Dynamics of US-Latin American Relations*, p.20.

[203] Cornelius, Wayne A., *Labor Migration to the United States: Development Outcomes and Alternatives in Mexican Sending Communities* (Washington, D.C., Commission for the Study of International Migration and Cooperative Economic Development, 1990).

[204] Giuliani Targets Mexico Crime Wave, *BBC News*, January 14, 2003, available at http://news.bbc.co.uk/2/hi/americas/2659301.stm, last access June 1, 2008.

since then have studied at prestigious U.S. universities, providing further proof of symbolic dependence on United States.

3.4 Mexico and United States – Triumphs of Independence

By the selective account in previous chapter, the reader might have gotten the idea that Mexico is a mere vassal state, independent in name only. However, there are important areas where Mexicans were able to forcefully assert their independence and effectively stand up to the United States. Significant events of this kind are summarized in this chapter.

3.4.1 Revolutionary history

The Mexican Revolution of 1910 was partly triggered by resentment of foreign (mainly U.S.) influence in the country. Even though the United States intervened in the complex and long-term factional fighting, it failed to prevent the adoption of the 1917 Constitution, which contained both strong socialist and anti-foreign provisions.[205] During the revolutionary fighting, many American businesses were destroyed and American citizens were harassed or even murdered. After the Mexican revolutionary regime consolidated in early 1930s, it adopted strongly nationalistic economic policies like high tariffs to protect local industries or increased state participation in the economy.[206]

Rhetorically, the regime was committed to bring about the cherished goals of the Revolution, which included empowerment of urban workers and land reform in the countryside. As the U.S. presence in Mexico was decidedly in the form of capital, its interests were hurt by such goals and their partial implementation. The 1917 Constitution is still in effect today (even though over 400 amendments have been passed so far), which demonstrates the continuing legacy of the Revolution as well as insufficient political will to abolish this fundamental document and replace it with modern democratic constitution.

3.4.2 Economic independence

Economic independence became a major goal for the consolidated revolutionary party, as strong indirect linkages were widely acknowledged to exist between economic and political influence, following the well-known anti-imperialist

[205] Original 1917 version of the Mexican Constitution is provided by Instituto de Investigaciónes Jurídicas, UNAM, at: http://www.juridicas.unam.mx/infjur/leg/constmex/pdf/1917.pdf, last access June 1, 2008.

[206] Camín H. A., Meyer L., *In the Shadow of the Mexican Revolution*, p. 51.

maxims of José Martí or José Enrique Rodó.[207] The state began to have a significantly more important role in the economy, both through regulation and capital accumulation. The 1917 Constitution stipulated that all natural resources are property of the state; companies using these resources became strictly regulated and heavily taxed.

Apart from expropriating all natural resources back to the state, President Lázaro Cárdenas took an unprecedented step of nationalizing all foreign oil companies following an intense labor dispute.[208] That day, March 18, 1938, is still commemorated today as one of the most important events in Mexican history (see Image 1). This move proved to be so popular that even today it would be politically extremely costly for any Mexican politician to open the energy sector back to foreign investors even if the national company Petroleos de México (PEMEX) is highly inefficient and lacks funds for necessary investments.[209]

As mentioned earlier, the doctrine of state interventionism and protection of national industries gained intellectual clout after the UN Economic Commission for Latin America (ECLAC) under the direction of Argentinean economist Raúl Prebisch formulated the concept of import substitution industrialization (ISI) in the 1950s. This strategy was based on initial conscious state promotion of national industries, which were capable of displacing foreign imported goods.[210] As prices of raw materials (primary Latin American exports) stagnated after WWII and prices of manufactured goods (primary Latin American imports) kept rising, the idea became widely popular as it aimed to increase national independence as well as foster economic development.

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[207] José Martí had an infuential speech at a conference in New York in 1891: "He who talks about economic union, means political union. ... It in necessary to have balanced trade to safeguard liberty. The nation which wants to die, sells to only one other nation. The nation that wants to live sells to more than one. The excessive influence of one country in the commerce of another converts itself into political influence. Politics is made by men, who commonly subordinate or partially sacrifice their feelings to their interests." Spanish version available at http://www.filosofia.cu/marti/mt06155.htm, last access May 6, 2006 (translation by author), cf. Kirk, John M., Jose Marti and the United States: A Further Interpretation, *Journal of Latin American Studies*, Vol. 9, No. 2 (Nov., 1977), pp. 275-290.

[208] Camín H. A., Meyer L., *In the Shadow of the Mexican Revolution*, p. 155.

[209] Martin, Jeremy, *Mexico's Energy Sector: Optimizing Energy for Global Competition* (San Diego: Institute of the Americas, 2003).

[210] Perkins, Dwight H. et al., *Economics of Development, 5th edition* (New York: W.W. Norton & Comp., 2001), p. 638.

Image 1: High school in Mexicali named after March 18, 1938, the day oil industry was nationalized in Mexico. Picture taken by the author in May 2005.

Adopting such policies, Mexico was able to experience sustained periods of economic growth through the 1940s, 1950s and 1960s, which are sometimes referred to as „El milagro Mexicano", the Mexican miracle. State-centered protectionist policies were abandoned only after a protracted economic crisis of the late 1970s and 1980s. Even after massive trade liberalization and privatization of the 1990s, the Mexican state continues to wield decisive influence in several areas, notably the energy sector.

3.4.3 Political independence

Given the revolutionary socialist origins of their ruling party, Mexican governments felt the need to assert their political independence, especially when facing the leader of the capitalist world, the United States. This resulted in frequent minor controversies on foreign policy issues. Mexican governments have always emphasized state independence and sovereignty, opposed colonialism and foreign intervention in domestic politics and had high hopes as well as respect for interna-

tional law. They were also sympathetic to Third World causes and cooperated economically with countries from the Soviet bloc. Government emphasis on independent foreign policy explains both the acceptance of refugees from Spanish Civil War, the asylum granted to Leon Trotsky in 1937 or consistent support for the Palestine Liberation Organization.[211]

Most visible controversy with the United States arose over Cuba, which is located only about 160 km east of the Yucatán peninsula. After his first unsuccessful coup attempt in 1953 and subsequent release from Cuban jail, Fidel Castro went to Mexico to organize further resistance. He sailed back to Cuba from the port of Tuxpan in Mexico in 1956 to lead the guerilla movement. After he took over the island and tilted towards Soviet Communism, Mexican government never broke diplomatic relations with Cuba and never joined the U.S. economic embargo. Mexican President Echeverría even visited Cuba, and Fidel Castro traveled to Mexico on several occasions, which understandably annoyed the United States. Starting with the Carlos Salinas administration, Mexican governments became officially more critical of Castro's record on human rights, this criticism at times leading to serious diplomatic tensions between the two countries.[212]

Mexico also seriously challenged United States foreign policy in Central America in the 1980s as it attempted to negotiate a peaceful end to numerous small-scale civil wars in Central America. These were triggered by the Sandinista electoral victory in Nicaragua and clandestine U.S. military support for the anti-Sandinista forces (Contras). Mexico was joined by Colombia, Venezuela and Panama in the so-called Contadora Group which drafted proposals for a peaceful settlement of the prolonged conflict. Members of the group de-facto recognized the Sandinista regime, which angered the United States whose government favored a hard-line approach to what the Reagan Administration perceived as a serious Communist threat. The Contadora initiative was not successful at first, but it established the basic platform for further negotiations, which eventually ended most of the conflicts in the region.[213]

Even the administration of President Vicente Fox, which did not come from a party rooted in socialist revolution and is generally friendly to the United States, is politically vulnerable to charges of servility towards the United States and reflexively supports the principle of non-intervention. Worried about wider implications

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[211] Getty, Arch J., Trotsky in Exile: The Founding of the Fourth International, *Soviet Studies*, Vol. 38, No.1 (1986), pp. 24-35.

[212] Arreola, Gerardo, Imprudentes, los incidentes diplomáticos entre México y Cuba, dice senador panista, *La Jornada*, June 2, 2007.

[213] Smith P. H., *Talons of the Eagle*, p. 215.

of the "War on Terror" and the planned intervention in Iraq, Mexican government withdrew from the 1947 Rio Treat), citing its obsolence.[214]

Mexican opposition to U.S. policy became evident during the deliberations of the United Nations Security Council over sanctioning the United States invasion of Iraq in 2003. According to Adolfo Aguilar Zínser who was Mexican Ambassador to the U.N. at the time, United States was willing to submit the possible military intervention to a vote if it had overwhelming support of the non-permanent members of the Council. However, the fact that Mexico made its opposition to the war clear swayed other members of the Council, who disapproved of the U.S. proposal, but did not wish to be seen opposing the measure alone.[215] Frustrated, U.S. eventually did not even put the resolution directly authorizing use of military force in Iraq to vote. Mexico proved not to be a lackey of the United States at a vital moment, leading to a bitter diplomatic rift between the two countries.[216]

Taken from the perspective of the United States, Mexico was able to duck several of its important demands. It was not willing or able to stem the flow of illegal drugs and illegal migrants across the border, and at times even encouraged it - members of the Mexican police and army have often been implicated in major drug-trafficking incidents. Mexican ministry for foreign relations published El Guía del Migrante, an official handbook on minimizing risk while crossing the border illegally.[217] The United States at times tried to use substantial coercion like Operation Intercept in 1969, which closed down the whole border in order to force Mexico to comply more fully with U.S. anti-narcotics measures, but to no long-term avail.[218] Occasional American calls for human rights and free elections were also ignored by the ruling PRI, which saw and presented them as imperialistic meddling in domestic affairs.

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[214] Renuncia México al TIAR por considerarlo "obsoleto", *La Jornada,* September 7, 2002.

[215] Zínser, Adolfo Aguilar, Lecture Series *Current Mexican Politics*, University of California, San Diego, 2004.

[216] Weiner, Tim, Holding Swing Vote, Mexico Tells Bush It Won't Support Iraq Resolution U.S. Favors, *The New York Times*, October 28, 2002.

[217] Secretaría de Relaciones Exteriores: *Guía del Migrante Mexicano* (México, D.F.: 2004)

[218] G. Gordon Liddy, senior advisor in the Nixon Administration wrote in his autobiography: "It was an exercise in international extortion, pure, simple, and effective, designed to bend Mexico to our will." quoted in Doyle, Kate, Operation Intercept. The perils of unilateralism, *National Security Archives Mexico Project*, 2003, available at: http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB86/, last access June 1, 2008.

3.4.4 Symbolic and psychological independence

Mexican governments in the 20th century faced the problem of explaining to their people why the ruthless capitalistic United States was making better progress in fighting poverty and providing employment and consumer goods than the Mexican governments which were paying lip service to poverty reduction and social and economic advancement of all Mexicans. Even income inequality as measured by the Gini coefficient has consistently been higher in Mexico than in the United States.[219] The problem was aggravated by the undeniable fact of many Mexicans migrating to the United States, where they could immediately compare the living standards in the two countries. Historical legacy of racism and white supremacy further complicated the issue, as the predominantly white United States was economically successful and the predominantly mestizo Mexico apparently was not.[220]

The first strategy adopted by Mexican public figures was to blame the United States for most Mexican problems. The often used quote, *¡Pobre México! ¡Tan lejos de Dios, y tan cerca de los Estados Unidos!*[221] is attributed somewhat paradoxically to Porfirio Díaz who cooperated with U.S. extensively, but it is emblematic for this line of reasoning. Economic ills can be readily explained by exploitative American economic policies and malicious foreign interests. According to this view, the United States also bears principal responsibility for all problems related to drug trafficking, as it is the insatiable demand for illegal drugs by U.S. consumers that creates the problem of which Mexico is an innocent victim. Frequent references to U.S. imperialist foreign policies in Cuba, Vietnam, Nicaragua or later Iraq are seen as supportive evidence that symbolically the United States is the powerful aggressor who is to blame. As mentioned earlier, the Treaty of Guadalupe Hidalgo of 1848 plays a constitutive role in this discursive construction of victimization of Mexico. At least symbolically, aggressive Yankees rape the innocent Aztec virgin and steal half of the Mexican territory.[222]

In addition to blaming the United States, Mexican authorities have developed an elaborate concept of Mexican cultural and spiritual superiority to serve as an antidote to the unquestionable pre-eminence of the United States in terms of mate-

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[219] Central Intelligence Agency: *CIA World Factbook*, available at: http://www.cia.gov/cia/publications/factbook/geos/mx.html, last access June 1, 2008.

[220] Even some whiter Mexican politicians are ready to blame economic ills of the country on the high percentage of darker Indians, see Baer, Delal M., Dispatch: Misreading Mexico, *Foreign Policy,* No.108, (1997), pp. 138-150.

[221] Poor Mexico, so far away from God and so close to the United States, translation by author.

[222] Camp, Roderic Ai, *Politics In Mexico* (Cambridge, MA: Oxford University Press, 1999), p. 45, or Limón, José E., *American Encounters: Greater Mexico, the United States, and the Erotics of Culture,* (Boston, Beacon Press, 1999), p. 35.

rial wealth. Officially supported artists like Diego Rivera, David Siqueiros, Frida Kahlo, Octavio Paz or Carlos Fuentes received world-wide recognition, which lent at least some credibility to the argument.[223] Social consciousness and compassion as opposed to cold and calculated greed of arrogant Americans were also important elements of the artificially constructed notion of Mexican superiority. It was partly for this reason that Mexican governments until the 1990s shunned and failed to protect migrants to the United States, as those were seen as traitors to lofty Mexican ideals for thirty silver coins, in this particular case for higher wages in dollars.[224]

The omnipresence of national symbols even in the remotest of villages betrays the importance of cultivating national consciousness by the long-ruling PRI. Apart from busts and statues of Benito Juaréz, who freed Mexico from its ultra-conservative self as well as from the intervening French army, oversize national flags are displayed in city centers and on hilltops, the biggest one being at the Zócalo, the main square of Mexico City. This flag measuring 25 x 14.5 meters is hoisted every morning and lowered every evening in an elaborate ceremony (see Image 5). Día de la Bandera, (Flag Day) has been marked as a national holiday celebrated on February 24 since 1937.[225] The biggest of these monumental flags overlooks Monterrey and is 50 meters high and 28.6 meters wide.

The fact that many migrants do not wish to remain in the United States forever seem to indicate some degree of success in instilling strong independent national identity in Mexicans. Mexican Americans also overwhelmingly support the Mexican soccer team in matches against the United States team, causing consternation of other U.S. fans.[226] During the 1960s young radical Chicanos (Americans with Hispanic roots) advocated annexation of the U.S. Southwest (considered to be the original home of the Aztecs, Aztlán) back to Mexico. Somewhat symptomatically, no serious attempts have been made throughout the 20th century by northern Mexican states to secede and join the United States, which further demonstrates the strength of Mexican nationalism and the pursuit of independence.[227]

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[223] Rochfort, Desmond, *Mexican Muralists* (San Francisco: Chronicle Books, 1993).

[224] Camín H. A., Meyer L., *In the Shadow of the Mexican Revolution*, p. 164.

[225] Recording of the President's speach at the most recent Day of the Flag is available at the official website of the Mexican presidency, "El Presidente Calderón en la Ceremonia Conmemorativa del Día de la Bandera", 24.2.2007, http://www.presidencia.gob.mx/prensa/?contenido=29147#b3, last access June 1, 2008.

[226] Gutierrez, David G., Migration, Emergent Ethnicity, and the "Third Space": The Shifting Politics of Nationalism in Greater Mexico, *Journal of American History*, Vol. 86, (1999), pp. 481-517.

[227] Professor at University of New Mexico Charles Truxillo suggests that by the end of this century there will emerge "Republica del Norte," composed of U.S. and Mexican states now

3.5 Synthetic Approach to Independence in U.S.-Mexican Relations

The previous two chapters provided a thesis and antithesis through selective emphasis on instances both of Mexican dependence and independence vis-à-vis the stronger United States. This section attempts to reconcile the two views within a synthetic framework.

First, by formal definition of independence taken from international law, Mexico is clearly an independent state. It has no major territorial boundary disputes and is under no threat of foreign military invasion. Its formal authority over domestic territory is not threatened by secessionist movements which would be raising claims to their own independence or in any other way.[228] However, looking at the issue of independence from a realistic rather than formalistic point of view, it is clear that the Mexican government is operating under many serious constraints which effectively reduce its policy options. These constraints come primarily from two sources: the international environment and domestic political pressures. When these two sources combine, the window for independent action can become depressingly small.

The international environment puts both political and economic constraints on Mexico. In the political sphere, Mexican governments have been acutely aware since the 1940s that actions genuinely hostile to the United States would have negative consequences, and have generally refrained from them. In economic terms, Mexico is in a position of labor-abundant country which needs capital to develop. The United States has abundant capital, so it is naturally inclined to invest in Mexico. However, once investments are made, urgent need arises to protect them. That is how international economic interests easily and naturally convert to potential political influence and constraints on decision-making. If foreign investors come from a powerful country like the United States, their pressure is strengthened by the threat of invoking the protection of their mother country when faced with unfavorable national legislation.[229]

Domestic constraints are created by political coalitions that support each administration. These include a wide range of social, political, economic and per-

straddling the border. However, it is widely regarded as an acedemic curiosity. See Southwest Shall Secede from U.S., Prof Predicts, *Albuquerque Tribune*, January 31, 2000.

[228] Remaining Zapatista villages in the Lacandon rainforest are still beyond government control, but they do not pose a significant threat to Mexican territorial integrity or state organization. See Enlace Zapatista, available at: http://enlacezapatista.ezln.org.mx/category/ezln/, last access June 1, 2008.

[229] Investor protection clauses of the NAFTA (Chapter 11) offer such protection automatically through the Agreement itself, Griffith, Damara, *NAFTA, Sovereignty and Tradeoffs* (Washington, D.C.: The Federalist Society for Law and Public Policy Studies, 2003).

sonal interests that endorse the regime but at the same time try to push it towards enacting of specific policies.[230] Further constraints are created by the need to prevent popular unrest. Given the revolutionary history of Mexico (including major student unrest of 1968), widespread poverty and economic inequality, ongoing guerilla war in Guerrero or the Zapatista uprising in Chiapas, preventing more disorder is not an easy task and the government needs to act accordingly.

Given these circumstances, the notion of independence can be viewed as a discursive tool in the hands of privileged speakers.[231] By rhetorically emphasizing national independence, several important objectives are accomplished – first of all, a clear distinction is made between "us" and "them", "us" signifying a fictitious national community lead by the government and "them" symbolizing potentially malicious foreigners. This powerful distinction can be subsequently used to promote the supposed welfare of the community and curb influence of the outsiders.

The fictional national community which is created through the independence discourse also serves the purpose of suppressing discontent aimed at domestic elites - they might be a little corrupt, but they are at least *our* elites. In an atmosphere of fear and mistrust of the outside world it is difficult to criticize national politicians, as they can portray the criticism as playing into the hands of foreigners that are ready to exploit it for their own benefit.[232]

Independence discourse is thus ideally suited to be used by local politicians or elites in an asymmetric situation who are under pressure to cede influence to outside economic interests. By accusing foreigners of undermining national independence, it is possible to arouse enough sentiment and subsequent political clout to effectively counter the otherwise overpowering influence of international economic forces or political pressures.

Independence can be similarly used in international politics, as international law provides for formal equality between states and considers attacks on national independence to be illegal. By stressing and fiercely guarding their independence, national governments widen their opportunities when facing stronger negotiating partners in asymmetric relations. The greater the number of states showing respect for international law, the more difficult it is for strong states to openly bully oth-

[230] Gourevitch P., Second Image Reversed: The International Sources of Domestic Politics, p. 907.

[231] Chilton Paul and Shäffner, Christine, Discourse and Politics, in: van Dijk, Teun A. (ed.), *Discourse as Structure and Process* (London: Thousand Oaks, 1997), pp. 206-227.

[232] Weldes, Jutta (ed.) *Cultures of Insecurity. States, Communities* (Minneapolis and London: University of Minnesota Press, 1999).

ers.[233] It was for this reason that Mexico threatened to take the United States to the Permanent Court of International Justice in the Hague over disputes concerning the lower course of the Colorado River, the water of which U.S. farmers used for irrigation and then sent down to Mexico with a high content of salt.[234]

When applying the notion of independence as a discursive tool to Mexico, one can see that it served firstly to create a sense of national identity in a large country with widely disparate socioeconomic regions.[235] Under Porfirio Díaz it became obvious that modernization would come only through foreign capital and the underlying political influence. The Revolution then originated both from the disgruntled local bourgeoisie aiming to have more say in the government and from workers and peasants who became fed up with being exploited by foreign owners of capital. The call for national independence was one of the few issues on which various fighting factions were able to agree.[236]

The consolidated PRI which emerged from the Revolution was a motley umbrella organization of local elites, official trade unions and peasant organizations. The independence issue provided a lifeline to sustained political power for the party, as well as an important limitation to U.S. influence. Local elites were happy to have checked foreign competitors while at the same time economic and political aspirations of the poor were mostly held at bay by the visions of shared progressive national development. The continuing reverence of the nationalization of oil industry provides an important example of strength and potential of the independence discourse.[237]

It can also be argued that the very structure of the Mexican political system with one hegemonic long-ruling party was influenced by Mexico's asymmetric international position, namely by the fear of external pressures from the United States.[238] In an open multi-party democracy, it is much easier for outside interests to gain foothold and influence policies by providing support for the faction that is most favorable to them. Mexican elites have been aware of this fact, therefore Article 33 of the Mexican Constitution says: "*Foreigners may not involve themselves*

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[233] Falk, Richard, The World Order between Inter-State Law and the Law of Humanity, the Role of Civil Society Institutions, in: Archibugi, Daniele and Held, David (eds), *Cosmopolitan Democracy. An Agenda for a New World Order* (Cambridge/Oxford: Polity Press, 1995), pp. 163-179.

[234] Brownell, Herbert and Eaton, Samuel D., The Colorado River Salinity Problem With Mexico, *The American Journal of International Law*, Vol. 69, No. 2. (Apr., 1975), pp. 255-271.

[235] Pastor, Robert A., Castañeda, Jorge G., *Limits to Friendship. The United States and Mexico* (New York: Vintage Books, 1989), pp. 41-43.

[236] Camín H. A., Meyer L., *In the Shadow of the Mexican Revolution*, p. 43.

[237] Camp R. A., *Politics In Mexico,* p. 207.

[238] Gourevitch P., Second Image Reversed, p. 911.

in any way in the political affairs of the country." Effective political monopoly of the PRI ensured that foreign companies were bound to operate under close supervision of national elites. However, with emerging political pluralism, well-connected U.S. political consultants Rob Allyn and Dick Morris clandestinely worked for Fox's and Calderón's presidential campaigns.[239] Not surprisingly, PAN is the party most favorable to U.S. interests in Mexico.

The PRI was able to use the independence issue skillfully to tackle problems which arose during the Cold War. The leftist groups at home, which were accusing it of abandoning the socialist ideals of the Revolution, were its main concern. The party was using its independence in foreign affairs to annoy the United States in order to become immune to criticism that it caters to imperialist forces.[240] At the same time it criticized leftist groups for being lackeys of Moscow, thereby threatening the cherished goal of national independence and sovereignty.

However, outside economic forces became too strong to be ignored, leading to the crisis of the 1980s. Only after a dramatic fall in real wages it became possible for the discourse of free trade, liberalization to replace the vigorous, but outdated defense of national independence. The emerging group of U.S.-educated cadres of the PRI, the so-called *"técnicos"* (as opposed to old-fashioned party bosses, the *"dinos")* realized that they had little to lose and lot to gain in exposing Mexico to the international economy. This became one of the key issues in the PRI split in 1988, with Carlos Salinas of the technocratic wing of the PRI becoming the autocratic liberalizer and Cuauhtémoc Cárdenas of the nascent PRD the state-centered democratizer in the contentious presidential election that year.[241]

After the questionable victory of Salinas, most Mexicans were prepared to get rid of the independence rhetoric, as it became obvious that it serves too well only the interests of protectionist oligarchs and autocratic corrupt politicians. However, the Zapatista uprising in 1994 used the theme of excessive foreign influence as one of its main issues – it started symbolically on the first day NAFTA took effect.[242] This suggests that credible national independence discourse indeed

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[239] Iliff, Laurence, PR guru Allyn draws flak on Mexico, *The Dallas Morning News*, December 22, 2005.

[240] In conversation with President Nixon, Echeverría said: "Because ... if I don't take this flag in Latin America, Castro will. I am very conscious of this. Doyle, Kate, The Nixon Tapes: Secret Recordings from the Nixon White House on Luis Echeverría and Much More, *National Security Archives Mexico Project*, 2003, available at: http://www.gwu.edu/~nsarchiv/NSAEBB /NSAEBB95/, last access June 1, 2008.

[241] Camp R. A., *Politics In Mexico*, p. 184.

[242] Rich, Paul, NAFTA and Chiapas, in: Rich, Paul and de los Reyes, Guillermo (eds.), *NAFTA revisited - expectation and realities*, The Annals of The American Academy of Political and Social Science, Vol. 550, (1997), pp. 158-175.

tends to suppress domestic discontent. Even strongly free-market-oriented politicians such as Vicente Fox did not dare to privatize the state-controlled energy sector, which betrays the fear of possible dramatic backlash in future elections.

When we acknowledge that in reality there can be no such thing as complete independence and look at the issue as if it were a discursive tool serving the specific goals of privileged speakers, such analysis can be fruitfully applied in other parts of the world as well. In the United States, for example, protectionist groups use it to attack the WTO while the Euro-skeptics fall back on it to protect local interests vis-à-vis the EU.[243]

The public too often fails to realize that outside influences might at times better serve its interests than the entrenched national elites. Independence rhetoric also conveniently assumes that a Mexican top-manager has more common interests with a Mexican peasant than with an American or German top-manager. This is not necessarily the case, especially when most top managers are nowadays educated and socialized at the same universities.

The fictitious community that the independence discourse attempts to create is in many ways just as diverse as the community of players of the supposedly Spanish club Real Madrid soccer club with its three Brazilians, two Britons, two Italians, two Uruguayans, one Frenchman and a Dane. The soccer team example demonstrates how strong the identity of fictitious community can be – if new players join the team, they quickly become integral parts of it despite their very diverse backgrounds and personalities.

This argument can be used also in reverse – when faced with oppressive demands from an overpowering international environment, the symbolic power of independence discourse is one of the instruments that can be used to defend legitimate local interests in case other policies are insufficient or ineffective. This might be one of the reasons why we can still observe widespread and at times quite effective political resistance to the supposedly benign process of the liberalization of the international economy.

This leads to the conclusion that proposed policies should be judged on their merits rather than compliance with artificially constructed notions of independence. And as for Mexico, by constantly dreaming about independence, Mexicans might be actually helping it come true. The continuing emphasis on independence allows local elites to gain or retain more economic as well as political power, es-

[243] Haesly, Richard, Euroskeptics, Europhiles and Instrumental Europeans, *European Union Politics*, Vol. 2, No. 1, (2001), pp. 81-102.

pecially in the asymmetric relations with the U.S. If more factual independence would eventually benefit the common dreamers is unfortunately quite another question.

4 Asymmetric Perceptions in Transition. *The New York Times* Coverage of Mexico before and after NAFTA

Mirror, mirror on the wall, who in the land is fairest of all?
Snow White's stepmother

The case study of media perceptions of asymmetry concludes the first part of this work. Reflections of apparent asymmetry in the media are relevant as they shape opinions of policymakers as well as the general public. In doing this, they either support and strengthen existing stereotypes or weaken and challenge them, which has important implications in the decision-making processes. For the case study, I focused on the debate around NAFTA, where Mexico was at the center of attention of the U.S. media.

My original idea was that after the U.S. and Mexico had reached the NAFTA agreement, the U.S. media would reflect this new proximity by change of attitudes, or discourse, concerning the southern neighbor. Before I started doing actual research, my hypothesis was that the coverage of Mexico would become less confrontational and more problem-solving-oriented after the signing of NAFTA, as the two countries would feel increased need to face bilateral problems together. Such a change of attitude would suggest that regional integration was beneficial for Mexico in the sense that U.S. readers would better understand the challenges facing Mexico, which would possibly also suppress some of the negative stereotypes about the country. Potential for better solutions to some of the bilateral problems would thus be enhanced.

If this were the case, I would then argue that it is beneficial for weaker states to integrate with stronger ones within the asymmetric context, because the favorable change in perception in stronger states may provide an important additional, not only economic benefit. However, as my findings have shown, the situation in the media did not quite conform to the original hypothesis outlined above.

4.1 Chapter Methodology

In this section I will suggest some definitions of the terms that I am using as well as sketch methodological problems connected with these definitions. I will conclude by describing the advantages and disadvantages of the methodological approach I have chosen.

The key concept in the thesis outlined above is the term "perception". What does it represent? I see perception (in this case perception of a country) as complex mixture of value judgments, stereotypes and images connected with the given

country, thus creating a specific kind of discourse. The problem then arises how to measure such a phenomenon – if we are talking about changes in perceptions, it has to be measured somehow. On a more detailed level this could be done by detailed computer-based statistics of association of words, phrases and images with the given country in the given media. For the purposes of this case study, I relied on a simpler method.

I chose one media outlet, namely The New York Times newspaper (hereinafter "NYT"). This newspaper is considered one of the newspapers of record in the U.S., signifying high prestige and quality of reporting. Most Pulitzer Prize winners in recent years have been correspondents of the NYT. International section of this newspaper is much more extensive than that of average U.S. newspapers, and it presumably has significant impact on policymakers as well as on wider readership. In domestic politics, the NYT is often accused of a slightly liberal bias, but since foreign coverage is less connected to party politics, this should not be a relevant factor at this point. *De facto* support of the invasion of Iraq in 2003 by the NYT further demonstrates that any supposedly liberal bias cannot be very strong.

I started working with the The New York Times yearly Index book[244], where all articles appearing in the newspaper are listed with a given topic (in this case Mexico), together with a small caption. First, I read all the captions and counted the sheer numbers of articles appearing in the NYT on Mexico each year from 1981 to 2000. Findings of this preliminary research are shown in "Quantitative Changes" below. This part of the paper is methodologically solid, it is based on hard data, and the conclusions I am making are strongly supported by evidence.

Second, I needed to look at possible qualitative changes in the coverage on Mexico. I sorted all the articles according to their topics using the captions in the NYT yearly Index. Then I examined the articles, looking for basic information value, but also at underlying opinions and value judgments as well. After reading these articles I tried to look at the possible changes in connections, images, policy proposals and word use relating to Mexico before and after NAFTA. In this part of the paper I had to use subjective discretion in selecting the most relevant topics and relevant comparisons, focusing on the interpretation of asymmetry and relevant policy options.

The last important methodological problem I want to mention is the causal effect of perceptions of any given theme in the media. Are the journalists consciously manipulating both the public and the politicians for their own ends? Is it the public demand that forces the journalists to write what they think the public wants to hear? Or is it the underlying political contest that has decisive influence

[244] *New York Times Index 1981-2000*, The New York Times, New York, 2001.

on perception of certain topics in the media?[245] It seems to me that these three forces operate simultaneously, with one usually being predominant in selected areas for a limited period of time. For the presented thesis it does not really matter after all – cause and effect of the change in media perception it is not that important. In the end the improved media image of Mexico after being integrated is affecting both the readers and the politicians, which is what is relevant for this study.

4.2 Quantitative Change

As a first indicator I looked at numbers of articles appearing in the NYT with the primary topic of Mexico. Some trends can be inferred by looking at these numbers. As we can calculate from Table 3, the average coverage of Mexico in 1981-1989 was 100 articles per year. In the four years preceding the ratification of NAFTA the average amount was 51.5 articles per year. The average number of articles on Mexico rose to 242.2 articles per year in the six years that followed the ratification.

Table 3: Number of articles with the primary topic of Mexico appearing in the NYT between 1981-2000

Year	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**
Articles	61	110	78	80	70	190	63	139	109

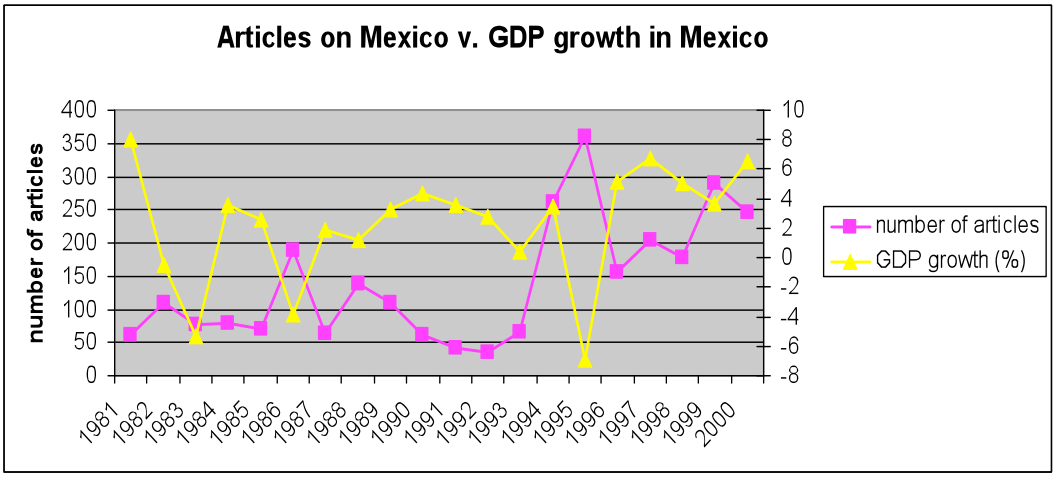
Year	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1998**	**1999**	**2000**
Articles	61	42	36	67	262	360	156	177	290	246

Source: New York Times Index 1981-2000.

First, let us interpret the increase in average number of articles after the year 1994. This looks rather clear – after NAFTA the coverage has increased dramatically (on average by 374% with respect to previous four years). The American public and elites read more about Mexico; they are better informed and therefore come to better policy conclusions, which would be positive for Mexico.

[245] cf. Luhmann, Niklas, *The Reality of the Mass Media* (Stanford, CA: Stanford University Press, 2000).

The situation is unfortunately more complicated. As a matter of fact, the reasoning in the paragraph above is a simple example of a common intellectual trap, namely the one of people seeing only what they want to see. Before coming to conclusions, we need to look first what other factors could lead to such an increase in coverage, and then at the qualitative analysis to really grasp the nature of the change of perceptions of Mexico as described in the thesis above. For example Graph 4 shows a discernible and intriguing pattern connecting the growth (or decline) of the Mexican economy and the number of articles on Mexico. The worse the economic situation in Mexico becomes, the more articles start appearing in NYT about it. This confirms the notion that U.S. media attention is attracted by perceived crises rather than genuine positive interest.



Graph 4: Articles on Mexico in The New York Times, 1981-2000 and GDP growth in Mexico
Source: The New York Times Index, 1981-2000, World Development Indicators (WDI) Database, CD-ROM, World Bank, 2005

If we then look at topics of the articles, it becomes clear that the impressive increase in numbers of articles on Mexico cannot be attributed to NAFTA alone, at least not directly so. The years 1994 and 1995 were not only the first two years of NAFTA, but also the years of the peso crisis (which started in December 1994), the Chiapas uprising (launched on January 1, 1994) and presidential elections in Mexico (Ernesto Zedillo de Ponce León of the PRI was elected in August 1994). Even without NAFTA, these three events would surely increase the coverage Mexico received in U.S. media. In this respect it is more important that even in less spectacular years of 1996 and 1997 the coverage remained much higher than in pre-NAFTA years, suggesting that NAFTA has led to an increased quantity of reporting.

Interpreting the steady decrease in the number of articles in the years 1990-1993 (average of 100 articles in 1981-1989 versus average of 51.5 articles in 1990-1993) is more difficult. One reason might be that after the election of Carlos Salinas, Mexico was regarded as stable and on the right path to democratization and economic liberalization, which is rather uninteresting for the media (and the readers). However, the explanation might be more complex. As the NYT itself reported, in 1990 the Salinas government undertook a massive lobbying and public relations campaign in the U.S. with the ultimate aim of signing and approval of the NAFTA agreement. Too much reporting on Mexico would be detrimental to the process, since unpleasant issues like prevalent corruption, increased crime rate and extreme poverty might come to the spotlight and complicate the NAFTA negotiations. In a Pulitzer-Prize-winning article Tim Golden of the NYT described in 1995 how the U.S. administration downplayed the war on drugs in Mexico in the years before NAFTA was signed.[246] He only forgot to add that even the NYT might have part in this process. As I describe in the Editorial policy section below, deliberate manipulation concerning certain specific topics by selected journalists is by no means unimaginable.

Second, apart from levels of overall coverage, I analyzed the frequency of specific themes in the NYT coverage of Mexico (see Table 4). I was concerned with the level of attention paid to each particular issue, positive or negative attitudes were not important in this respect.

As we can see in Table 4, some topics remained constant in absolute numbers in the coverage of Mexico, namely concerns about human rights and election fairness. Given the overall increase of the number of articles, the percentage of articles on human rights and election fairness decreased significantly, which must have diffused its importance in overall perception of Mexico. Other topics, namely economy and drug trafficking, were present all the time, but significant decrease in coverage can be seen in the years 1991, 1992 and 1993. The peso crisis in 1995 is the main reason of the peak in the articles concerned with Mexican economy.

New topics started figuring prominently in coverage on Mexico starting with the year 1994. The increased number of articles on peasant rebellion is obviously connected to the events in Chiapas and Guerrero; assassinations of important politicians Luis Donaldo Colosio and José Ruiz Massieu and subsequent investigations also logically attracted media attention.

[246] Golden, Tim, To Help Keep Mexico Stable, U.S. Soft-pedaled Drug War, *The New York Times,* July 31,1995.

Table 4: Selected topics on Mexico in The New York Times 1990-1996

	1990	1991	1992	1993	1994	1995	1996
Articles total	61	42	36	67	262	360	156
Economy	17	9	3	12	39	118	21
Election fairness	9	10	13	16	23	14	6
Human rights	4	5	4	4	8	7	7
Violent crime	0	1	1	0	7	12	13
Corruption	0	1	0	1	1	16	19
Political assassinations	0	0	0	0	30	28	15
Peasant rebellion	0	0	0	0	63	39	33
Drug trafficking	37	12	5	9	9	30	28

Source: The New York Times Index 1990-1996.

More interesting in this respect is the sudden growth of articles on crime and corruption in Mexico. Although this increase might be to some extent attributed to the increased attention to the topic in Mexican media, where the Salinas government (and especially the President's brother Raúl) came under extensive scrutiny, the correspondents of the NYT stationed in Mexico City must have been well aware of corruption and crime before even before 1994 when the Salinas scandal surfaced. At the time of dramatic arguments about the approval of NAFTA, these stories were simply not interesting enough to be converted into “news”. Some extent of conscious manipulation in order to improve Mexico’s image cannot be ruled out as well.

4.3 Qualitative change from 1990 to 1996

In this section I will analyze the NYT articles on Mexico from a qualitative perspective, first by noting the most important topics for each year and then by concentrating on the evolving underlying approach within the articles. I concentrate on years 1990 to 1996, which were most relevant with respect to the adoption of NAFTA.

4.3.1 Topics

In 1990, the coverage of Mexico was greatly polarized – Mexico was presented either in a very negative or a very positive way. Common topics contribut-

ing to the negative image were concerned with human-rights abuses, electoral fraud, one-party rule and the danger of mass immigration from Mexico to the USA. Positive topics included the description of successful cooperation between border towns, daring progress of the Salinas government with economic reforms and improved relations with the Vatican.[247]

The coverage in the year 1991 was somewhat paradoxically mainly focused on the effort of the Mexican government to improve the image of Mexico in the United States through a massive lobbying campaign. At the same time the frequency of articles critical of Mexico fell dramatically. The NYT itself thus could serve as a proof that the public relation campaign was under way. Support for more democratization was noted, but the tone was more positive, with some deeper analyses of the real situation in Mexico.[248]

The year 1992 did not differ much from 1991, the debate about NAFTA became more prominent, especially Bill Clinton's reservations concerning labor and the environment. The general notion was that Mexican people overwhelmingly supported NAFTA, and that it would not have great social effects in the U.S. There was some effort to contrast the dark, corrupt Mexico of the past with the bright future that would ensue through the continuation of the reform process. Freedom of the press in Mexico was mentioned as a problem that should be addressed.[249]

The year 1993 was crucial for the congressional battle over the approval of NAFTA, yet it is interesting that the number of articles on Mexico did not rise accordingly. Generally speaking, NYT was rather supportive of the agreement, critical assessments of NAFTA were rather sporadic. To support entry into NAFTA

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[247] See for example Rohter, Larry, Pillow Talk of U.S. Mexico Towns: What Borders?, *The New York Times*, February 17 1990; Habermann, Clyde, Pope, Amid Mexico's Poor, Laments, *The New York Times*, May 8, 1990; Lewis, Flora, The Weight of Mexico, *The New York Times,* May 8, 1990, Whalen, Christopher, Mexico – America's Next Iran? *The New York Times,* July 30, 1990

[248] See for example Nash, Nathaniel C., A New Discipline in Economics Brings Change to Latin America, *The New York Times,* November 13, 1991; Pall, Allan, Don't Extend Free Trade Pact to Mexico, *The New York Times,* August 26, 1991; Golden, Tim, A Dream of Land Dies Hard in Mexico, *The New York Times,* November 27, 1991, Golden, Tim, The Missing Reform in Mexico, *The New York Times,* August 26, 1991.

[249] See for example Golden, Tim, In Free Trade, Mexico Sees an Economy in U.S. Image, *The New York Times,* July 23, 1992; Farnsworth, Clyde, New Planet Swims into Canada's Ken: It's Mexico!, *The New York Times,* August 27, 1992, Golden, Tim, Mexico and the Catholic Church Restore Full Diplomatic Ties, *The New York Times,* September 22, 1992; Gelb, Leslie H., A Little TLC for Mexico, *The New York Times,* October 1, 1992; Golden, Tim, Mexico's Leader Seeks to Address Clinton's Concerns on Trade Pact, *The New York Times,* November 21, 1992.

the main NYT correspondent in Mexico went as far as writing an article on the possible Japanese business invasion to Mexico in case the trade pact failed. Such article blatantly used the strong anti-Japanese sentiment in the public at that time in order to generate support for NAFTA. When the agreement finally made it through the U.S. Congress, the reaction of NYT was positive in general, down-playing possible negative impact on U.S. workers.[250]

In 1994 the number of articles on Mexico rose substantially, but a large part of this increase can be attributed to dramatic events happening in Mexico that year. First, the Zapatista rebellion in Chiapas started on January 1, 1994, the same day the NAFTA went into effect. Later, Luis Donaldo Colosio, the presidential candidate of the ruling PRI and the likely winner of the summer election in Mexico, was assassinated in Tijuana and the investigation could not silence the rumors of conspiracy involving major drug-traffickers. Presidential elections were held in August, and articles in the NYT were concerned mainly with the fairness of the process, not directly supporting any one candidate. The victory of Ernesto Zedillo de Ponce León the replacement candidate of the of the PRI, was regarded as fair. In December, the abrupt devaluation of the peso started the so-called peso crisis. Many economic commentaries were published then.[251]

The coverage in the year 1995 was dominated by the peso crisis, as interests of U.S. businesses and investors were directly threatened. Many U.S. pension funds invested in Mexico and thus endangered the savings of their clients. Controversy over U.S. economic assistance to Mexico was also widely covered. Peace talks with rebels in Chiapas were also widely reported. Themes of illegal immigration and traffic with narcotics started to get more and more attention.[252]

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[250] See for example Uchitelle, Louis, High Mexican Interest Rates Are Luring Wall Street Cash, *The New York Times,* April 22, 1993; Golden, Tim, In Mexico, Nafta Isn't Just About Trade, *The New York Times,* August 22, 1993; Golden, Tim, Mexican Party Pushes Through Electoral Changes, *The New York Times,* September 11, 1993; Golden, Tim, If Trade Pact Fails, Doubt on Japan Role in Mexico, *The New York Times,* November 4, 1993; Rosenbaum, David E., Administration Sweetens Trade Agreement Terms, *The New York Times,* November 4, 1993; Hove-Verhovek, Sam, San Antonio Celebrates New Free Trade World, *The New York Times,* November 19, 1993; Myerson, Allen R., Where the Mexico Gold Rush Begins, *The New York Times,* November 19, 1993.

[251] See for example Reavis, Dick J., A Murder in Tijuana, *The New York Times*, March 26, 1994; Reding, Andrew, Mexico on the Edge, *The New York Times*, July 5, 1994; Golden, Tim, Boom Shows its Dark Side, *The New York Times*, December 23, 1994; DePalma, Anthony, A Year to Forget: 1994 Leaves Mexico Reeling, *The New York Times*, December 29, 1994; Golden, Tim, The Fall Came Quickly For Mexico's Rising Star, *The New York Times*, December 30, 1994.

[252] See for example Sanger, David B., US Is Fearful of Alien Surge, *The New York Times*, January 18, 1995; Cavanagh, John and Anderson, Sarah, Nafta's Unhappy Anniversary, *The New York Times*, February 7, 1995; DePalma, Anthony, For Mexico, NAFTA's Promise of Jobs is Still

Finally, in 1996, various scandals and corruption of the Salinas government concerning the privatization process were widely reported. Focus on law and order in Mexico became prominent as the economic situation stabilized.[253] Even though the events were not very dramatic, a high number of articles on Mexico shows that the country began to gain prominence from the NYT perspective.

On the whole we can see that although important topics are determined by real events, it is interesting to note which themes become prominent in which years. Omitted or neglected topics over time are highly relevant as well. For example the law and order debate in Mexico went almost unnoticed by the NYT in 1993, yet the situation definitely did not differ much from 1996, when this topic was featured heavily in NYT. This change of emphasis could partly be explained by changes in reader's preferences, but it is more likely to be a reflection of conscious editorial policy.

4.3.2 Attitude and content analysis

Looking briefly at various topics in various years is important in order to get a general idea of what the coverage of NYT on Mexico looked like. If we want to assess whether the perceptions of Mexico really changed with the Mexican entry into NAFTA, we need to look into the attitude and content of these articles. As mentioned earlier, after entering NAFTA and becoming more integrated and in this sense also closer to the U.S., the articles on Mexico should become more understanding and supportive, slowly dismissing the "us versus them" discourse.[254] However, even after NAFTA there was very little change in this respect, and the attitude often shifted for the worse.

In pre-NAFTA years, many articles are filled with the spirit of cooperation and hope for a better future of Mexico. For example in "Pillow Talk of U.S. Mexico Towns: What Borders?"[255], the author speaks about "forging the two communities in one". Very good personal ties between the city council members are mentioned, as well as high incidence of cross-border marriages, which explains the

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Just a Promise, *The New York Times*, October 10, 1995; Rosenthal, A.M., Taking Over Mexico, *The New York Times*, February 29, 1995.

[253] See for example DePalma, Anthony, How a Tortilla Empire Was Built on Favoritism, *The New York Times*, February 15, 1996; Preston, Julia, Mexico's Robbers Diversify: Nobody's Safe Now, *The New York Times*, January 10, 1996; Preston, Julia, Mexico's Elite Caught in Scandal's Harsh Glare, *The New York Times*, July 13, 1996; DePalma, Anthony, Income Gap in Mexico Grows, And So Do Protests, *The New York Times*, July 20, 1996.

[254] cf. Coatsworth, John H. and Rico, Carlos, *Images of Mexico in the United States* (La Jolla: Center for U.S.-Mexican Studies, 1989), p. 5.

[255] Rohter, Larry, Pillow Talk of U.S. Mexico Towns: What Borders?, *The New York Times,* February 17 1990.

intimate-sounding title. Dark and violent past is noticed to provide a counterpoint as Columbus, the U.S. city described in the article, was pillaged by Pancho Villa in 1916. In "Pope, Amid Mexico's Poor, Laments" the author describes the extreme poverty in the slums of Mexico City, but does not fail to mention the personal presence of President Salinas, who is doing his best to improve the situation – the hope for a new, better Mexico is clearly visible.[256] Also in "New Planet Swims into Canada's Ken: It's Mexico!" the strengthening cultural ties as well as general positive attitude towards Mexico in Canada are described, while at the same time downplaying the possibility of massive immigration from Mexico by quoting Mexicans working in Canada as definitely planning to go back home one day because of the cold climate.[257]

The sweet attitude towards Mexico is at its best in "The Weight of Mexico", where the author emphasizes the help the U.S. should be giving to Mexico without trying to push for specific policies and institutions: "Mexico needs us as a partner, not as a boss."[258] Similar attitude is present also in "A Little TLC for Mexico" where TLC stands not only for *Tratado de Libre Commercio* (Free Trade Agreement), but also for the common phrase *Tender Loving Care*. In this article Leslie Gelb clearly supports the Salinas administration and its courageous attempts to modernize and democratize Mexico. He also attacks the U.S. Democratic party, whose members were opposing NAFTA in Congress, for trying to derail the positive developments taking place in Mexico.[259]

Last but not least, in "In Mexico, NAFTA Isn't Just About Trade"[260], at a crucial time of the discussions about NAFTA in U.S. Congress, Tim Golden makes a very strong argument supporting the Agreement. Sentences like "the future of stable, responsible, pro-American government hangs in the balance" do not leave much doubt about author's bias. To soothe the critics of the Agreement, Golden downplays any threat Mexico might pose: "Even in most optimistic scenarios of Mexican growth, it will remain a minor player in most American markets." After the passage of the NAFTA through Congress, the mood overall was celebratory throughout the NYT. The title "Where the Mexico Gold Rush Begins"[261] speaks for itself, as well as "San Antonio Celebrates New Free Trade World", quoting Al

[256] Haberman, Clyde, Pope, Amid Mexico's Poor, Laments, *The New York Times*, May 8, 1990.
[257] Farnsworth, Clyde, New Planet Swims into Canada's Ken: It's Mexico!, *The New York Times*, August 27, 1992.
[258] Lewis, Flora, The Weight of Mexico, *The New York Times*, May 8, 1990.
[259] Gelb, Leslie, H., A Little TLC for Mexico, *The New York Times*, October 1, 1992.
[260] Golden, Tim, In Mexico, Nafta Isn't Just About Trade, *The New York Times*, August 22, 1993.
[261] Myerson, Allen R., Where the Mexico Gold Rush Begins, *The New York Times*, November 19, 1993.

Martinez-Fonts from Texas Commerce Bank in San Antonio: "We are ecstatic!"[262]

On the other hand there were also articles in which the perception of Mexico and Mexicans was rather negative also in the pre-NAFTA period. It is important to mention some of them, because we shall see in the next section how the critics of Mexico gradually changed their agenda after NAFTA went into effect. In "Accident of Geography Prompts Local Protest" illegal immigrants from Mexico are not described in a very positive way: "these people are going across their [San Diego residents'] property and using their water and performing all their bodily functions right out there." In "The Missing Reform in Mexico" the author argues that in spite of economic progress, not enough has been done in Mexico concerning electoral reform and fairness: "the vice of electoral fraud is still persisting".[263] Some doubts about the Salinas government are persisting in "Mexico's Leader Seeks to Address Clinton's Concerns on Trade Pact", where Salinas is described among other similes as a "slimy creature who might open the elections, but keeps tight control of the media".[264] A number of articles were also published which were critical of the NAFTA which focused on the possibility of U.S. manufacturing jobs dislocating to Mexico. In these articles the main topic was not Mexico, but rather potential hardships suffered by U.S. workers. The metaphors used with respect to Mexico were mostly derogatory, emphasizing exploitative working conditions and lack of effective labor law enforcement. We can see that asymmetry was expected to encourage cooperation and help, but also to emphasize the differences between the two countries in a negative way.

In the post-NAFTA discourse, overall positive perceptions of Mexico are deteriorating and the coverage starts to focus on the more disturbing factors in Mexican reality. In "A Murder in Tijuana", Jorge Castañeda, later Minister for Foreign Affairs in the government of Vicente Fox, is quoted as saying: "When you have the kind of breakdown in the traditional way of doing things, that we've had under Salinas, and you don't replace it with anything but your own power, arrogance, schemes and talents, you get in trouble."[265] Fears of massive waves of illegal immigration are frequent and explicit, as for example in "Mexico on the Edge": "If Mexican economy falters, we may have to prepare for a flood of refugees across our southern border."[266] In "Big Business Puts Money on Mexican

[262] Hove-Verhovek, Sam, San Antonio Celebrates New Free Trade World, *The New York Times*, November 19, 1993.
[263] The Missing Reform in Mexico, *The New York Times*, August 26, 1991.
[264] Golden, Tim, Mexico's Leader Seeks to Address Clinton's Concerns on Trade Pact, *The New York Times*, November 21, 1992.
[265] Reavis, Dick J., A Murder in Tijuana, *The New York Times*, March 26, 1994.
[266] Reding, Andrew, Mexico on the Edge, *The New York Times*, July 5, 1994.

Status Quo", Tim Golden expresses his skepticism about the democratization process: “To those who believe free markets lead inevitably to freer politics, it wasn’t supposed to work quite this way.”[267]

Anthony DePalma further adds to the disenchantment in "A Year to Forget: 1994 Leaves Mexico Reeling", where he quotes Subcomandante Marcos, the leader of the Chiapas guerilla army: “Welcome to the nightmare!” The grievances of Mexico are described in apocalyptical proportions, citing possible disastrous eruption of the Popocatépetl volcano, death of 44 Mexican peasants because of drought in Chihuahua, criminal investigation of prominent businessmen and politicians or fatal poisoning of 50 Indians by mescal laced with fuel-additives.[268]

The peso crisis, for which the Mexican government was largely blamed in NYT, contributed to the increasingly negative coverage of events in Mexico.[269] Old stereotypes and accusations came quickly to the fore, culminating in an article “Taking Over Mexico”, where A.M. Rosenthal severely criticizes Mexico. He speaks about “Mexican politicians who have been running what Senator Daniel Patrick Moynihan describes as one-party Leninist system.” On the future prospects in Mexico Rosenthal adds: “Maybe they will just go and have a revolution,” arguing for no more support or loans for Mexico, since they would be lost in such a revolution anyway. Furthermore, commenting on illegal immigration into the Southwestern United States, he claims that “since these states once belonged to Mexico, that eases whatever feeling Mexicans may have of committing a heinous crime.”[270] Such discourse is really far from the tender loving care proposed by others in pre-NAFTA years.

U.S. authorities also reacted to more negative assessment of Mexico as can be seen in "U.S. Tests Border Plan In Event of Mexico Crisis", where the talk is about “mass detention centers” for prospective illegal immigrants or “unspeakable and unspecified social catastrophe” that may anytime soon happen in Mexico. Mr. Steenbakker, an employee of the Border Patrol, answers the question on possible reasons for the feared immigration tsunami: “Natural disaster, economic collapse, military attacks on Government or any number of other situations,” contributing significantly to the negative perceptions of Mexico.[271]

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[267] Golden, Tim, Big Business Puts Money on Mexican Status Quo, *The New York Times*, August 17, 1994.

[268] DePalma, Anthony, A Year to Forget: 1994 Leaves Mexico Reeling, *The New York Times*, December 29, 1994.

[269] Bennett, James, U.S. Business Gets Mexican Shock, , *The New York Times*, December 23, 1994.

[270] Rosenthal, A.M., Taking Over Mexico, *The New York Times*, February 29, 1995.

[271] Dillon, Sam, U.S. Tests Border Plan In Event of Mexico Crisis, *The New York Times*, December 8, 1995.

From the number of articles concerned with scandals and massive corruption in Mexico under Salinas, "How a Tortilla Empire Was Built on Favoritism" is especially telling. Current Mexican saying is quoted there: "Corruption is not a characteristic of the system in Mexico, it IS the system."[272] This may very well be close to the situation in Mexico, but in the years 1990-1993, corruption was conspicuously missing from the pages of the NYT. The same goes for crime, with articles like "Mexico's Robbers Diversify: Nobody's Safe Now"[273] or "Crime Wave Leaves Mexico Wary of Federal Police" not having any counterparts in the pre-NAFTA years, although no doubt severe crime-related problems existed at that time as well.[274] Words used in these articles are rather harsh and threatening, with sentences like "the lines between police and criminals blurred to the point of extinction" surely having negative impact on Mexico's image. The reputation of Mexico sank so low that in an editorial article titled "Foreign Danger Zones" Mexico was placed together with Saudi Arabia and North Korea in the group of states dangerous for the United States, because "in Mexico, political and economical crisis is waiting to happen," presumably causing massive illegal immigration and thereby disrupting the social fabric of the American Southwest.[275] Fears of revolution in Mexico became a fascination for NYT journalists, like in "At 95, Still Labor's King, but Ruling Party's Vassal", where the author writes suggestively: "Mexico's more perplexing modern mysteries: how has the country managed to keep from blowing up in the face of one of its worst economic and political crises since the 1910-1919 revolution?"[276] Also on the level of word-choice, connotations are not very flattering. Mexican politics is described as "Greek tragedy", and the presidential election a "baroque Mexican ritual of choosing a successor."[277] The clear implication is that the election is an emotion driven, irrational process, contributing nicely to the general stereotype of "The Latino" (vio-

[272] DePalma, Anthony, How a Tortilla Empire Was Built on Favoritism, *The New York Times*, February 15, 1996.
[273] Preston, Julia, Mexico's Robbers Diversify: Nobody's Safe Now, *The New York Times*, January 10, 1996.
[274] Dillon, Sam, Crime Wave Leaves Mexico Wary of Federal Police, *The New York Times*, September 3, 1996.
[275] Foreign Danger Zones, *The New York Times*, November 10, 1996.
[276] DePalma, Anthony, At 95, Still Labor's King, but Ruling Party's Vassal, *The New York Times*, February 5, 1996.
[277] DePalma, Anthony, A Political Survivor Rebounds in Mexican Turmoil, *The New York Times*, October 3, 1995.

lent, emotional, lacking-self discipline) as opposed to the superior Anglo-Saxons.[278]

On the other hand, the existence of NAFTA and the ever-closer economic ties had a partially beneficial effect in NYT coverage, as in "Credit Line for Mexico Opens", an analyst is quoted saying: "Increasingly, when countries enter into free trade areas like NAFTA, they have to become involved in one another's economies. The credit line is a logical progression from trade and investment cooperation between three countries to greater monetary and fiscal cooperation."[279] Similar attitude is reflected by top U.S. officials, in "U.S. Is Readying Further Billions to Rescue Mexico", where Secretary of the Treasury Lawrence Summers is commenting on the credits being made available for Mexico: "In approaching this situation, we've recognized the central importance of Mexico to the U.S. because it is our second largest trading partner, we share a 2000 mile border and because our societies are so closely intertwined."[280] Less than a sign of good will to help a weaker partner in an asymmetric relationship, these quotes rather betray anxiety regarding future developments in Mexico.

If we were to assess the qualitative changes in general, it becomes clear that after the Mexican entry into NAFTA there has been no significant increase in positive coverage of Mexico. Positive developments within Mexico were not highlighted, nor was the good will and positive attitude on the U.S. side. The media reality has been quite the opposite – after the approval of NAFTA, there was suddenly no need for positive or hopeful articles on Mexico. The focus started to be rather critical, which could be to some extent excused by the unfortunate developments in Mexico. Nevertheless, new NAFTA ties did not prevent the use of old negative stereotypes like the lazy and irrational Latino versus the agile and rational Anglo-Saxon in the "us versus them" debates. The underlying tone was much more like "we have to keep them away and stable" than "we should perhaps try to help them somehow". Among other things, this demonstrated the primary economic nature of the NAFTA, which did not necessarily evolve into friendly partnership in the political or symbolic sense.

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[278] cf. Taylor, Marylee C., How White Attitudes Vary with the Racial Composition of Local Populations: Numbers Count, *American Sociological Review*, Vol. 63, No. 4 (Aug., 1998), pp. 512-535.

[279] Friedman, Thomas L., Credit Line for Mexico Opens, *The New York Times,* April 27, 1994.

[280] Bradsher, Keith, U.S. Is Readying Further Billions to Rescue Mexico, *The New York Times,* December 29, 1994.

4.3.3 Editorial policy

Looking at the dramatic changes in the coverage of Mexico in NYT, what are the main causes of these differences? Historical events and developments unquestionably play a role, as well as wider underlying attitudes and sentiments of the public. Apart from these factors, individual editors play a significant role as well. They are the ones who are selecting topics (and equally important, choosing not to present certain topics) and thereby setting the agenda. In specific fields, which are covered by only a few journalists over longer periods of time, the power to set agenda is even greater. In the case of Mexico, two official correspondents stationed in Mexico City wrote the vast majority of articles and thus de-facto controlled the image of Mexico. From 1992 to 1995 these two editors were Tim Golden[281] and Anthony DePalma,[282] from 1995 to 2000 Sam Dillon and Julia Preston. Tim Golden's preferences for the NAFTA were already mentioned above, his articles had a pro-Mexican bias, but also showed profound understanding of complex reality in Mexico, Anthony DePalma's focus was mainly on the Mexican economy. Even though it is impossible to prove it, the analysis above strongly suggests that preferences of both editors contributed to the omission of certain themes from NYT coverage in the years leading to the signing of NAFTA.

The importance of foreign correspondents and their power to shape events emerged more forcefully in the case of Sam Dillon and Julia Preston through the clash with Mexican journalists who complained about the quality of their reporting, namely their failure to run a story on the connection of Roberto Hernández Ramírez, former president of Banamex (Banco Nacional de México) to drug trafficking interests. Sam Dillon allegedly went so far as to make threatening phone calls to a Mexican journalist to persuade him not to publish the story, because Hernández was well connected both to U.S. investors as well as to the highest levels of the Mexican administration – he sold Banamex in 2001 to Citigroup for $12.5 billion. The controversy was reported in the U.S. and eventually contributed to replacement of both editors.[283] The case demonstrates the point that individual editors do have significant power over the shaping of news, especially when they cooperate closely.[284] (Sam Dillon and Julia Preston were married to each other).

[281] His short biography is available at Cinema.com, http://www.cinema.com/people/004/950/tim-golden/index.phtml, last access June 1, 2008.

[282] His short biography is avaliable at http://www.anthonydepalma.com/about.html, last access June 1, 2008.

[283] Cotts, Cynthia, Mario Menéndez vs. the Drug War, *The Village Voice*, February 22, 2000.

[284] For detailed information and additional links on the case see NarcoNews: Top Mexican Journalist Challenges NY Times at: http://www.narconews.com/pressday2000.html, last access June 1, 2008 and or Ramírez, Carlos, A Pulitzer at Stake, June 21, 2000, available at: http://www.narconews.com/rosenthalstory1.html, last access on June 1, 2008.

This makes lobbying and public relations campaigns like the one that Salinas government undertook to improve the image of Mexico in the U.S. possible, access to one or two key figures can have decisive influence.

4.4 Conclusions

What can be eventually said about the perceptions of Mexico before and after NAFTA and how does it relate to the issue of asymmetric relations? First of all, the amount of coverage increased overall, showing that Mexico has become more important for the U.S. media. Second, looking at the style and content of selected articles, the perception of Mexico after NAFTA has not improved. Fear of waves of illegal immigration or even revolution was much stronger than any desire to help Mexico or to integrate it more thoroughly within the North American context. Third, the statistics on the coverage of Mexico before NAFTA suggest that the coverage was influenced by conscious efforts to suppress certain negative images of Mexico in order to get support for the agreement in U.S. Congress.

From these three observations, wider implications can be drawn concerning the North American integration process. NAFTA definitely had important political consequences in terms of closer cooperation, but these do not necessarily translate into changes in perceptions or calls for mutual support. The prevalent discourse is still "us versus them", little traces of the emerging notion about shared destiny for the North American continent can be found. The main objective of U.S. policy towards Mexico, which was reflected also in the newspaper articles, was stability instead of development or progress, let alone social justice. The emphasis on free and fair elections by the U.S. media is praiseworthy, but any debate on serious structural problems and possible solutions for Mexico is for the most part missing on the pages of the NYT. Potential negative consequences of U.S. policies in Mexico are also rarely discussed, as complex bilateral issues like migration or drug-trafficking are considered to be primarily Mexican responsibility. This serves as a certain indicator of the strength (or, more precisely, weakness) of symbolic ties created via asymmetric integration in the NAFTA framework.[285]

Further analysis of additional media, especially in the U.S. states bordering Mexico could strengthen the findings. Televised images of Mexico should be studied as well, as their significant impact on the general population might be different from newspaper coverage. Related studies concerning for example the ef-

[285] cf. Thompson, Ginger, U.S.-Mexico Relations: Alliance Meets Boundaries, *The New York Times*, March 23, 2002.

fect of the election of Vicente Fox and breaking the monopolistic party structure in Mexico in U.S. media could also support the broader conclusions of this chapter.

Anecdotal evidence from the aftermath of September 11, when the U.S. media focused primarily on further sealing the southern border suggests that Mexico is even now considered as the "Other" in prevalent media discourse. Sincere discussion in terms of problems or challenges facing the North American continent as a whole was still largely missing.

PART II. Critical Issues in U.S.-Mexican Relationship

The second part of this book focuses on three critical issues in U.S.-Mexican Relations and shows how the underlying asymmetry between the two states complicates solutions that would be in best interest of both. First, effectiveness of asymmetric economic integration under NAFTA is analyzed. Immigration from Mexico to United States as a consequence of asymmetry is the focus of the following chapter. Analysis of drug-trafficking between Mexico and the United States and of related drug enforcement policies concludes this part.

5 Asymmetric Economic Integration under NAFTA

5.1 Introduction

Quien dice unión económica, dice unión política. El influjo excesivo de un país en el comercio de otro se convierte en influjo político.[286]

José Martí

The topic of economic integration within asymmetric relations framework is rightfully an exciting field to study, for several reasons. First, the subject matter is highly topical, as economic integration continues worldwide, inevitably bringing together states of varying economic development and significance. Developments in NAFTA, ASEAN, MERCOSUR or various enlargements of the EU are providing new information on the role of weaker and stronger states within these international arrangements. At the same time, unsuccessful completion of the proposed Free Trade Area of the Americas and the difficulties of the Doha Round of WTO negotiations highlight the dangers and difficulties inherently present in projects of asymmetric integration.

Secondly, if asymmetric integration is successful, it could become an important contribution to economic as well as social development of weaker states. If results show viability and beneficial outcomes of asymmetric integration for both the stronger and the weaker states, we could await each new such undertaking with optimism. However, if the analysis led to the conclusion that asymmetric integration is detrimental to the development of the weaker (and maybe even the stronger) states, new ways of international cooperation ought to be looked for.[287]

Thirdly, asymmetric integration touches upon one of the crucial questions for international relations in the future, namely the role of inequality between states and their levels of development. Does asymmetric integration provide the weaker states with sufficient means to defend their positions *vis-à-vis* the stronger ones? Is asymmetric integration beneficial for the leveling of the differences between the integrating countries? Do mutual perceptions of the countries change for the better after they become more integrated?

Economic relations between Mexico and United States under the North American Free Trade Agreement are a prime example of asymmetric integration. Table 1 above vividly illustrates the extent of asymmetry between these two states

[286] Who speaks about economic union, speaks about political union. Excessive influence of one country in the commerce of another converts into political influence. (translation by author)

[287] Chambers, Edward J. and Smith, Peter H. (eds.), *NAFTA in the New Millenium* (La Jolla: Center for U.S.-Mexican Studies, University of California, San Diego), p. 14.

in various respects. Despite the differences, both countries chose to enter into the NAFTA Agreement and deemed it in their best interest when doing so. Mexico even paid estimated $30 million to lobbyists in Washington to get the deal approved by U.S. Congress.[288]

This chapter will at first look at reasons that led in both countries to the adoption of NAFTA, then it will focus on the main institutional features of the Agreement. Subsequent sections will discuss the most important consequences of NAFTA in both countries. The concluding section will assess the economic integration process and place it in the wider concept of asymmetric relations.

5.2 Mexico's reasons to join NAFTA

Historically, Mexicans had plenty of reasons to mistrust their Northern neighbor, dating back to 1848 when U.S. annexed almost one half of Mexican territory. Frequent interventions into Mexican affairs in the first decades only deepened this feelings and contributed to the strongly nationalist as well as leftist rhetoric of the Mexican ruling party, the PRI (Partido Revolucionario Institucional).

When asked about prospects for a free-trade area with the United States in 1988, the newly elected President Salinas rejected the idea saying that Mexico was not ready for such an agreement yet. Instead, he hoped to attract diversified investment especially from Europe in order to offset potential economic dependence on the United States. However, with the end of the Cold War most Western European investment focused extensively on newly opened Eastern Europe, thus abandoning the much more distant Mexico. Japanese investors and bankers, who could also provide much needed new investments, were distrustful towards Mexico at the time, since they suffered heavy losses during the debt-restructuring process in Mexico in 1980s.[289] Thus, the U.S. emerged by default as the only major advanced economy willing to invest extensively in Mexico.

The economic program of the Salinas administration amounted to a neoliberal revolution from above and was in its scope comparable to the radical transformations taking place in Eastern Europe. State companies, the backbone of Mexican economy, were quickly privatized. Extensive agricultural subsidies were largely eliminated, and the economy was opened for foreign capital. Socialist rhetoric and ideology of the ruling party was quietly discarded and exchanged for a neoliberal vision of growth through foreign investment and increased interna-

[288] Bhagwati, Jadish, *A Stream of Windows – Unsettling Reflections on Trade, Immigration, and Democracy* (The MIT Press, Cambridge, Massachusetts, 1998), p. 276.

[289] Eichengreen, Barry, *Financial Crises. And What to Do About Them*. Oxford, New York: Oxford University Press, 2002, p. 68.

tional competitiveness of the Mexican economy. NAFTA became an essential part of this strategy, as it institutionalized these far-reaching reforms and enshrined them in a binding international agreement, which would safeguard the reforms against possible future political backlash or instability.

This political component of NAFTA was highly important, because not only was the Salinas economic transformation painful, but Mexico was also becoming more and more democratic at the same time. Electoral fraud by the ruling party came under increased public scrutiny, creating strong pressure to make the election process fair.[290] The proposed economic opening to the U.S. created a precarious situation for the PRI. As one senior Mexican official commented: In Mexico, the easiest thing to do is to organize 100,000 people in a demonstration and put them in front of the U.S. Embassy. ... The hardest thing to do is to persuade them to make a free trade agreement with the United States."[291] Control of the media by the PRI helped to check public opinion, but at the price of invoking unrealistic expectations of rapid economic growth once NAFTA took effect.[292] Nevertheless, relative enthusiasm about NAFTA lasted in Mexico long enough for the PRI candidate Ernesto Zedillo de Ponce León to get elected in August 1994, presumably without massive electoral fraud.

President Salinas was the principal decision-maker on the Mexican side when deciding to pursue the NAFTA Agreement. His goal was the same as the goal of his predecessors, namely to restore economic growth to Mexico after the "lost decade" of 1980s. His choice of bold opening to the United States could be seen as the selection of the best from among alternative strategies. Mexico's level of savings was not high enough to accumulate enough capital for self-sustained economic growth. Foreign loans were a frequent source of capital for domestic development, but excessive reliance on this tool brought the country to the default of 1982. Payments of interest were a major burden on the national budget even after successful restructuring of the foreign debt. As mentioned above, Japanese and European investors were not eager to invest in Mexico, each for reasons of their own. The United States remained the only possible source of much needed capital.

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[290] It is widely believed that Salinas won the presidential election by fraud in 1988, after a mysterious shutdown of computer systems, cf. Thompson, Ginger, Ex-President in Mexico Casts New Light on Rigged 1988 Election, *The New York Times*, March 9, 2004.

[291] Mayer, Frederick W.: *Interpreting NAFTA, The Science and Art of Political Analysis*, (Columbia University Press, New York, 1998), p. 43.

[292] "I think my salary is going to go up about 20%, more or less." Mr. Alfonzo Diaz, Mexican electrician, 31 years, when questioned about the expectations of NAFTA, quoted in: Golden, Tim, Mexican Leader a Big Winner As the Trade Pact Advances, *The New York Times*, November 19, 1993.

By combining provisions on investment protection with reduction of tariffs under NAFTA, the Mexican government sought to attract foreign investors, who would be lured by the prospect of preferential access to the U.S. market. This would push Mexico towards sustained economic growth. NAFTA would also spur further agricultural reforms in Mexico, as imports from the U.S would force Mexican farmers to become more competitive or abandon their unproductive farms. Last but not least, by successfully applying the neo-liberal doctrines, Salinas was hoping to enhance his personal credit and aspired to become Director-General of the World Trade Organization after leaving the office in Mexico.

The Mexican side was eager to put at least some areas of the complex asymmetric relationship with the U.S. on an institutional level. The new institutional framework for trade and investment relations would allow Mexicans to better protect their interests. The NAFTA instruments such as the dispute settlement mechanism in Chapter 11 provided Mexican companies exporting to U.S. much better safeguards than they would get from U.S. domestic authorities, known for their rather protectionist approach. Legal norms, even though established by the strong, often serve as the weapon of the weak.[293] The new institutional structure of NAFTA was also meant to lock in the neoliberal modernization project of the Salinas government, making it less dependent on political changes that were likely to come with the democratization process in Mexico.[294]

Viewed symbolically, Mexicans wanted NAFTA mainly because it symbolized their progress towards modernity and development. By integrating economically with the fresh winner of the Cold War and Gulf War, Mexican government was sending a powerful signal to the rest of the world, as well as to its own population: Mexico is strongly determined to enact progressive reforms which would produce unparalleled economic growth. Another part of the signal was the implicit suggestion that Mexico was already strong enough to succeed in such a partnership. The idea that being closely integrated with a First World country brings some glimpses of glamour which would result in increased investor's confidence played a significant role in the process as well. Last but not least, young technocrats in the Mexican government studied mostly economy at elite U.S. universities

[293] Falk, Richard, The World Order between Inter-State Law and the Law of Humanity: the Role of Civil Society Institutions, in: Archibugi, Daniele and Held, David (eds.), *Cosmopolitan Democracy. An Agenda for a New World Order*, (Polity Press, Cambridge/Oxford, 1995), pp. 163-179.

[294] Zinser, Adolfo Aguilar, Is There an Alternative? The Political Constraints on NAFTA, in: Bulmer-Thomas, Victor, Craske, Nikki and Serrano, Monica (eds.), *Mexico and the North American Free Trade Agreement – Who Will Benefit?,* (The Macmillan Press, Houndmills, 1994), pp. 119-130.

(Salinas himself at Harvard).[295] When viewed in context with this kind of education, most of their former U.S. professors would probably give an A+ grade to Salinas and his team for the NAFTA project as well as other related liberalizing reforms.

For both Mexican and U.S. critics of the agreement, the will of Mexico to enter NAFTA has been interpreted as orchestrated by a small technocratic elite educated in the U.S. According to critics like Carlos Fazio, the agreement was meant primarily to increase the dependency of Mexico on global capitalist economy.[296] The process would at the same time enrich the small but extremely rich strata of Mexican society and further impoverish and marginalize the poor. Furthermore, because of NAFTA important decisions about economic policies got out of democratic control just at the time the country was slowly becoming more democratic.[297] Critics also claimed that foreign interests (read U.S. multinational corporations) and their willing Mexican counterparts would direct the economic future of Mexico, ultimately forfeiting the legacy of the progressive socialist constitution of 1917.[298]

U.S. access to Mexican oil reserves was also an extremely sensitive topic for Mexican public and the critics of the agreement. Mexicans harbor strong suspicions that the whole NAFTA enterprise is aimed only at seizing the black gold from Mexico. Comparative figures on oil reserves (see Table 5) show that U.S. oil companies could have had some interest in NAFTA, but Saudi Arabia or Iraq is much more interesting in this respect. Nevertheless, despite the limited reserves, oil revenues are currently one of the cornerstones of Mexican economy as well as the public finances.

Table 5: Oil reserves (billions of barrels)

Country	USA	Mexico	Saudi Arabia	Iraq	Iran	Middle East Total	World Total
Oil reserves	29.9	12.9	246	115	137	742	1,208

Source: BP Statistical Review of Energy, 2007, available online at: http://www.bp.com/productlanding.do?categoryId=6848&contentId=7033471.

[295] Camp, Roderic Ai, *Mexico's Mandarins. Crafting a Power Elite for the Twenty-First Century* (Berkeley: University of California Press, 2002), p. 155.

[296] Fazio, Carlos, *El Tercer Vínculo. De la teoría del caos a la teoría de la militarización* (Joaquín Mortiz, México D.F., 1996).

[297] Souza, Luis González, *México en la estrategia de Estados Unidos, Enfoques a la luz del TLC y la democracia* (México, D.F.: Siglo veintiuno editores, 1993), p. 14.

[298] Ibid, p. 63.

5.3 U.S. reasons to join NAFTA

Historically, Mexico had been an attractive target of U.S. investment and a major trading partner, especially with regards to exports of silver. However, after series of nationalizations of U.S. companies in Mexico during the first half of the 20th century and protection of Mexican market by high tariffs, economic cooperation stagnated as Mexico was wary of potentially excessive U.S. economic influence.

As emphasis on free trade and secure foreign investment was an integral ideological part of U.S. foreign policy since end of World War II, NAFTA did not present any substantial reversion of trade policy for the United States. The maquiladora program in the border zone established already in 1960s was greatly expanded in 1980s and provided jobs for hundreds of thousands of Mexican workers in assembly plants.[299] Further cooperation promised to increase competitiveness of U.S. companies through rationalizing production in the whole North American region, mainly by shifting labor-intensive parts of production to Mexico. Lagging behind Japanese competitors in productivity was one of the sore spots of U.S. business leaders at the beginning of 1990s,[300] and cooperation with Mexico was thought to offset the disadvantage.[301] Moreover, NAFTA supported pro-market reform policies of President Salinas, arguably the most pro-American leader of Mexico since Porfirio Díaz. Yet, the issue of NAFTA became highly contentious and only last-minute changes ensured its passage in the U.S. Congress.[302]

The anti-NAFTA coalition in the U.S. was very diverse, the backbone of it formed by big U.S. trade unions like AFL-CIO and various environmentalist

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[299] Maquiladoras were factories in export-processing zones on the border, using cheap Mexican labor force mainly to assemble delivered parts for re-export, with little value-added. Under U.S.-Mexican treaty, taxes were paid only on the value added to the product in Mexico. See Damgard, Bodil, Labour and Economic Integration: The Case of the Electronics Sector in Mexico, in: Appendini, Kirsten and Bislev, Sven (eds.), *Economic Integration in NAFTA and the EU, Deficient Institutionality*, (Macmillan Press, Ltd., London, 1999), pp. 89-106.

[300] cf. Womack, James P., Jones, Daniel T. and Roos, Daniel, *The Machine That Changed The World. Who's Ahead in The Global Auto Wars and Why: Japan's Revolutionary Leap from Mass Production to Lean Production – And What Industry Everywhere Can Learn From It* (New York: Maxwell Macmillan International, 1990).

[301] This feeling is echoed in the phrase "Cold War is over. Japan won.", see Can "America First" Bring Jobs Back?, *Time,* Monday, Dec. 23, 1991; cf. Bhagwati, Jadish, *A Stream of Windows – Unsettling Reflections on Trade, Immigration, and Democracy* (MIT Press, Cambridge, Massachusetts, 1998), p. 276.

[302] Provisions concerning sugar were thus substantially modified to gain key votes from Florida, see Cameron, Maxwell A., Tomlin, Brian W., *The Making of NAFTA, How the Deal Was Done*, (Cornell University Press, Ithaca, 2000), p. 38.

groups.[303] In the political arena, Ross Perot focused on the issue and made opposition to NAFTA one of the hallmarks of his third-party presidential bid in 1992. As was mentioned above, Ross Perot also coined the term "giant sucking sound" of U.S. jobs moving to Mexico,[304] which appealed to many low-skilled U.S. workers. On a more abstract level, opponents of NAFTA were criticizing the vision of corporate America, which is insensitive to local conditions and readily exploits differences in labor and environmental standards all around the world. Republican Congressmen who were in a minority generally supported NAFTA. The approval of the agreement depended on the Democrats, who were deeply divided about the issue. The pro-NAFTA faction was led by Bill Clinton, who inherited the initiative from George H.W. Bush. In the end after last minute negotiations and pressures, the vote was 234 to 200 in favor of the NAFTA in the House of Representatives and 61 to 38 in the Senate.[305]

For U.S. policymakers, the free-trade deal with Mexico was appealing for a number of reasons. First, it would increase competitiveness of U.S. industries in the world-market by optimizing production throughout North America. Second, the fate of neoliberal reforms in Mexico favorable to the U.S. was of significant importance. If Salinas were to fail in his efforts, there existed considerable fears of nationalist and leftist populism hijacking the democratization process in Mexico. NAFTA was in this sense seen as a clear sign of support for the Mexican President. Improved access to Mexican oil reserves, although still limited in NAFTA, played a role in the U.S. position, as well as stipulation by Mexico to agree to high standards of enforcement of intellectual property rights (U.S. companies owning these rights were damaged by the lax enforcement). By fostering economic development in Mexico, NAFTA was also supposed to keep immigration from Mexico within reasonable limits, since direct link between Mexican real wages and number of immigrants has been established.[306] On the global trading negotiations level, the agreement with Mexico was to demonstrate to the rest of the world that the U.S. was ready to pursue the liberalizing agenda wherever pos-

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[303] For example Greenpeace was strongly anti-NAFTA, but World Wildlife Fund supported it, see *Foreign Policy Implications of NAFTA and Legislative Requirements for the Side Agreements*, Hearing Before the Committee on Foreign Relations, United States Senate, 103rd Congress, First Session, Oct. 27 1993, (U.S. Government Printing Office, Washington, D.C., 1994).

[304] Perot, Ross and Choate, Pat, *Save Your Job, Save Our Country: Why NAFTA Must Be Stopped – Now!* (Westport, Conn.: Hyperion, 1993).

[305] Mayer, Frederick W., *Interpreting NAFTA, The Science and Art of Political Analysis*, (Columbia University Press, New York, 1998), p. 318.

[306] Orrenius, Pia M., *Illegal Immigration and Enforcement along U.S. Mexico Border: An Overview,* Economic and Financial Review, First Quarter 2001, available at: www.dallasfed.org /research/efr/2001/efr0101a.pdf, p. 8, last access June 1, 2008.

sible, even if the Japanese and Europeans were not ready to move forward in trade talks on the multilateral level within the WTO framework.

Considerable economic ties have already existed before NAFTA. However, there was strong pressure by the U.S. to institutionalize these ties. For big U.S. companies, operating within clear rules written in their interests is a preferred option, as it reduces unwanted insecurity in the business environment. For Mexico, such institutionalization through a formal agreement was especially important, since the future of the political system was highly uncertain. Given the nationalization of oil industry by Cárdenas in 1938 and of banks by Lopéz Portillo in 1982, U.S. investors did not have sufficient guarantees that their investments would be secure in Mexico.[307] NAFTA institutionalized the investment rules and protection, which served as an important incentive for further U.S. investment.

When approached on a symbolic level, U.S. entry into NAFTA can be seen as an embodiment of neoliberal principles contained in the so-called "Washington consensus" the U.S. was trying to promote all around the world at that time.[308] Similarly, the U.S. government had the opportunity to present its "trade, not aid" approach towards economic development in poorer countries.[309] Moreover, the friendly, market-oriented and cooperative stance of the Mexican government would serve as a model for the new relations of the U.S. in the global economic system. The fact that it was Mexico's government that initiated the free-trade talks was of high symbolic importance as well. The U.S. as the proclaimed worldwide champion of free trade, did not want to be seen as letting Mexico down on this important issue within the framework of bilateral asymmetric relations.[310]

The critics of the agreement viewed NAFTA as a convenient vehicle for U.S. multinational corporations, which wanted to increase their profit margins at the expense of the working classes and the environment. This was to be done primar-

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[307] Maxfield, Sylvia, The International Political Economy of Bank Nationalization: Mexico in Comparative Perspective, *Latin American Research Review*, Vol. 27, No. 1 (1992), pp. 75-103.

[308] This terms refers to the Williamsons's perception of broad agreement among public officials in both the industrial economies and international institutions on the importance of the neoliberal program for economic development and its emphasis on free markets, trade liberalization, and a greatly reduced role for the state in the economy. Cf. Gilpin, Robert, The State and Economic Development, in: Gilpin, Robert (ed.) *Global Political Economy. Understanding the International Economic Order*, (Princeton: Princeton University Press, 2001), p. 314.

[309] U.S. lacks far behind EU in providing direct foreign aid, a source of criticism by NGOs, see for example Hirvonen, Pekka, *Stingy Samaritans, Why Recent Increases in Development Aid Fail to Help the Poor,* Global Policy Forum, August 2005, available at www.globalpolicy.org /socecon/develop/oda/2005/08stingysamaritans.htm, last access June 1, 2008.

[310] Skonieczny, Amy, Constructing NAFTA: Myth, Representation, and the Discursive Construction of U.S. Foreign Policy, *International Studies Quarterly,* Vol. 45, No. 3, (September 2001), pp. 433-454.

ily by making use of lax enforcement of environmental and labor standards in Mexico, which would lower production costs. NAFTA was also thought to open the door for large-scale relocation of labor-intensive U.S. factories to Mexico, where labor costs are much lower (for comparison, see Table 6). This would mean higher unemployment for low-skilled U.S. workers, as well as the weakening of bargaining power of trade unions. The adjustment costs of entering into NAFTA were thus to be paid mainly by U.S. workers.[311]

Table 6: Hourly Compensation Costs in Selected Countries 1975-2000

Country	**1975**	**1985**	**1990**	**2000**
United States	6.36	13.01	14.91	19.86
Mexico	1.47	1.59	1.58	2.46
Canada	5.96	10.95	15.95	16.16
Spain	2.53	4.66	11.38	10.85
France	4.52	7.52	15.49	16.38
Great Britain	3.37	6.27	12.70	15.88
Ireland	3.03	5.92	11.66	12.50
Germany*	6.31	9.53	21.88	22.99

* data are for West Germany in 1975, 1985 and 1990 and for unified Germany in 2000.

Source: World Almanac and Book of Facts 2002, World Almanac Books, New York, 2002, p. 145 (in U.S. Dollars, compensation for production workers in manufacturing. Compensation includes all direct pay (including bonuses, etc.), paid benefits, and for some countries, labor taxes).

5.4 NAFTA structure and asymmetric integration

Before further analysis, it is first important to look at the text of the North American Free Trade Agreement Treaty as the basic document for study. Looking at its structure, institutions and guiding principles is necessary for understanding more complex problems connected with NAFTA.[312]

[311] Cooper, Peter and Wallach, Lori, *NAFTA's Broken Promises. Job Creation Under NAFTA*, Public Citizen's Global Trade Watch, September 1995, available at: http://www.citizen.org /documents/NAFTA-BrokenPromisesWEB.pdf, last access June 1, 2008.

[312] Full text of the Agreement is available online at the website of the NAFTA Secretariat, http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=78, last access June 1, 2008.

5.4.1 Analysis of the document

The North American Free Trade Agreement starts with a preamble, which is an interesting mirror of the political debate that surrounded the signing of the treaty and reflects some of the problems inherent in the agreement. Apart from political proclamations like strengthening special bonds of friendship among member nations and promoting sustainable development, it also states that the Agreement is meant to ”ensure a predictable commercial framework for business planning and investment” and to ”enhance the competitiveness of (member state’s) firms in global markets”. From these statements we can observe the effort not to make NAFTA an instrument of regional protectionism, but rather an example leading to further liberalization of trade throughout the globe. It also explicitly states that the General Agreement on Tariffs and Trade and other multilateral obligations are not affected by NAFTA. Of crucial importance especially in Latin American context is the mentioning of democratic principles, meaning that for undemocratic countries the free trade area is closed in the future.

Apart from the preamble, The North American Free Trade Agreement has over one thousand pages and is divided into 8 parts, consisting of 22 Chapters. It also has 27 Annexes dealing with specific technical issues.

Part One - *General Part* establishes the free trade area and sets its objectives. It also provides rules for interpretation of the agreement and deals with the relation of NAFTA to other free trade agreements (namely the WTO).

Part Two – *Trade in Goods* provides rules under which goods produced in one NAFTA country can be transported and sold in another NAFTA country and deals with the gradual decrease of tariffs to zero. Such would be the core of any classical free trade area agreement.

Part Three – *Technical Barriers to Trade* deals with the issues of product standards and technological regulations. This part is very important for free trade, because these standards and regulations are often used to restrict competition on the domestic market after the tariffs are reduced to zero and are referred to as non-tariff barriers (NTB) to trade.

Part Four – *Government Procurement* sets rules for purchases of goods by governments for their own use. Governments tend for political reasons to purchase products from their home-country industries, which goes against the idea of free trade, and this part of the Agreement wants to put an end to such practices.

Part Five – *Investment, Services and Related Measures* deals with trade in services, investment guarantees, telecommunications and monopolies. This part provides investors with powerful tools to fence off government interference. Most sovereignty concerns mentioned below are connected to this part of the Agreement.

Part Six – *Intellectual Property* strengthens the enforcement of intellectual property protection in the NAFTA countries, because especially in Mexico these rights are often violated.

Part Seven – *Administrative and Institutional Provisions* creates the institutions of NAFTA described below, as well as sets the rules for dispute settlements in various areas. The dispute settlement mechanism in Chapter 11, which allowed investors to sue individual governments for their policies, was subject of sharp criticism, especially by environmental activists.

Part Eight – *Other Provisions* specifies certain exemptions form the general free trade framework, such as national security issues or taxation. In the Article 2204 it also sets the conditions for further enlargement of NAFTA.

After having a general idea about the content of NAFTA, it is equally important to realize what was left out of it. The agreement is focused on economic issues and omits most politically sensitive topics. The text of NAFTA explicitly states that provisions of the Agreement do not apply for trade in materials and technologies related to national security. Each government can also set its own level of taxation, which would not be considered as jeopardizing the free trade area. NAFTA also does not establish any common external tariffs against third countries, it deals only with trade within the NAFTA zone. Each country can thus have its own trade and customs agreements with third countries.

The agreement also does not create any institution or body with supranational powers that would be able to set binding standards stronger than national law of the three countries. Environmental and labor issues are left for the accessory agreements, and cooperation in foreign, agricultural or let alone social policy is not mentioned at all. Provisions which would attempt to harmonize different legal frameworks are also missing, although such differences may lead to serious misunderstandings in trade relations. Cooperation in the field of national security is also missing as well as any provisions dealing with movement of workers within the NAFTA zone.

5.4.2 Accessory agreements

Apart from the main Agreement, there exist two accessory agreements signed by the governments of United States of America, Mexico and Canada in connection with NAFTA. One is the North American Agreement on Environmental Cooperation (NAAEC) which deals with issues of environmental protection in the NAFTA region, and the other is the North American Agreement on Labor Cooperation (NAALC),[313] which sets minimum standards of labor conditions for the

[313] Full text of the NAAEC is available on the website of Commission for Environmental Cooperation at: http://www.cec.org, last access June 1, 2008.

NAFTA countries and establishes a forum for cooperation between the three governments.[314] These two agreements, although having direct connection and links to NAFTA, are not part of the original text of NAFTA. This has implications for the strength of these side agreements. The provisions for dispute settlement are not that effective and efficient as the ones under NAFTA and enforcement is thus more difficult.

5.4.3 Institutions created by NAFTA

Contrary to the European Union, NAFTA's institutional framework is pretty simple. The highest-ranking institution is the Free Trade Commission, sometimes called the NAFTA Commission as well. It consists of cabinet-level representatives from the three member countries. Meetings of the Commission are not regular, nor does the Commission have any regular seat. Main purpose of the Commission is to supervise the implementation of the Agreement and solve disputes arising from the interpretation of the Agreement. It also oversees the work of other subsidiary bodies created under NAFTA.

Day to day issues arising from NAFTA are dealt with by 35 decentralized committees and working groups. Main difference between a committee and a working group is that a committee is usually bigger and has a broader area to cover. A committee can have several working groups under its supervision (e.g. Financial Services Committee).

It is up to the three governments to nominate members to each working group and committee. Many of the actual members of the committees are prominent businessmen, together with government experts. Democratic legitimacy in such bodies is minimal, but any political direction is provided by the NAFTA Commission, as well as by NAFTA Deputy Ministers of Trade, who meet twice a year. Day to day management of the committees and working groups is carried out by three senior trade department officials designated by each country.

Last but not least, NAFTA Secretariat is responsible for the administration of the dispute settlement process under NAFTA. It is also supposed to assist the NAFTA Commission with administrative issues. The secretariat has seats in all three member countries. It does not have any decision-making powers.

5.4.4 Selected type of integration in theoretical perspective

The type of integration selected by the contracting parties has important implications for analyzing the asymmetric relations between Mexico and the U.S. The theoretical framework describing possible integration motives and outcomes

[314] Full text of the NAALC is available on the website of Commission for Labor Cooperation at: http://www.naalc.org/naalc/naalc-full-text.htm, last access June 1, 2008.

offered by Appendini will be taken as a point of departure for analysis in this respect.[315]

Federalism, defined as integration driven by political ideas and ambitions and community building efforts, can be ruled out in this particular North-American case. Not even in the preamble of the agreement, which is an abstract description of the motives behind NAFTA, even hints of federalist approach are difficult to find. Formal institutions set up by NAFTA are weak and neither of the governments expressed any wish to build a closely integrated political community in North America. Given the asymmetries of power, any such community would be dominated by the U.S.[316]

Functionalism is defined by Appendini as stemming from the logic of macro-social development, which leads to integration via the need for cooperation in the performance of public functions.[317] This approach is not quite applicable in the case of NAFTA. Such functionality-driven cooperation exists in some of the border cities, where for example U.S. fire engines often help with fires on the Mexican side of the border. The NAFTA agreement is not concerned with these issues. Some of the functionalistic logic can be seen in the side-agreement concerning environmental protection, which acknowledges the environmental problems created at the U.S.-Mexican border and sets up a mutual fund to deal with these issues. However, as environmental groups claim, there is not enough money committed to the fund and as a consequence, its operations are deemed ineffective.[318]

The explanations of neo-functionalism focus on the issue of elite formation, socialization and subsequent integration. Although these concerns were not a decisive factor in North-American integration, the fact that elites of U.S. and Mexico were educated on the same universities definitely played an important role in the integration process. The fact that negotiators from both sides shared the common neo-liberal discourse and underlying assumptions must have facilitated the discussions.[319]

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[315] Appendini, Kirsten and Bislev, Sven (eds.) *Economic Integration in NAFTA and the EU, Deficient Institutionality* (Macmillan Press, Ltd., London, 1999), p. 6.

[316] Valtonen, Pekka, The Challenge of Regionalism: Unbalanced Integration in the Americas, in: Appendini, Kirsten and Bislev, Sven (eds.) *Economic Integration in NAFTA and the EU, Deficient Institutionality* (Macmillan Press, Ltd., London, 1999), pp. 178-193.

[317] Appendini, K., Bislev S. (eds.) *Economic Integration in NAFTA and the EU, Deficient Institutionality*, Macmillan Press, Ltd., London, 1999, p. 7.

[318] Mumme, Stephen P., NAFTA and Environment, *Foreign Policy in Focus*, Vol. 4, No. 26, October 1999, pp. 1-4.

[319] Cameron, Maxwell and Tomlin, Brian W., *The Making of NAFTA, How the Deal Was Done*, (Cornell University Press, Ithaca, 2000).

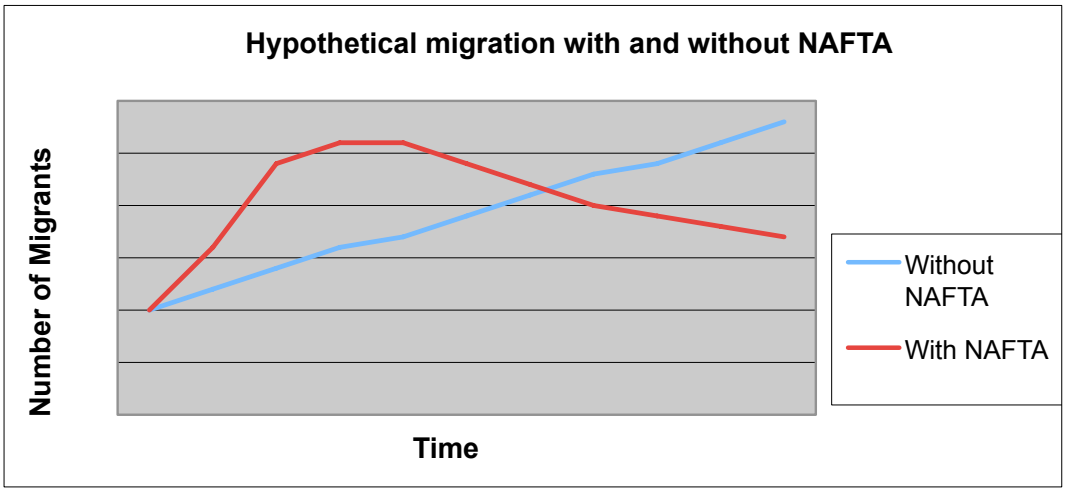
Transactionalism claims that increase in international contacts is the primary driving force of integration as more people develop positive feelings toward other others in the process. This approach is not applicable in the U.S.- Mexican case given the long history of mutual suspicion even when economic cooperation was on a relatively high level. However, if the definition of transactionalism was modified in the sense that increased international business contacts create the need for institutionalized integration, this would be applicable for NAFTA. The U.S.-Mexican economic cooperation did not begin with NAFTA, NAFTA only supported this development and put it within a stable framework.

Of all the theoretical approaches to integration, intergovernmentalism with its emphasis on rational, interest-based bargaining between governments seems to be the closest to the reality of NAFTA negotiations. NAFTA was in this sense a treaty redistributing economic advantages in which multiple interests had their inputs. Vast majority of the one thousand pages of the agreement is dedicated to the detailed technical provisions affecting various industries, suggesting intensive lobbying on behalf of interested parties.[320] The last-minute changes of the chapter on citrus to protect Florida's producers in order to get the necessary votes for NAFTA in U.S. Congress seem to support this interpretation, too.[321]

It can be argued that concerns of the various business interests within the political realities in each country were the principal driving forces behind NAFTA. This had profound implications for the final shape of the agreement. Many of the constraints for the final version of the agreement were based on the need to approve it by the U.S. Congress. That was for example the principal reason why supranational regulative bodies established by the EU treaties were missing. Within the context of asymmetric relations, any potential infringement upon national sovereignty would not have been acceptable. The side agreements on environmental protection and labor standards were insisted upon by the Democrats in U.S. Congress to assuage their concerned voters and thus to ensure the approval of NAFTA as a whole.

[320] "There is no such thing as free trade" U.S. Trade Representative Mickey Kantor, quoted in Cameron, M.A., Tomlin, B.W.: *The Making of NAFTA, How the Deal Was Done*, 2000, p. 38.

[321] McNair, James, Citrus Group Drops Opposition to NAFTA. *The Miami Herald*, November 3, 1993.



Graph 5: Hypothetical migration with and without NAFTA.
Source: Lange, J.: Die Politische Ökonomie des Nordamerikanischen Freihandelsabkommens NAFTA - Erwartete wirtschaftliche Auswirkungen, Interessengruppen und der handelspolitische Entscheidungsprozeß, IKO - Verlag für Interkulturelle Kommunikation, Frankfurt am Main, 1998, p. 68

For the sake of political feasibility the issue of immigration is not mentioned in the agreement at all, although immigration is one of the dominant issues in U.S.-Mexican relations, having wide-ranging economic and social consequences in both countries. Proponents of NAFTA argued that in the long run Mexican immigration would be decreased given positive economic development in Mexico (see Graph 5). Even though labor is one of the basic factors of production and as such should be included in economic negotiations, the decision of omit immigration from NAFTA can be seen as further concession to U.S. Congress. The failure to reach an agreement on such an important topic clearly demonstrated the limits of the integration process. The smuggling of illegal drugs and the fight against it similarly did not get any mention in the agreement either, although the issue plays a major role in U.S.-Mexican relations and decreased trade barriers under NAFTA had important implications in this respect as well (see Chapter 7).

On the Mexican side there were important political constraints concerning the scope and type of the integration process as well. The environmental and labor standards side-agreements were not welcome by the Mexican side, which wanted them to be as ineffective as possible, because environmental and labor standards were often used by U.S. protectionist interests to promote their agenda. The dispute with Mexican fishermen catching tuna with dolphin-unfriendly nets was seen

in Mexico as a clear demonstration of this strategy.[322] Labor and environmental standards in general also tend to make the price of labor higher, thereby diminishing the comparative advantage Mexican factory owners have over their competitors in this respect.

Mexican negotiators tried hard to keep the natural reserves of oil in national hands, mostly because this topic is very sensitive in domestic politics, where fears of domination by foreigners are easily to be exploited by nationalists. As a result only a few concessions were granted to foreign companies in this field despite U.S. pressures for further liberalization.[323]

On the whole we can observe that the asymmetry between Mexico and U.S. limited the scope of negotiations under NAFTA, as important topics have been omitted. The asymmetry made negotiations on politically sensitive issues difficult, as U.S. government was unwilling to yield to pressures from the much weaker partner. Mexican negotiators on the other hand did not want to be seen as giving in to U.S. demands. The agreement therefore focused on the rather narrow issue of improved market access and safeguards for investment, where the negotiating parties were able to finalize the deal. Highly technical and complex provisions of this one-thousand-page document effectively precluded broad public discussion about the wording of the more contentious sections of the agreement.

5.5 Consequences of asymmetric integration in Mexico

NAFTA had a profound effect on Mexico in many different areas. It is difficult to distinguish analytically between the changes that took place because of NAFTA and the changes which would have taken place anyway even without NAFTA as part of the domestic liberalization processes. Nevertheless, NAFTA in many ways accelerated and deepened the neoliberal transformation that was already taking place, so we can at least assume that the observed consequences of changes happening throughout the 1990s were at least to some extent attributable to the agreement.

5.5.1 International position of Mexico after entry into NAFTA

From the international perspective, the NAFTA membership provided Mexico with symbolic aura of successful economic transformation and the investment bonanza of the future. However, the peso crisis, which started in December 1994

[322] Gilpin, Robert, *Global Political Economy. Understanding the International Economic Order*, (Princeton, Princeton University Press, 2001), p. 218.

[323] Cameron, M.A. and Tomlin, B.W.: *The Making of NAFTA, How the Deal Was Done*, 2000, p. 97.

with rapid devaluation of the peso and ended with deep economic recession soon bereft Mexico of this glorious image. The connection between NAFTA and the peso crisis is disputed, but most experts claim that domestic mismanagement of the economy combined with conscious decision to postpone the devaluation of the peso until after the Mexican presidential election were the principal causes of the crisis. The rapid liberalization of capital flows in connection with NAFTA presumably only worsened the extent of the economic disaster.[324]

NAFTA is also often cited as the main driving force for the economic recovery, which Mexico experienced shortly after the crisis (see Graph 6). Volume of trade with U.S. and Canada kept increasing and direct foreign investment steadily flew to the country. In this sense NAFTA was definitely a success. Also, new ties to the U.S. helped Mexico to get the massive credit guarantees from the U.S. government, which were needed to prevent Mexico's default on its foreign debt in the critical situation in 1995.[325] It should be noted, however, that the historically much-cherished vision of economic independence on the U.S. was undermined, as demonstrated by increasing role of U.S. companies in Mexican economy. The graph also shows that even though the U.S. was not largely affected by the 1995 peso crisis, Mexican economy was pulled down by the economic downturn in the U.S. in 2001.

Subtle influence of U.S. government on domestic policy in Mexico increased as well. A good example of this soft influence was the conduct of U.S. Ambassador James R. Jones at the beginning of Zedillo's administration: "James R. Jones presented the new government with a list of about 15 active and former Mexican officials whom the U.S. suspected of corruption and hoped not to see in the new administration. None of those on the list joined the new government."[326]

An important but not often emphasized effect of NAFTA was that Mexico became an integral part of the world economy, for better or worse. Trade and investment flows do not leave Mexico out, quite the contrary (see Table 8). Exports as percentage of GDP rose from 17% to 32%, demonstrating the new orientation of the economy.[327] Consequently, Mexico does not have the problem as some other developing countries have, namely to be left out of the world trade. In such cases, national autonomy of such states might be well preserved, but the situation poses serious hurdles to economic development.

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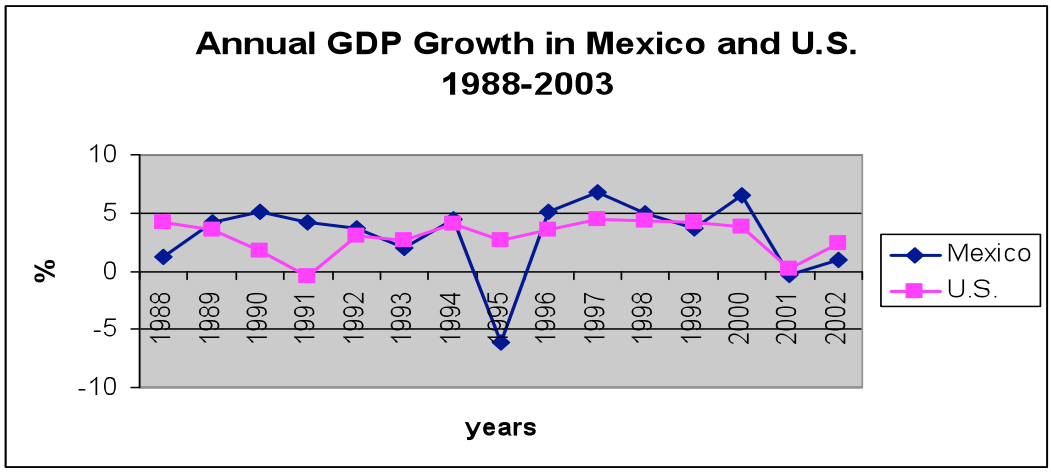
[324] cf. Strange, Susan, *Mad Money. When Markets Outgrow Governments*, (Ann Arbor: University of Michigan Press, 1998).

[325] Thurow, Lester C, *The Future of Capitalism* (Penguin Books: New York, 1996), p. 226.

[326] Golden, Tim, To Help Keep Mexico Stable, U.S. Soft-pedaled Drug War, *The New York Times*, July 31,1995.

[327] Villarreal, Angeles M., U.S.-Mexico Economic Relations: Trends, Issues, and Implications, *CRS Report for Congress,* July 11, 2005.



Graph 6: Annual GDP Growth in Mexico and U.S.
Source: World Development Indicators (WDI) Database, CD-ROM, World Bank, 2005.

Table 7 also demonstrates that although U.S. direct investment in Mexico increased dramatically, NAFTA did not provide a significant comparative advantage to Mexico in this respect. U.S. direct investment increased in general and other countries benefited from this development even more. The increase for Mexico from 2000 to 2007 is to a large extent due to Citigroup's acquisition of the second largest bank in Mexico (Banamex) in 2001 for 12,5 billion USD.[328] Table 8 shows that even if trade between NAFTA partners rose, world trade increased significantly overall at the beginning of the 1990s as well, putting the increased amount of trade within NAFTA in a more realistic context.

[328] Kathleen Day: Citigroup to Buy Mexico's Banamex, The Washington Post, May 18, 2001.

Table 7: U.S. Direct Investment Abroad, selected countries, millions of dollars

Country	**1990**	**1995**	**2000**	**2007**
Mexico	9,398	16,873	35,414	91,663
Canada	67,033	83,498	126,421	257,058
Brazil	14,918	25,002	35,560	41,552
U.K.	68,224	106,332	233,384	398,836
France	18,874	33,358	39,087	68,454
Germany	27,259	44,242	53,610	107,351
Netherlands	22,658	42,113	115,506	370,161
Panama	7,409	15,123	35,407	6,243
Japan	20,997	37,309	55,606	101,607

Source: Office of Trade and Economic Analysis, U.S. Dept. of Commerce, quoted in World Almanac and Book of Facts 2002, World Almanac Books, New York, 2009, p. 120.

Table 8: Merchandise Exports in billions of US$, 1990-1996

Destination:	**USA**		**Canada**		**Mexico**		**Rest of the World**	
Origin:	1990	1996	1990	1996	1990	1996	1990	1996
USA	XX	XXX	83	132.6	28.3	56.8	281.6	433.4
Canada	95.2	164.6	XX	XXX	0.5	0.9	31.2	36.1
Mexico	32.3	80.5	0.2	2.2	XXX	XXX	7.6	13.3

Source: WTO (1997), quoted in FitzGerald, E.V.K.: „Trade, Investment and NAFTA: The Economics of Neighbourhood“, in: Bulmer-Thomas, V., Dunkerley, J. (eds.): *The United States and Latin America: The New Agenda*, pp. 91-123, Harvard University Press, Cambridge, Mass., 1999, p. 118.

5.5.2 Polarization of the country

One of the significant effects NAFTA on Mexico was the internal polarization of the country. In the territorial sense it exacerbated the division between North and South. Northern Mexico is getting more and more connected to the richer U.S. economy as it is the target of most of U.S. investment. Most of the new jobs are created there and infrastructure improves accordingly as well. Migration within Mexico from the central and southern regions to the North is a clear sign of this divergence. Unofficial capital of Northern Mexico, Monterrey, is be-

coming more and more "westernized", with skyscrapers and shopping malls in the suburbs. President Vicente Fox himself was born in Baja California, a Northern state as well, and his PAN party is the strongest in the North. Table 9 shows population increases in the border region. Not only migrating Mexicans are responsible for the changes, Americans share the tendency to move and exploit the opportunities of the trans-border economy, albeit to a lesser degree.

Southern and central Mexico (except for the metropolitan Mexico City) do not share the fruits of increased trade and investment and its mostly rural population is on the losing side in the free trade arrangement. This imbalance causes migration flows within Mexico, with young peasants moving first to factories in the North, and subsequently, if possible, further to the U.S. The South became a stronghold for the traditional post-Salinas PRI, and the leftist PRD. Thus, the division of the country has political ramifications as well.

Table 9: Population in Border Cities, in thousands

U.S. Border City	**1980**	**2000**	**Corresponding Mexico Border City**	**1980**	**2000**
San Diego, CA	1,876	2,813	Tijuana	461	1,150
El Paso, TX	484	680	Ciudad Juarez	567	1,107
Laredo, TX	101	193	Nuevo Laredo	203	307
McAllen, TX	287	569	Reynosa	211	360
Brownsville, TX	212	335	Matamoros	239	363

Sources: U.S. BEA, Regional Economic Information System; Mexico Censo de Población, quoted in Hanson, G.H.: *U.S. – Mexico Integration and Regional Economies: Evidence from Border City Pairs*, National Bureau of Economic Research, Inc., Cambridge, Mass., 1996, p. 23.

Second polarization taking place under NAFTA comes in the form of a widening gap between rich and poor. The neoliberal ideology is openly hostile to any redistributive projects and the dismantling of the state in favor of the market is much more important. In the Mexican case the state was the main provider of public goods, and although substantial inequalities existed, the socialist rhetoric of the PRI led to limited social transfers benefiting the poor. Under NAFTA, redistributive capacities of the state were largely undermined as several governmental

programs had to be abolished, because they constituted a breach of NAFTA provisions.[329]

Under the neoliberal doctrine, the only solution to the problem of rising inequality is the so-called "trickle-down" effect, under which the wealth accumulated by the rich is supposed to benefit the lower strata of the society by providing employment opportunities and improved public services due to increased tax revenues. However, the supposed results of the "trickle-down" economy did not materialize in Mexico. Lax tax enforcement and large money transfers to foreign banks by Mexico's wealthy citizens undermined this model of income equalization.[330]

5.5.3 High adjustment costs

Any free trade agreement is based on the premise that more productive businesses will benefit and thrive at the expense of less productive businesses. While the scheme may be beneficial overall for the participating economies, the process inevitably creates people and companies adversely affected by the liberalization of trade who need to adjust to the new market conditions. NAFTA has not been very generous concerning assistance for these adjustment costs.[331] The sudden increase in imports of cheaper agricultural products from the U.S hit the already marginalized groups like rural Indians in southern Mexico especially hard, while the urban population in Mexico benefited from this development as it gained access to cheaper products.[332] However, without appropriate adjustment mechanisms, large segments of population can become greatly disadvantaged by the free trade agreement.

The case of agriculture under NAFTA is often mentioned in this respect. The statistics (see Table 10) show vast disproportions in the production of basic foodstuffs between the two countries. In fact, the U.S. is exporting almost three times the yearly corn production of Mexico. Many of the poorest rural Mexicans are de-

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[329] Motamen-Samadian, Sima and Ortiz Cruz, Etelberto, Successful Integration and Economic Distress: The New Dual Economy – The Case of Mexico in NAFTA, in: Appendini, Kirsten and Bislev Sven (eds.), *Economic Integration in NAFTA and the EU, Deficient Institutionality* (Macmillan Press, Ltd., London, 1999), pp. 209-227.

[330] The case of Raúl Salinas, brother of ex-President Carlos Salinas was widely publicised, especially because his alleged good connection with organized crime, see for example Preston, Julia, Size of Raul Salinas Secret Funds Is Doubled, *The New York Times,* October 3, 1998.

[331] Drache, Daniel, Triple ´A´ Trade: Assymetry, Access and Adjustment, The Inflexible Limits of Trade Blocs, in: Georgakopoulos, Theodore and Paraskevopouls, Christos. C. and Smithin, John (eds.), *Economic Integration between Unequal Partners*, (Aldershot: Edward Elger Publishing, 1994), pp. 170-186.

[332] The misleading notion of blaming free trade indiscriminately for all the problems in the developing world is exposed in Oxfam: *Rigged Rules and Double Standards – trade, globalization, and the fight against poverty* (London: Oxfam, 2002), p. 61.

pendent on production of corn, which is a basic means of subsistence (tortillas are made of corn flour and water). The production of corn was therefore subsidized and the whole market regulated by the Mexican state. Under NAFTA, this option became limited and the Mexican program for agricultural subsidies (PROCAMPO) enacted in 1994 could not offset the liberalizing pressures. Changes brought about by the influx of cheaper U.S. agricultural commodities seriously damaged rural communities, as can be seen in Table 11.

By liberalizing agricultural trade, NAFTA created a paradox by not directly addressing the issue of agricultural subsidies which greatly distort the market. The U.S. Department of Agriculture had a budget of $94.6 billion in 2006 for the 2 million farm establishments in the U.S.[333] Its Mexican counterpart Secretaría de agricultura, ganadería, desarollo rural, pesca y alimentación (SAGARPA) had only roughly $5.5 billion at its disposal to support approximately 3.5 million agricultural production units within Mexico.[334] This particular asymmetry shows the limits of supposedly free trade and as such became a repeated target for criticism within Mexico.

Table 10: Agricultural Production 2000 (thousands of metric tons)

Country	**Corn**	**Rice**	**Wheat**	**Corn Exports 1997**	**Corn Exports 1999**
United States	253,208	8,669	60,512	41,792	51,975
Mexico	18,761	450	3,300	-2,519	-5,546

Source: World Almanac and Book of Facts 2002, World Almanac Books, New York, 2002, p. 137.

In a situation where the social safety net is nonexistent or very thin at best, the high adjustment costs in connection with NAFTA created widespread social disruptions. In the case of Chiapas, neoliberalization pressures even led to an armed rebellion which started on January 1, 1994, the first day of NAFTA. NAFTA became a scapegoat for the long-term ills of the population, as Frank

[333] U.S. Department of Agriculture, *Funding Overview*, available online at: http://www.usda.gov/agency/obpa/Budget-Summary/2006/03.FundingOverview.htm, last access June 1, 2008.

[334] Secretaría de agricultura, ganadería, desarollo rural, pesca y alimentación, *Presupuesto De Egresos De La Federación Para El Ejercicio Fiscal 2007*, available at: www.sagarpa.gob.mx/fapracc/files/PEF_2007.pdf, last access June 1, 2008.

Rich argues in his "NAFTA and Chiapas".[335] If the rebellion had been concerned with the NAFTA agreement alone, only a limited show of armed resistance during the debates in U.S. Congress would have precluded ratification of the agreement.

Table 11: Number of agricultural producers in Mexico (thousands), 1990-2000

	1990	**2000**	**% change**
All producers	4,318	3,405	-21
Private property owners	1,243	1,046	-16
Ejidatarios and communal farmers	2,078	1,644	-21
Other occupants	492	271	-45
Renters and sharecroppers	411	264	-36
Livestock producers without land	94	180	93

Source: Secretaría del Trabajo y Previsión Social, Encuesta Nacional de Empleo, 2002.

Inability to cope with adjustment costs in Mexico goes so far as suggesting renegotiation of some of the agricultural provisions in NAFTA, a topic highly relevant in Mexican politics with each round of tariff reductions.[336] For example, in 2003 the Mexican government was successful in negotiating the postponement of tariff elimination on U.S. exports of poultry.[337] Last tariffs on the most sensitive products like corn will be eliminated by January 2009 (see Table 12).

The disenchantment with NAFTA became a divisive subject in internal Mexican politics, with the left-leaning PRD critical about the agreement to the point of promising renegotiation of selected provisions in case of electoral victory. This reflected the positions of ordinary Mexicans – when asked about their opinions about NAFTA in 2006, 60% of Mexicans were convinced that their country has been on the losing side of the agreement.[338]

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[335] Rich, Paul, NAFTA and Chiapas, in: Rich, Paul and de los Reyes, Gutierrez (eds.), *NAFTA revisited – expectation and realities,* The Annals of The American Academy of Political and Social Science, Vol. 550, March 1997, pp. 158-175.

[336] Garcia-Barrios, Raúl, Free Trade and Local Institutions: The Case of Mexican Peasants, in: Appendini, Kirsten and Bislev, Sven (eds.), *Economic Integration in NAFTA and the EU, Deficient Institutionality* (Macmillan Press, Ltd., London, 1999), pp. 34-51,

[337] Carlsen, Laura: *Two Chicken Stories: NAFTA's Real Winners and Losers*, Americas Program, Center for International Policy (CIP), April 17, 2008, available online at: http://americas.irconline.org/am/5159, last access June 1, 2008.

[338] Weber, Stephen J., In Mexico, U.S. and Canada, Public Support for NAFTA Surprisingly Strong, Given each Country Sees Grass as Greener on the Other Side, *World Public Opinion,* January 23, 2006, available online at: http://www.worldpublicopinion.org/pipa/articles/ brlatinamericara/161.php?lb=brla&pnt=161&nid=&id= , last access June 1, 2008.

5.5.4 Democratization and stabilization

Supporters of NAFTA claim that difficult economic adjustment notwithstanding, the agreement provided Mexico with a clear vision of the future, which helped the country to get through the difficult period of political transformation without sliding back to nationalist populism, or renewed authoritarianism. The political transformation culminated by the victory Vicente Fox Quesada of PAN (*Partido Acción National*) in the presidential elections in 2000, who defeated Fernando Labastida of the PRI. Fox, the former chief executive officer of Coca-Cola Mexico, became the first non-PRI President after almost seventy years. Economic integration in NAFTA can in this respect be regarded as instrumental for the peaceful democratization process, as it provided a clear vision of bright economic future by promising to bridge the asymmetric gap between the two countries. As can be seen from Image 2, Fox's electoral support was based on states in the North, which benefited most from the NAFTA ties. This suggests that the economic opening to the U.S. was linked to the political transformation process.

Table 12: NAFTA: Schedule of Tariff Elimination

Imports / Date of tariff elimination	U.S. Imports from Mexico (% of total value of imported goods from Mexico)	Mexico's Imports from U.S. (% of total value of imported goods from USA)
A. Effective on Date of Agreement	53.8	31
B. 5 Years After	8.5	17.4
C. 10 Years After	23.1	31.8
C + 15 Years After	0.7	1.4
D. Duty-Free Before Agreement	13.9	17.9

Source: Gruben, W.C., Welch, J.: "Is NAFTA More Than a Free Trade Agreement? A view from the United States." in: Bulmer-Thomas, V., Craske, N. and Serrano, M. (eds.): Mexico and the North American Free Trade Agreement – Who Will Benefit?, pp. 177-198, The Macmillan Press, Houndmills, 1994, p. 184.

Image 2: Presidential election in Mexico, 2000. Dark blue states were won by Vicente Fox (PAN), green states by Francisco Labastida (PRI), and the yellow one by Cuauhtémoc Cárdenas (PRD). Source: Instituto Federal Electoral, available at: http://www.ife.org.mx/documentos/RESELEC /esta2000/inipres.htm, last access June 1, 2008.

However, opponents of NAFTA see its effects on Mexican politics in less benign terms. NAFTA sanctioned and perpetuated deep income and distribution inequalities that the democratization process could have possibly ameliorated. Moreover, NAFTA put important areas of economic decision-making out of popular control, creating "limited democracy" in the process.[339] As mentioned earlier, Chapter 11 of the agreement allows investors to sue governments for policies negatively affecting investors. These provisions have been successfully used to challenge environmental protection policies both in Mexico and the U.S.[340] Surveys suggest that some attitudes like tolerance important for democratic process like tolerance and respect for others are increasing. However, at the same time

[339] Cox, Robert W., Global Perestroika, in: Crane, George T. and Amawi, Abla (eds.) *The Theoretical Evolution of International Political Economy. A Reader* (New York, Oxford University Press, 2001), pp. 158-172.

[340] McBride, Steven: Reconfiguring Sovereignty: NAFTA Chapter 11 Dispute Settlement Procedures and the Issue of Public-Private Authority, *Canadian Journal of Political Science / Revue canadienne de science politique,* Vol. 39, No. 4 (December/decembre 2006), pp. 755–775.

trust in other people decreased and preferences for having a strong leader or even military rule increased.[341]

5.5.5 NAFTA as developmental model

Mexican experience under NAFTA has been used as a neoliberal version of developmental politics promoted by the U.S. administration with emphasis on export-led growth and limited government intervention in the economy. After fourteen years of the agreement in effect, we can see mixed results (for GDP growth, see Graph 8 above). Even though especially selected areas of the country developed rapidly, real wages remained stagnant and widespread poverty continues to be a serious social issue.[342] Furthermore, asymmetry between U.S. and Mexico increased rather than decreased when measured by per capita income. One of the main features of the process was the retreat of Mexican state as the dominant actor in Mexican society and economy. Extensive privatization program was underway in the 1990s and today only a limited amount of state enterprises remain under state control. Persisting problems seem to suggest that effective state policies are needed in developing economies and that the market forces themselves are not able to provide a suitable developmental program.[343]

How is it possible that vastly increased trade and investment did not lead to increased standard of living in Mexico? One possible explanation is provided by more detailed data on the structure of the bilateral trade. Overall trading statistics conceal the most common trading pattern in Mexico, where only small value is added to the products manufactured in Mexico. The majority of the trade is intra-firm and consists of high value parts imported to Mexico, where they are assembled and then re-exported as high-value finished products. Of the final value of maquiladora exports, 78% consists of imported inputs and only 2% is linked to local inputs from Mexico.[344] Such patterns of trade do not create much demand for skilled or educated population, which would potentially increase the standard

[341] Moreno, Alejandro and Méndez, Patricia, Attitudes Toward Democracy: Mexico in Comparative Perspective, *World Values Survey*, 2002, available online at: www.worldvaluessurvey.org/Upload/5_ArticleMorenoMendez.pdf, last access June 1, 2008.

[342] Hanson, Gordon, *What Has Happened to Wages in Mexico since NAFTA? Implications for Hemispheric Free Trade*, National Bureau of Economic Research Working Paper No. 9563, February 2003, available online at: http://www.nber.org/papers/w9563, last access June 1, 2008.

[343] cf. Rodrik, Dani, *Has Globalization Gone Too Far?* (Washington, D.C.: Institute for International Economics, 1997).

[344] Oxfam: Rigged Rules and Double Standards – trade, globalization, and the fight against poverty, 2002, p. 41.

of living in Mexico through higher wages for a bigger segment of workers and employees.

Dangers of dependence on the U.S. economy can be demonstrated by the Mexican recession of 2001, which closely followed the recession and contraction of the U.S. market. The Mexican trade is not diversified, and thus Mexico cannot really avoid consequences of U.S. economic downturns. Eighty five percent of Mexican exports were destined for the U.S. market in 2007, which also suggests huge losses in case of any hypothetical severing of economic ties between the two countries.[345] Low fluctuation of Mexican peso with respect to U.S. dollar serves as a further proof of shared economic prospects within this asymmetric integration. Mexico's position is more balanced with respect to imports, where U.S. accounted for only 49.9% of imported goods. Even with the advantage provided by NAFTA and geography, U.S. exporters are competing hard against Asian imports, whose share of Mexican imports rose from 10.2% in 1998 to 28% in 2007.[346]

As has been demonstrated by uneven economic development in Mexico under NAFTA, purely market forces are not well suited to deal with the situation of marginalized groups with limited options, such as indigenous groups in remote areas or the extremely poor in urban zones. Without means to participate effectively in the political process which could provide safeguards or regulations, overpowering economic forces are able to use their asymmetric influence to manipulate the market to their own advantage.[347]

One strategic aspect of the NAFTA is uncontested, which is the complete dependence of Mexican economy on U.S. economic performance. It became clear after the 2001 economic slowdown in the U.S., which automatically triggered a recession in Mexico, regardless of any government policy. Recent studies showed that the correlation of U.S. and Mexican economic performance is over 90%.[348] Biggest investments in Mexico were in car factories for export, and car sales are extremely sensitive to economic outlooks, which contributes to the vulnerability of Mexican position.

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[345] Instituto Nacional de Estadística, Geografía y Informática (INEGI), *Exportación anual por zona geográfica y países, 1998-2007*, available online at: http://www.inegi.gob.mx/est /contenidos /espanol/rutinas/ept.asp?t=sext01&s=est&c=6787, last access June 1, 2008.

[346] Instituto Nacional de Estadística, Geografía y Informática (INEGI), *Importación anual por zona geográfica y países,* available online at: http://www.inegi.gob.mx/est/contenidos/espanol /rutinas/ept.asp?t=sext02&s=est&c=6694, last access June 1, 2008.

[347] Peck, Jamie and Tickell, Adam, Neoliberalizing Space, *Antipode*, Vol. 34, No. 3, (June 2002), pp. 380-404.

[348] Cañas, Jesús and Coronado, Roberto, U.S.–Mexico Trade: Are We Still Connected? *Business Frontier,* Issue 3, 2004, El Paso Branch of the Federal Reserve Bank of Dallas, available at: http://www.dallasfed.org/research/busfront/bus0403a.html, last access June 1, 2008.

The legacy of nationalist economic policies still persists in Mexico despite the dramatic economic opening. The clearest example is the continuing monopoly of the state in the energy sector, which survived all the liberalizing reforms and privatizations. U.S. energy companies are complaining about this limited access and have repeatedly pressured the U.S. and Mexican governments to open this last bastion of state control. In Mexico, such a move would be politically prohibitively costly, as national ownership of natural resources is widely popular and any effort to cede control over it to foreigners is equaled to treason, at least by the opposition. Even pro-U.S. President Fox did not dare to propose privatization, despite the fact that foreign investments and expertise could greatly improve the output of Petroleos Mexicanos (PEMEX), the state-owned oil extraction and refining behemoth. Mainly as a result of underinvestment, the output of PEMEX has been slowly falling in recent years.[349]

Despite the above close connections, Mexican economy is not converging to the level of the U.S. and the difference is increasing further, which is a puzzling development for NAFTA proponents as well as classical economists. It is a sign that it is difficult for Mexico to abandon its peripheral status in the world economy through the policies it has chosen. Moreover, the inflow of foreign investment was not as massive as was previously hoped for, as China became a much more attractive place to invest, even though it does not have any free trade agreement with the United States.[350]

5.6 Consequences of asymmetric integration in the United States

Effects of NAFTA on the U.S. have not been that far-reaching as on Mexico given the magnitude of its economy vis-à-vis the other two partners. Yet, NAFTA had significant impact on certain localities and selected industries. Important lessons can also be learned about the position of the stronger partner within an asymmetric economic integration structure.

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[349] Petróleos Mexicanos: *Indicadores Petroleros,* available at: http://www.pemex.com/index.cfm?action=content&sectionID=2&catID=160&contentID=181, last access June 1, 2008.

[350] In the period from 1990 to 2000, China attracted annually over 35 bn US$ in foreign direct over Mexico's average of 9 bn US$ per year. United Nations Conference on Trade and Development: *World Investment Directory*, available at: http://www.unctad.org/Templates/Page.asp?intItemID=3198&lang=1, last access June 1, 2008.

5.6.1 Influence and responsibilities

In the long run and on a more general level, probably the most important benefit the U.S. received from NAFTA was its increased role in Mexican affairs, both economic and political. Mexico's traditionally closed economy has been successfully penetrated and the mutual relationship thus obtained new solid foundations, allowing for more influence of Mexican politicians and businessmen openly advocating close cooperation with the U.S. In such an environment, interests of United States were much easier to promote. This is no meager accomplishment given the troubled and mutually suspicious relationship in the past. However, there was a price to pay for the increase in influence.

By increased economic integration with Mexico, the U.S. also tacitly assumed more responsibility for the developments south of its borders, much like Saint-Exupéry's Little Prince realized his responsibilities for the tamed fox and the rose.[351] This was demonstrated for example by the conduct of the U.S. government during the Mexican peso crisis in 1995. Bill Clinton invested considerable political capital into the passage of NAFTA through U.S. Congress and the financial crisis in Mexico could have undermined the whole agreement.

Bill Clinton therefore asked Congress for $30 billion bailout package in order to help Mexico get through the crisis. By adding more and more restrictive conditions on the granting of the loan guarantees, Congress stalled the effort. The Clinton administration was eventually forced to provide the guarantee under a different government program. Still, U.S. was providing only credit, the Mexican government later repaid all the incurred debts.[352]

Apart from economic concerns, by partnering with Mexico in NAFTA, U.S. has now higher stakes in Mexico's democratic political system as well as in its human rights record. Any bad news coming from Mexico in this respect, like the Atenco massacre or extensive riots in Oaxaca in 2006 are potentially embarrassing for the U.S.[353] It also casts serious doubts on the market-led neoliberal asymmetric integration championed by the U.S. government as a model for cooperation between developed and developing countries.

The U.S. was able to exploit its role as the stronger party in the North-American asymmetric partnership, and therefore was able to unilaterally control

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[351] de Saint-Exupéry, Antoine, *The Little Prince* (Fort Washington: Harvest Books, 2000).

[352] Lustig, Nora, *The Mexican Peso Crisis: The Foreseeable and the Surprise*, (Washington, D.C., The Brookings Institution, 1995), available at: http://www.brookings.edu/papers/1995/06internationalfinance_lustig.aspx, last access June 1, 2008.

[353] See for example Thompson, Ginger, San Salvador Atenco Journal; Cornfields or Runways? Zapata's Ghost Watches, *The New York Times,* July 18, 2002, or Lacey, Mark, Mexican Forces Move to Retake Oaxaca, *The New York Times*, October 30, 2006.

the extent of further cooperation. As the following chapters demonstrate, instead of any sensible anti-drug and migration policy, the U.S. chose to fortify the border in highly publicized operations, using hi-tech military equipment and erecting traditional fences and walls reminiscent of the Cold War. Reasonable cooperation with Mexico on these matters did not really occur, as overriding security concerns in Washington prevented constructive dialogue.[354] Even in the settlement of trade disputes, the U.S. has found ways to circumvent NAFTA by emphasizing domestic regulations, to great dismay of both Canadian and Mexican businesses.[355] After September 11, this trend was only deepened and demonstrated the asymmetric power relations and limits to further integration.[356]

5.6.2 Unemployment and competitive edge

One of the principle fears in the U.S. was that due to economic integration with Mexico, where cheap labor was so abundant, companies would relocate their manufacturing activities there, thus causing higher unemployment and downward pressure on wages in the U.S. manufacturing sector. This main argument of the opponents of NAFTA was proven wrong at least in the overall unemployment data. Unemployment in the U.S. fell from the peak at 7.5% in 1992 to 4% in the year 2000.[357] Although some controversies about the net loss or gain of jobs caused by NAFTA remain, low unemployment rates suggest that the effect of NAFTA on unemployment has been marginal at best.

However, the effect of NAFTA on the downward pressure on wages, worsening quality of newly created jobs and weakening of bargaining position of trade unions was rather significant, as some statistical data suggest (see Tables 13 and 14). Studies using different methodology show that even in later years, the posi-

[354] Drache, Daniel, Trade Blocs: The Beauty or the Beast in the Theory?, in: Stubbs, Richard and Underhill, Geoffrey D. (eds.), *Political Economy and the Changing Global Order, 2nd edition* (Oxford, Oxford University Press, 2000), pp. 184-197.

[355] Snow, Kate: Congress poised to put safeguards on Mexican trucks, *CNN Inside Politics*, December 1, 2001, available online at: http://archives.cnn.com/2001/ALLPOLITICS/12/01/congress.mex.trucks/ , last access June 1, 2008 or Bendesky, Leon, Mexico: From Euphoria to Sacrifice, in: Dallmeyer, Dorinda G. (ed.), *Joining Together, Standing Apart – National Identities after NAFTA*, (The Hague, Kluwer Law International, 1997), pp. 63-73.

[356] This development frustrated Mexican foreign minister Jorge Castañeda and contributed to his resignation. Castañeda, de cancilller a activista por el cambio, *El País de domingo*, January 26, 2003.

[357] U.S. Department of Labor, Bureau of Labor Statistics: Current Population Survey, available at: www.bls.gov/CPS/, last access June 21, 2009.

tion of workers in both the U.S. and Mexico eroded even further.[358] Some authors even speak of the "Brazilianization" of labor market, meaning increasing divisions between highly paid specialized professionals and lower-skilled workers.[359] Growing distrust of U.S. workers of the concept of free trade even during periods of low unemployment suggests that the experience with NAFTA has not been positive and led to further discreditation of the neoliberal model.

Table 13: Manufacturing Productivity and Wages in NAFTA

Productivity (value added per worker, US$'000 per year)	1980	1985	1990	1995
USA	40.1	57.2	75.5	98.2
Mexico	17.8	20	19.3	33.4
Canada	32.2	42	60	68.6
Average Wage (including supplements, US$'000 per year)				
USA	20.4	27.9	33.6	31.8
Mexico	5.8	4.2	3.9	5.1
Canada	15.3	19.2	27.5	28

Source: FitzGerald, E.V.K.: „Trade, Investment and NAFTA: The Economics of Neighbourhood", in: Bulmer-Thomas, V., Dunkerley, J. (eds.): The United States and Latin America: The New Agenda, pp. 91-123, Harvard University Press, Cambridge, Mass., 1999, p. 119.

The plight of the workers on one hand is counterbalanced by the satisfaction of the U.S. business community, which was able to integrate Mexico to its production networks and thus gain some competitive advantage *vis-à-vis* Japan and EU by reducing manufacturing costs. However, manufacturing in China and Chinese exports turned out to be even more decisive within the world economic system, leading to chronic U.S. deficits. The U.S. ailing car industry has been the main beneficiary of NAFTA, as it kept opening new plants in Mexico while qui-

[358] Salas, Carlos, The impact of NAFTA on wages and incomes in Mexico, in: Faux, Jeff (ed.), *NAFTA at Seven, Its impact on workers in all three nations*, Economic Policy Institute Briefing Paper, (Economic Policy Institute, Washington, D.C., 2001), pp. 12-20.

[359] cf. Lind, Michael, *Next American Nation: The New Nationalism and the Fourth American Revolution* (New York: Free Press, 1996) or Beck, Ulrich, *The Brave New World of Work* (Cambridge: Polity, 2000).

etly shutting down its U.S. operations.[360] Between 1994 and 2004, exports of automotive products from Mexico to the U.S. rose from $10.6 billion to $36.1 billion; this sector also contributed $24.2 billion to the overall $45.1 billion U.S. trade deficit with Mexico in 2004.[361]

Table 14: Wage as percentage of productivity

	1980	**1985**	**1990**	**1995**
USA	50.9	48.7	44.5	32.4
Mexico	32.5	21.0	20.2	15.2
Canada	47.5	45.7	45.8	40.8

Source: Author's calculations from Table 13 above, the table shows how many percent of the produced value goes back to the worker in the form of his wage.

U.S. companies also thought that by NAFTA they have secured preferential access to the emerging Mexican market.[362] Not only has the size of Mexican internal market increased only very slowly, but Asian imports have been seizing ever larger share of it. Nevertheless, the U.S. business community is on the whole supportive of the agreement and lobbies for expansions of this type of agreements to other countries as well. Attitude of the general population is much more reserved, with more people convinced that their country has been on the losing side of the agreement.[363]

[360] Webster, Sarah A., Reports: Ford considering plans to invest $9.2B in Mexico, *USAToday*, June 15, 2006,

[361] Villarreal, Angeles M., *U.S.-Mexico Economic Relations: Trends, Issues, and Implications,* Congressional Research Service Report for Congress, Order Code RL32934, July 11, 2005.

[362] "I would like to invoke the later George Orwell and begin by asserting that the widespread usage of the term *free* trade *agreements* (FTAs) to describe what are really preferential trade agreements (PTAs) is nothing but Orwellian newspeak." Bhagwati, Jadish, *A Stream of Windows – Unsettling Reflections on Trade, Immigration, and Democracy* (The MIT Press, Cambridge, Massachusetts, 1998), p. 289.

[363] Weber, Stephen J., In Mexico, U.S. and Canada, Public Support for NAFTA Surprisingly Strong, Given each Country Sees Grass as Greener on the Other Side, *World Public Opinion,* January 23, 2006, available online at: http://www.worldpublicopinion.org/pipa/articles/brlatinamericara/161.php?lb=brla&pnt=161&nid=&id= , last access June 1, 2008.

5.7 Asymmetric economic integration – conclusions

5.7.1 General observations

After exploring the North American economic integration in some detail, some limited observations can be made concerning asymmetric economic integration in general. First, the motives of the poorer countries for pursuing integrative path with stronger partners seem to be clear – the vision and hope that integration would bring them to the same economic level as their richer counterparts serves as a powerful driving force. The economically stronger countries see in the integration process an opportunity to enhance their sphere of economic as well as political influence and thus widen the zone of stability where they can exercise some degree of control. Seen from this angle, even narrowly conceived national interests can combine to produce a mutually beneficial asymmetric integration structure.

The state-centered approach is justified in this respect, as states sign and ratify relevant agreements, and they also continue to play an important role throughout the integration process. Their governments are also ready to act unilaterally if they feel their vital interests are threatened, integration structures notwithstanding. Stronger states are much more likely to opt for such a course of action, since they have less to lose. If defined as independence of action, the degree of real sovereignty within asymmetrically integrated structures is thus greater for the stronger states. Predictions of some academics that states will gradually relinquish their powers to supranational bodies and institutions will need more time to materialize.[364]

The impact (both positive and negative) of asymmetric economic integration is disproportionately greater in the weaker countries. Economically the proportion of necessary adjustment costs to the whole economy is much higher there. When not successfully addressed, this can result in higher unemployment, decreased real wages or slower economic growth. If such outcomes are to be avoided, carefully designed policies have to be pursued both in the private and the public sector of the weaker country.

Perhaps more importantly, asymmetric economic integration tends to lock in certain policies and political structures as well as underlying values in the weaker country. These policies and structures might be dismantled in the future through the political process, had the country remained outside of the integrated structure

[364] Giddens, Anthony, *Runaway World. How Globalization is Reshaping Our Lives*, (Profile-books, London, 1999), p. 14.

under the influence of stronger states.[365] The reason for the locking is mainly the inertia effect – once a country gets into the integrated structure and adjusts itself to the new environment, it is then difficult to reverse this process.

Throughout history, the rate of states leaving international organizations is rather low, sharply contrasting with difficulties and delays many states face if they actually want to join an established integrated organization like the WTO, EU or the proposed FTAA. Also, over time economic integration creates powerful interest groups which are benefiting from the process. Especially when they are supported by similar groups in the stronger country, any major policy changes are very difficult to accomplish. This political "lock in" through international economic treaties thus has negative influence on democratic legitimacy, as it de facto limits the ability of the people to change course of selected public policies.

On the international level, consolidating and institutionalizing relations between asymmetrically integrated partners is obviously the most important factor. Especially when the free trade areas are viewed more like preferential trade areas,[366] possible exclusion of third states (both economic and political) becomes relevant. For the weaker partners this might not be the optimal outcomes. It increases their dependence on the stronger partners and makes any diversification strategy harder to achieve.

Lastly, it is important to emphasize that just by economically integrating asymmetric countries, economic growth for the poorer participants cannot be taken for granted. More likely, asymmetric integration will put painful pressure on uncompetitive elements in both national economies, while at the same time presenting stable framework and opportunities for export-led growth. Only adequate use of these opportunities then determines the success or failure of the integration endeavor.

5.7.2 Normative aspects

Apart from general observations, the concept of asymmetric economic integration deserves also a normative assessment base on the presented analysis so far. Three main issues deserve attention in this respect, namely the notion of equality, legitimacy and independence.

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[365] cf. Borrás, Susana, Font, Nuria and Gómez, Neus, The Europeanisation of National Policies in Comparison: Spain as a Case Study, *South European Society & Politics,* Vol. 3, No. 2, (Autum 1998), pp. 23-44.

[366] Bhagwati, J.: A Stream of Windows – Unsettling Reflections on Trade, Immigration, and Democracy, 1998, p. 289.

Concerning equality, the critical question is whether the concept is an important political objective at all. In the neoliberal world-view, this is often not the case at all, or the notion of equality is defined restrictively to include only formal equality and fairness of procedure.[367] However, others argue that steps should be taken to alleviate dramatic inequalities both formal and real. Persisting patterns of inequality are considered potentially exploitative as well as immoral, because they restrict realistic options and thus limit person's rights and freedoms.[368] Where does the concept of asymmetric economic integration stand in this respect?

First, does asymmetric integration help the states become more equal in their mutual relations? The answer would be: not really. Asymmetric integration does not alter the relative strength of states; it just transforms the ways and means how they can use their influence within the integrated structure. If some states are better prepared to use these new means, they can gain temporary advantages, but otherwise asymmetric integration has little influence on the underlying inequality between states. However, asymmetric integration might help weaker countries to improve their position and status with respect to countries outside of the integrated structure, because they now have this backing.

Second, does asymmetric integration diminish economic inequalities within individual integrated states? The answer is again: not really. Asymmetric integration tends to strengthen and support the domestic political model of the stronger states throughout the partnership. If these were dedicated to neoliberal reforms which in fact increased inequality (as the U.S. was throughout the 1990s), this was a signal that inequalities within Mexico would not likely increase as well. On the other hand, if the stronger partners are dedicated to solidarity and social justice (as were the governments of European Communities in the 1980s), the poorest regions in Portugal, Spain and Greece could have looked forward to structural adjustment funds and overall effort aimed at reduction of inequality. The problem in this respect is not the asymmetric relation *per se*, but specific policies the stronger states choose to follow and promote.

Apart from the notion of equality, there is no doubt that economic integration pushes important decision-making one step further from the people in the direction of supranational unaccountable governance, be it a binding treaty with significant economic consequences or unelected bureaucracy. Weaker countries are particularly sensitive to this shift of decision-making authority, as they usually have less influence on the supranational structure in case of asymmetric integration.

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[367] cf. Friedman, Milton and Friedman, Rose, *Free to Choose: A Personal Statement* (Fort Washington: Harvest Books, 1990).

[368] cf. Giddens, Anthony, *The Third Way and its Critics* (Cambridge: Polity, 2000).

The transfer of authority is considered undesirable by advocates of popular participation, who see this as an infringement on people's right to choose and regularly legitimate their government. Given the difficult nature of getting out of economically integrated arrangements, asymmetric integration is seen as largely negative in this respect. However, this same development can be seen as positive, as long as the integrative framework supports democratic political systems. Supranational structures can also protect the general public against powerful local special interests. In the case of Mexico and the United States under NAFTA, important economic issues have been relegated from the political sphere, and NAFTA does not include many mechanisms to keep local special interests in check. The asymmetric integration nevertheless contributed to the democratization process, as domestic institutions of the stronger partner gradually became the norm.

Third important issue related to assessing the concept of asymmetric integration is the question of independence. As has been demonstrated in Chapter 3 above, the nation state is far from dead and the vision of national independence is appealing to politicians as well as the general public, especially in weaker countries subject to foreign intervention or interference. Integration can in this respect be seen as a voluntary entry into a more dependent position, sanctioned by binding international treaty and thus abandoning the ideal of national independence. It cannot be denied that foreign influence becomes much greater especially in weaker countries in the asymmetric integration, to the chagrin of nationalist advocates. On the other hand, in the present-day world economic system, the choice is often between independence, backwardness and closeness on one side and (inter)dependence, openness and economic progress on the other. In this respect, one of the most independent countries in the world would be Myanmar, which is hardly a model to be emulated. Economic success of East Asian developing countries was on the other hand based on exports, thereby dependent on international economic as well as political climate. In the end, lack of viable options leads even the countries with strong nationalist tradition like Mexico to cooperation with and (inter)dependence on its much stronger Northern neighbor. Unfortunately for Mexico, it became much more sensitive to fluctuations in U.S. economy in the process. During the 2008 financial crisis, it was the country hardest hit in Latin America, even though Mexican finances were quite solid when compared with the U.S.

6 Immigration as a Consequence of Asymmetry

My apple trees will never get across
And eat the cones under his pines, I tell him.
He only says, „Good fences make good neighbors."

Robert Frost, Mending Wall, 1914

In terms of public and media attention, immigration from Mexico to United States has been the most salient bilateral issue in recent years. The flow of both legal and illegal immigrants is not abating and is thus becoming a major factor in shaping the socio-ethnic fabric of U.S. society. Immigration from Mexico affects not only the Southwestern region of the U.S. which has traditionally been the main destination for migrants, but communities in other regions as well. As this chapter will argue, large-scale immigration from Mexico is a structural result inherent in the asymmetric relationship between the two countries. However, the U.S. is misusing its asymmetric position and is pursuing unilateral restrictive policies, which are against interests of both the migrants and Mexico as a whole. Unless the dominant discourse in the U.S. changes and the country approaches the asymmetric relationship in a more constructive manner, the problems associated with large scale illegal immigration are likely to continue. Throughout this chapter, I will explore different aspects of the complex migration phenomenon in order to support the above-mentioned claims.

6.1 Demographic dimension

Solid demographic analysis of the migration phenomenon is indispensable for further analysis. How many immigrants from Mexico are indeed arriving each year? Where exactly are they from, and where in the U.S. are they heading? What is the dynamics of migration flows over time? Even though a significant amount of resources is devoted to answer these basic questions, the findings are often disputed and controversial, as they have far-reaching consequences for subsequent policy-related debates.

First of all, the flow of Mexican immigrants consists of two major groups – legal and illegal migrants.[369] Legal migration is by definition channeled through the burgeoning United States bureaucracy (until 2003 Immigration and Naturalization Service – INS, since then U.S. Citizenship and Immigration Services – USCIS, in Mexican-American jargon usually "La Migra"), and detailed studies

[369] Thee term "immigrant" when U.S. perspective is emphasized, "emigrant" in cases where Mexican point of view is highlighted, and "migrant" in case of a neutral observation. All three nouns describe the same group of people.

are available based on data provided by this agency. The number of illegal immigrants, on the other hand, is much more difficult to measure, as these people try as hard as they can to avoid contact with official agencies or surveys.[370] Exact data can be obtained from the U.S. Border Patrol on apprehensions of people trying to cross the border illegally and that are subsequently deported. However, the percentage of migrants who are able to evade the Border Patrol is difficult to ascertain. Regular fees paid to people smugglers – *coyotes* – usually include more than one crossing attempt, so if a migrant is unsuccessful (i.e. caught and deported), he often tries his luck again, which further complicates the statistics. Researchers thus need to rely on estimates, which can vary widely according to selected methodology.

What further complicates the counting process is the fact that many Mexican migrants keep returning to Mexico with varying frequency. When crossing from the United States to Mexico, there is usually no formal inspection at the border, which means that it is difficult to track how many migrants actually remain in the U.S. Official figures are thus confronted with street-level surveys of smaller scale, which are then extrapolated to the national level.

Official U.S. census that takes place every ten years is a valuable source of detailed data and statistics. However, illegal migrants try to avoid detection, which distorts the Census figures. Moreover, the wording of official questionnaires is somewhat confusing - there is no separate race category for Hispanics, who are neither completely white, nor black. As a result, most Hispanics answer that they are racially white. Subsequent question concerns ethnicity, where diverse categories such as Hispanic, Mexican-American, Mexican, Chicano, or even Native American are entered by respondents, which complicates data analysis.[371]

After these qualifications, we can study the information available. Graph 7 shows long-term legal immigration from Mexico to the United States for clustered ten-year periods. In the 1920s, following sharp restrictions on immigration from the Eastern Hemisphere, there was a significant rise in the number of Mexican immigrants. This trend was reversed in the 1930s, 40s and 50s, but since 1960s the numbers have been rising again, with the sharpest increase occurring in the 1980s. On the whole, during the 20th century 6,110,147 persons migrated legally from Mexico to the U.S.

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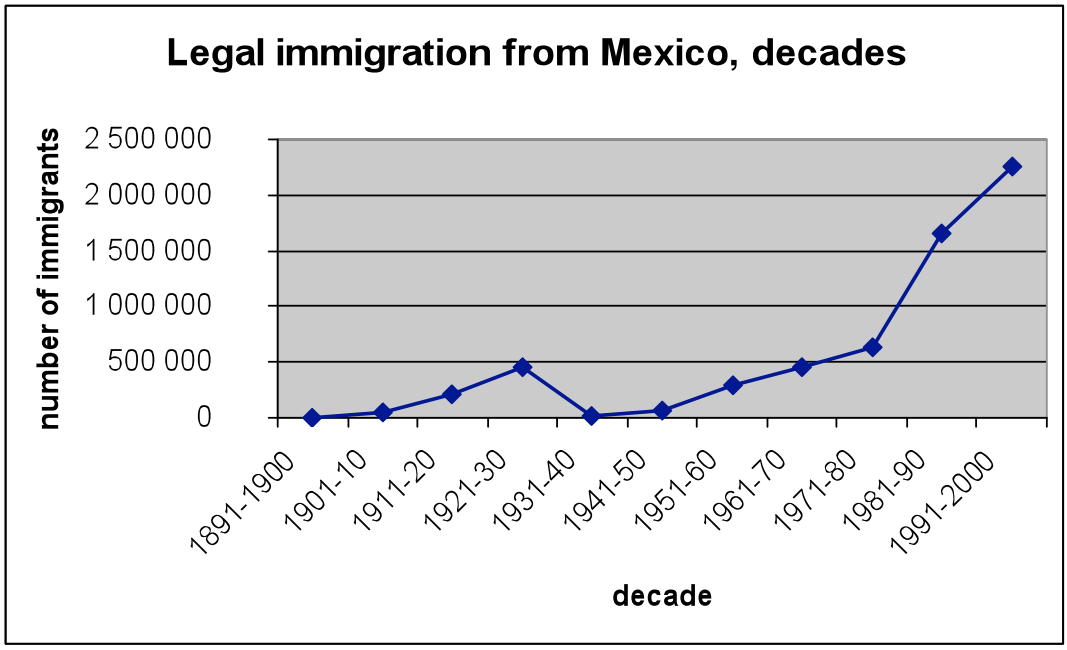
[370] Bean, Frank D. et al., Circular, Invisible, and Ambiguous Migrants: Components of Difference in Estimates of the Number of Unauthorized Mexican Migrants in the United States. *Demography* Vol. 38, No. 3 (2001), p. 413.

[371] U.S. Census Bureau: *The Hispanic Population in the United States in 2002, Current Population Reports,* June 2003, available at: www.census.gov/prod/2003pubs/p20-545.pdf, last access June 1, 2008. p. 2.



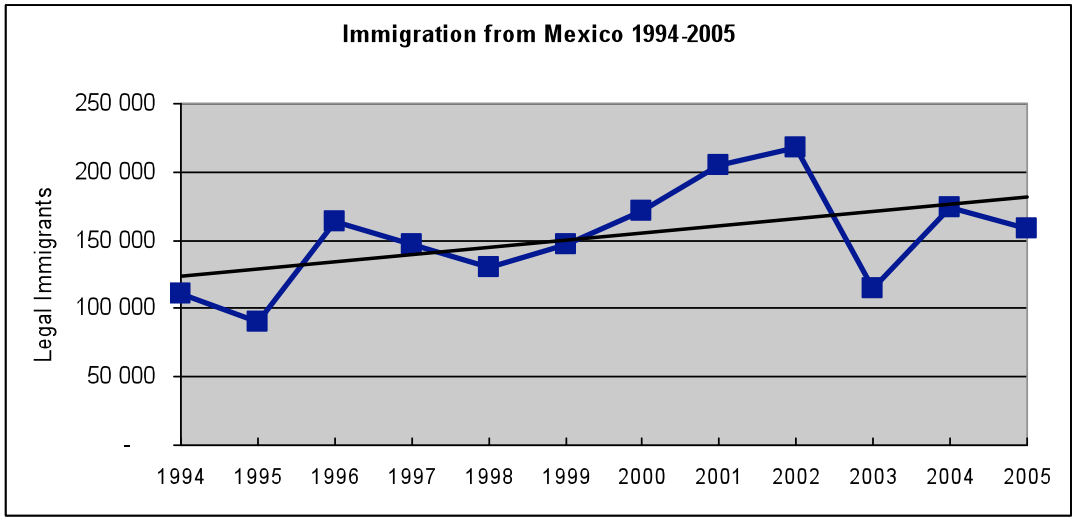
Graph 7: Legal immigration from Mexico, decades.
Source: Office for Immigration Statistics, U.S. Citizenship and Immigration Services.

Graph 8 shows the recent period in greater detail. We can see that legal immigration flows remain fairly constant in the observed period, with a minimum in 1995 and peak in 2002. The linear trend line suggests that even if the flow of legal immigrants is no longer accelerating, it is nevertheless likely to remain stable or even to increase slightly in short to medium term. As a result of these and older immigration flows, the total legal Hispanic population in the United States was estimated to be 40.4 million in 2004, surpassing blacks (36.1 million in 2004) as the largest minority group.[372] About 26 million of these Hispanics trace their family origins to Mexico; 10 million were born there. The discrepancy between the number provided by U.S. Census and the number of legal migrants from USCIS can be partly explained by legalization of status after illegal entry. Only 2.2 million of the Mexican-born legal immigrants have acquired U.S. citizenship, the remaining 7.8 million remain as mere legal residents, which shows the extent to

[372] U.S. Census Bureau, *The Hispanic Population in the United States: 2004 Detailed Tables*, available at http://www.census.gov/population/www/socdemo/hispanic/cps2004.html, last access June 1, 2008.

which they wish to preserve their ties to Mexico.[373] As U.S. immigration laws became stricter in recent years, more and more immigrants from Mexico opt to acquire U.S. citizenship.

Apart from figures on legal immigration, official estimates suggest that 6.57 million Mexicans were living in the country illegally in 2006, a dramatic increase from the estimate of 2.0 million in 1990 and 4.68 in 2000. Total illegal population in the United States was estimated to be 11.5 million in 2006, which means that illegal immigrants from Mexico represent approximately 57% of all illegal immigrants in the country.[374] Illegal immigrants are heavily concentrated in California and Texas (to a lesser extent also in New York, Illinois, and Florida), which makes their presence very obvious in these locations. In recent years illegal immigrants started appearing also outside these traditional immigrant destinations, which added a further sense of urgency to the debate on appropriate immigration policy.[375]



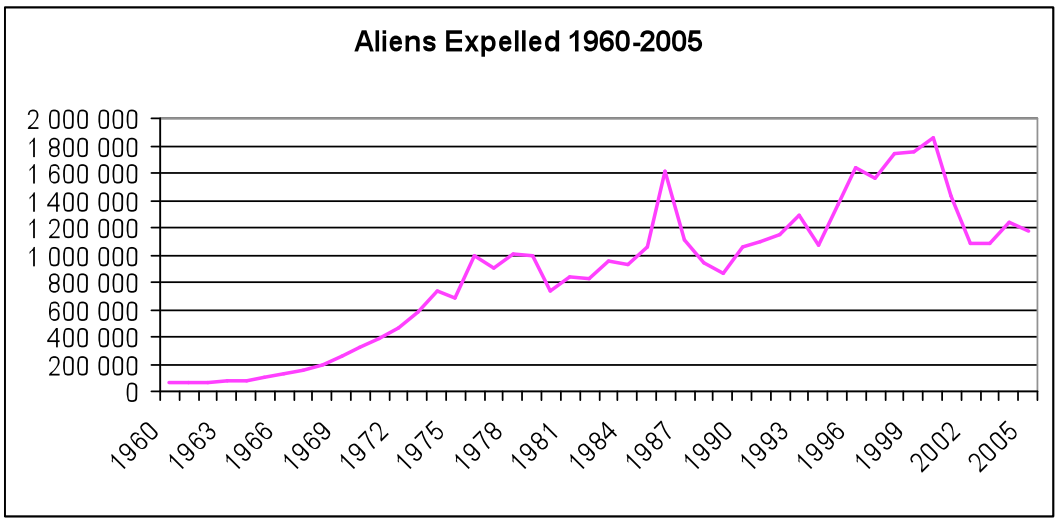
Graph 8: Immigration from Mexico, 1994 - 2005.
Source: Department of Homeland Security, Yearbook of Immigration Statistics 2005.

[373] U.S. Census Bureau: *The Hispanic Population in the United States in 2002, Current Population Reports*, June 2003, available at: www.census.gov/prod/2003pubs/p20-545.pdf, last access June 1, 2008, p. 4.

[374] Department of Homeland Security: *Estimates of the Unauthorized Immigrant Population: 2006*, http://www.dhs.gov/xlibrary/assets/statistics/publications/ill_pe_2006.pdf, last access June 1, 2008.

[375] Latinos and Republicans. Evidence for the defence, *The Economist*, October 22, 2005.

The illegal crossings on the border are far from abating, as the figures from Graph 14 suggest. Over 90% of all expelled aliens are Mexicans apprehended by Border Patrol close to the international border without proper documentation. As noted earlier, it is difficult to tell whether changes in the number of expelled aliens are attributable to changes in number of people trying to get across or to changes in enforcement efforts of the Border Patrol. The number of agent-hours spent on watching the border quadrupled between 1992 and 2003. Still, recent estimates put the number of successful illegal crossings at least 400,000 per year.[376]



Graph 9: Aliens Expelled, 1960-2005.
Source: Department of Homeland Security, Yearbook of Immigration Statistics, Aliens expelled: fiscal years 1892 to 2005, available at http://www.dhs.gov/xlibrary/assets/statistics/yearbook/2005/table38.xls, last access September 30, 2008.

If we shift our focus to Mexico, we can clearly observe that most international migrants come from densely populated agricultural states like Michoacán del Ocampo, Jalisco, Guanajuato or Zacatecas located in the central valley of Mexico. This region has been sending the majority of migrants to United States over an extended period of time, creating vast networks of contacts on both sides of the border. These social networks both encourage and facilitate legal as well as illegal migration flows. Available data also show that migrants from Mexico have traditionally been young unskilled males, only in recent years has the percentage

[376] Hanson, Gordon, Illegal Migration from Mexico to the United States, *Journal of Economic Literature,* Vol. 44, (December 2006), pp. 869-924.

of female migrants increased.[377] This is indicative of two possible trends – first, there are more jobs available for female migrants in the U.S., or, second, migrants are starting to plan longer or permanent stays in the U.S. and are therefore encouraging spouses and family members to come to United States as well.

To conclude this section, it is apparent that since the 1960s, immigration from Mexico kept increasing. This increase accelerated in 1980s and immigration rate has remained high throughout the 1990s for both legal and illegal entrants. As a consequence, major shift in ethnic composition of the U.S. occurred, and Hispanics became the largest ethnic minority. In many areas of the U.S. Southwest they already form a majority, which keeps increasing due to the highest rate of demographic growth of all other ethnic groups in the country.[378]

6.2 Economic dimensions

Economic incentives play a major role in maintaining high levels of Mexican migration to the United States, and it is impossible to understand the related political dilemmas and debates without analyzing the underlying economic foundations of the issue. The migration flow is primarily based on substantial economic asymmetry between the two countries; GDP per capita was more than four times higher in 2006 in the U.S. than in Mexico ($44,000 in the U.S. vs. $10,700 in Mexico).[379] Moreover, economic divergence between the two countries increased rather than decreased over the last twenty years, as the U.S. economy grew much faster than the Mexican one.[380] Given the liberalized trade and capital flows, it should not be surprising that also Mexican laborers migrate over the border, where they can easily find jobs and get paid around six times more than in Mexico.[381] When legal options are not available, they are also willing to risk an illegal passage to achieve this goal, especially during economic downturns in Mexico.[382]

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[377] Instituto Nacional de Estadística, Geografía y Informática (INEGI): *Tasas de inmigración, emigración y migración neta por entidad federativa, 1995 a 2000*, available at: www.inegi.gob.mx/est/default.asp?c=2348, last access June 1, 2008.

[378] UC Data, *California Latino Demographic Databook*, available at: http://ucdata.berkeley.edu:7101/new_web/latino/, last access June 1, 2008.

[379] Central Intelligence Agency: *CIA World Factbook*, available at: https://www.cia.gov /library/publications/the-world-factbook/geos/mx.html, last access June 1, 2008.

[380] Pritchett, Lant, Divergence, Big Time, *Journal of Economic Perspectives,* Vol.11, No. 3, (Summer 1997), pp. 3-17.

[381] The wage differential varies according to age group and educational level, see Hanson, Gordon, Illegal Migration From Mexico to the United States, *NBER Working Paper Series*, No. 12141, (2006), p. 60, available at http://www.nber.org/papers/W12141, last access June 1, 2008.

[382] Medina Nuñez, Ignacio, De México a Estados Unidos: crisis económica y migración, in: Capello, Héctor M., *Nuevos paradigmas sobre la frontera Estados Unidos-México. Problemas*

Mexican migration has had several important effects on U.S. economy in recent years. First, many businesses especially in the Southwestern region are dependent on low wages that only illegal Mexicans are willing to accept. For example, labor intensive agricultural products like tomatoes, strawberries or oranges, which are a major business in the fertile San Joaquin valley in California, would cease to be competitive if picked by more expensive workers. Many other businesses are able to keep their prices low and profits high only by paying extremely low wages (sometimes below the official minimum wage) and providing little or no benefits to their workers. Owners and managers of such companies appreciate the fact that hundreds of new migrants arrive daily, desperately looking for jobs. The ability to replace workers easily allows the employers to brush off demands for better working conditions or higher wages. This is especially true for positions which require minimal skills and training. Lack of unemployment insurance for most migrants means that they have few options, but to accept even dangerous working conditions and long working hours.[383]

Apart from working for much lower wages, the problem is further aggravated by the fact that Mexican immigrants are often the only ones who are willing to do certain types of jobs (described as 4-D jobs – dangerous, dirty, dull or domestic). Poultry processing plants, janitorial services or taxi-driving are examples of jobs most white people consider too dirty or dangerous. These jobs have become so associated with migrants or other minority groups that they became socially unpalatable for most middle class white society, where underlying racism as well as fear of social stigmatization are still relevant factors.[384]

Current migration flows are capable of influencing even the macroeconomic structure of the American economy. For example Alan Greenspan, ex-Chairman of the Federal Reserve Board, praised immigration for curbing inflation during periods of high growth. The inflow of fresh "souls" to the United States economy relieves pressure to increase wages in times when other prices are rising.[385] The lower wages immigrants are willing to work for also boost the competitiveness of American companies abroad.

A heated and inconclusive debate evolved over the overall contribution of illegal immigrants to the economy. On one hand, they pay little or no income taxes

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asociados a una larga transición (Cuernavaca: Centro Regional de Investigaciones Multidisciplinarias, 2003), pp. 353-369.

[383] Massey, Douglas S. and Borjas, George J., Heaven's Door: Immigration Policy and the American Economy. *Contemporary Sociology* Vol. 30, No. 1, (2001), pp. 66-67.

[384] Diamond, Jeff, African-American Attitudes towards United States Immigration Policy, *International Migration Review* Vol. 32, No.2, (1998), p. 461.

[385] The great American jobs machine, *The Economist*, January 13th, 2000.

and take advantage of some public services, like schooling for their children or emergency healthcare. This argument was strongly expressed in 1994 during the debates on Proposition 187 in California, which was undergoing a severe budget crisis at the time. On the other hand, immigrants expand the domestic market by their consumption, pay at least all the sales taxes, and provide young cohorts able to work in the otherwise rapidly aging society. Conflicts between federal, state, and county officials are complicating this debate, as they try to pass on to each other the costs associated with high migration. Local officials blame the federal government for lax enforcement (immigration control is primarily a federal responsibility), which subsequently leads to problems and budgetary crises on local level, for example with overcrowded schools in districts with high immigration rates.

Economic conditions in Mexico are equally important for understanding immigration incentives. In this big and populous country, employment has traditionally been in the agricultural sector. First under Porfirio Díaz in late 19th century and then under the PRI in the 20th century, industrialization took off, drawing people from the countryside into cities. In the 1940s, 1950s and 1960s, the dominant developmental paradigm had been that of import-substituting industrialization, which aimed to expand the national market and keep the economy at full employment. Even under this policy, Mexico could not provide enough jobs given the dramatic population growth from 20 million to 100 million during the last century. The surplus labor traditionally sought employment in the more advanced United States, where especially seasonal jobs were readily available. After the debt-crisis of 1982, Mexican economic policy shifted towards liberalization and integration into the global economy. This process culminated with the adoption of North American Free Trade Agreement in 1994, which had major consequences for the immigration as well, even though the treaty contained no provisions related to labor.

In terms of productivity, the economic changes in Mexico were beneficial, but they had disastrous effects on employment. Workers were summarily dismissed from privatized companies to increase efficiency. Cheap foreign imports flooded the market, destroying many small- and medium-size manufacturing plants. New re-export assembly plants (*maquiladoras*) were being built near the United States border, but these provided only limited linkages to the rest of the economy and did not employ that many workers because of high automation. Last but not least, subsidized agricultural products from the United States entered the market, leading to a fall in prices, impoverishing the already marginalized rural poor. Under these circumstances, there is little wonder that immigration to the United States increased even further, as there was always demand for cheap and exploitable labor there. Studies have shown that it is often the family which de-

cides as a unit, who will go to the North to make money, which will then be sent home in the form of remittances. Having at least one relative in the United States is thus a form of social insurance for vulnerable groups in economically unstable times.[386]

Over the years, migration became a structural feature in U.S.-Mexican relations, especially in the border regions. Remittances from migrants are now more important for Mexican economy than tourism or oil exports (see Table 15) and are supplementing social programs and infrastructure build-up in neglected areas of Mexico.[387] Mexican government is fully aware of the importance of remittances and has designed a special program "Tres para uno (3x1)" to collaborate on public projects paid with remittance money.[388] Disruption of this flow of income would thus have devastating consequences for Mexico.

Table 15: Remittances related to selected sources of foreign currency, 2006.

Source of income	**Millions of U.S.$**	**Percentage (Remit. = 100%)**
Remittances	23,056	100
Oil exports	15,216	66
Maquiladora sector	21,903	99
Direct foreign investment	29,511	128

Source: Banco de México: Las Remesas Familiares en México. Inversión de los Recursos de Migrantes : Resultados de las Alternativas Vigentes, 2.2. 2007.

6.3 Immigration policy dimension

Official U.S. immigration policies played a major role in shaping migration flows from Mexico, although unintended consequences often resulted from various initiatives. Restrictive immigration system of national quotas dating back to 1924, which favored immigration from white protestant Northwestern Europe, did

[386] Massey, Douglas S. and Borjas, George J., Heaven's Door: Immigration Policy and the American Economy. *Contemporary Sociology* Vol. 30, No. 1, (2001), pp. 66-67.

[387] de Jesús Santiago Cruz, María, Importancia económica de la migración internacional en México. Análisis desde la perspectiva de las remesas, *Momento Económico*, No. 114, March-April 2001, p. 44.

[388] Zamora, Rodolfo García, *Collective Remittances and the 3x1 Program as a Transnational Social Learning Process,* Background Paper at the seminar Mexican Migrant Social and Civic Participation in the United States, Woodrow Wilson Center, 2005, available online at: www.wilsoncenter.org/news/docs/garciazamorafinal1.pdf, last access June 1, 2008.

not apply to immigration from Western hemisphere, which in fact encouraged seasonal migration from Mexico. Most migrants came to the Southwestern U.S. from traditional agricultural areas of Mexico, driven by a demand for cheap labor on extensive U.S. farms. The presence of affordable Mexican seasonal laborers gradually became a necessity for various Southwestern businesses, especially during periods of economic expansion.

The U.S. government understood the economic need for seasonal laborers. During wartime labor shortages, it established the *Bracero* program in collaboration with Mexico. From 1942 to 1964, millions of *braceros* (day laborers) were brought to work in the U.S. under strict government supervision. They often endured dire working conditions and abuse, having little effective means of redress. Along with the *braceros*, a number of Mexicans crossed the border to work illegally in the fields, as the demand for their labor was not entirely saturated.[389] In the 1950s the border was still easy to cross and it was not uncommon that Mexicans worked illegally throughout the week in the U.S. and spent Sundays and holidays in Mexico with their families.

However, when the economy began to contract and unemployment rose among whites, Mexican workers were the first to be blamed. Organized mass deportations took place as early as the 1930s. In 1954, when the Korean War veterans returned home and faced unemployment, the U.S. government responded with "Operation Wetback,"[390] heavy-handed deportation of over a million of Mexicans and their children, many of whom were born in the U.S. and thus U.S. citizens under law.[391]

The *Bracero* program itself was eliminated in 1964 under pressure from organized labor (the program was keeping wages low for other workers in the U.S.), church groups and civil rights activists (the *braceros* were often exploited and/or abused by Mexican government officials as well as their U.S. employers). Demand for cheap labor remained, and former *braceros* who kept in contact with their employers started coming illegally in large numbers..

In the Hart-Celler Act, a landmark 1965 immigration reform, family reunification, refugee status and professional skills were emphasized as most relevant criteria for legal entry instead. However, as a part of the legislative bargain, new

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[389] Stoddard, Ellwyn R., A Conceptual Analysis of the "Alien Invasion": Institutionalized Support of Illegal Mexican Aliens in the U.S. *International Migration Review* (1976), Vol. 10, No.2, p. 158.

[390] The term "wetback" is used to describe illegal immigrants, who got wet by crossing the border over the Rio Grande (or Rio Bravo, as it is called in Mexico). The term is almost as offensive for Mexican-Americans as the word "nigger" is for African-Americans.

[391] Espenshade, Thomas J., Policy Influences on Undocumented Migration to the United States. *Proceedings of the American Philosophical Society*, Vol. 136, No. 2 (Jun., 1992), p. 190.

cap of 120,000 persons per year was introduced for immigration from Western Hemisphere.[392] As demand for Mexican labor in American agriculture and services remained higher than this artificial cap, massive illegal immigration ensued, which was further strengthened by the unraveling of the Mexican economy in the late 1970s and early 1980s. Even at that time, most Mexicans traveled to the U.S. mostly for shorter time periods to make money and return home. Even those who entered the country legally largely kept their Mexican passports and did not strive to become U.S. citizens.

Loopholes in immigration legislation and insufficient funding for enforcement shielded U.S. employers of illegal immigrants from sanctions. After the Mexican economy virtually collapsed in 1982, many more migrants started to arrive, and the U.S. public demanded some sort of policy response. After strenuous balancing and logrolling, Congress passed the Immigration Reform and Control Act (IRCA) of 1986. This act was supposed to end illegal immigration from Mexico once and for all. It was based on a trade-off consisting of a partial amnesty for illegal immigrants already in the country on one hand and employer sanctions and stricter border control on the other. As the figures from the previous section show, IRCA failed rather miserably in achieving the proposed goal of ending illegal immigration.[393]

First, the amnesty was only partial, and even though 2.3 million people (most of them Mexicans) legalized their stay in the United States, many had family members who were ineligible for the amnesty provisions and continued to stay in the United States illegally. Second, although employers were required by IRCA to check documents of their workers, they were not obliged to verify their authenticity, leading to an explosion of forged identification cards and social security numbers. Employers could therefore effectively evade sanctions by claiming that they did their best but did not recognize the forgery. Third, Congress failed to appropriate enough resources for effective border control, allowing massive illegal immigration to continue. In addition, people who became legalized through IRCA sought to bring family and friends to the United States, which further contributed to the high migration figures of the 1990s.[394]

The aftermath of IRCA created a significant anti-immigrant backlash on both the state and federal levels. On the state level, California's voters passed Proposi-

[392] Durand, Jorge, Massey, Douglas S. and Zenteno, Rene M., Mexican Immigration to the United States: Continuities and Changes. *Latin American Research Review*, Vol. 36, No.1, (2001), p. 120.

[393] Tichenor, David J., The Politics of Immigration Reform in the United States, 1981-1990, *Polity,* Vol. 26, No. 3, (1994), p. 336.

[394] Espenshade, Thomas J., Unauthorized Immigration to the United States. *Annual Review of Sociology* Vol. 21, (1995). p. 208.

tion 187 in a plebiscite in 1994, which banned illegal immigrants from all public facilities, including hospitals and schools. This measure was later struck down by California Supreme Court, but it clearly demonstrated widespread negative sentiments towards illegal immigration.[395] On the federal level, the 1990 Immigration Act added more funding for the Border Patrol and expanded the list of crimes, for which even legal residents (but not citizens) could be deported from the country. Even more restrictive measures were put into the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) of 1996, which required U.S. citizenship (and not mere legal residence) for a person to receive federal benefits and provided more surveillance technology and personnel for the Border Patrol. It also further streamlined the procedure for deportation of both illegal and convicted legal migrants, limiting the role of courts in the process.[396]

This restrictive law-and-order federal legislation was coupled with border fortifications in major frontier cities, which used to be the main points of entry for illegal migrants. Expensive and widely publicized Operation Gatekeeper in San Diego-Tijuana sector and Operation Hold the Line in El Paso-Ciudad Juaréz had the effect of pushing illegal migrants into vast and dangerous Arizona deserts, where enforcement was not that effective. The overall number of illegal crossings did not decrease, but hundreds of migrants have perished every year in the rough and dangerous terrain. Increased difficulties in crossing the border also led to longer stays of seasonal migrants in the United States, as visiting family back in Mexico became too dangerous and costly.[397]

After Vicente Fox became President of Mexico in 2000, his foreign minister Jorge Castañeda pushed the United States administration hard for a comprehensive migration agreement. It was to provide protection for Mexican migrants who were vulnerable to all sorts of abuse given their illegal status. However, the proposed reform failed, largely because of security concerns after September 11, 2001.[398] In the following years pressures to address the immigration issue mounted, which led to two comprehensive immigration bills, one originating in the Senate and the other in the House of Representatives. The former was supported by President Bush and contained both stricter border enforcement, but also

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[395] Suárez-Orozco, Marcelo M., California Dreaming: Proposition 187 and the Cultural Psychology of Racial and Ethnic Exclusion, *Anthropology & Education Quarterly,* Vol. 27, No. 2, (June, 1996), pp. 151-167.

[396] Massey, Douglas S., International Migration at the Dawn of the Twenty-First Century: The Role of the State. *Population and Development Review* Vol. 25, No. 2, (1999), p. 307.

[397] Cornelius, Wayne A., Death at the Border: Efficacy and Unintended Consequences of US Immigration Control Policy, *Population and Development Review,* Vol. 27, No. 4 (2001), p. 674.

[398] Davidow, Jeffrey, *The US and Mexico. The Bear and the Porcupine* (New York: Markus Wiener Publishers, 2004), p. 67.

a guest-worker program and a road to citizenship for illegal immigrants already in the country.[399] The latter was much more restrictive, did not provide for any possibility that illegal immigrants could legalize their stay in the U.S. and criminalized any form of assistance to illegal immigrants.[400]

After heated debates and demonstrations by pro-immigration and anti-immigration camps, no compromise between these two bills was reached. Especially the House Republicans like James Sensenbrenner (R-Wisconsin) or Tom Tancredo (R-Colorado) were unwilling to compromise on their restrictive approach, decrying any notions of possible "amnesty" for illegal aliens and hoping to gain political leverage for the upcoming 2006 midterm elections.[401] The only legislative result was thus an authorization of additional 700 miles of hi-tech border fence.[402] Even though almost everybody agrees that current immigration policies are highly inadequate, the political impasse has continued to this day.

Meanwhile, several states and businesses began accepting so-called matrícula cards (*tarjeta de identificación matrícula)*, which are identification documents issued to illegal immigrants by Mexican consulates in the United States as proof of identity. This allowed illegal migrants to visit libraries or open bank accounts, which dramatically decreased the price of sending remittances back to Mexico.[403] Reforms were also proposed in several state legislatures to give illegal migrants access to driver's licenses in order to have some sort of control over the skill-level of drivers on the road. Illegal migrants often have to drive without a license, hoping to evade random traffic controls by the police. These initiatives eventually did not pass, as they were seen as encouraging further illegal immigration and poten-

[399] Comprehensive Immigration Reform Act (CIRA, S 2611), available at the Library of Congress, http://thomas.loc.gov/cgi-bin/bdquery/z?d109:SN02611: , last access June 1, 2008.

[400] The Border Protection, Anti-terrorism, and Illegal Immigration Control Act of 2005 (H.R. 4437), available at Library of Congress, http://thomas.loc.gov/cgi-bin/query/z?c109:H.R.4437.RFS: , last access June 1, 2008.

[401] Building Democracy Initiative: *Nativism in the House: A Report on the House Immigration Reform Caucus,* September 9, 2007, available at: www.buildingdemocracy.org, pp. 2-6, last access June 1, 2008.

[402] Secure Fence Act of 2006 (Pub.L. 109-367), available at: Library of Congress, http://thomas.loc.gov/cgi-bin/bdquery/z?d109:HR06061:@@@L&summ2=m&%7CTOM:/bss/d109query.html%7C, last access June 1, 2008.

[403] Swarns, Rachel L., Old ID Card Gives New Status to Mexicans in U.S., *The New York Times*, August 25, 2003.

tially compromising national security.[404] Arnold Schwarzenegger vetoed one such proposal as governor of California in 2004.[405]

On the whole, U.S. immigration policies tried to address public concerns over the high rate of illegal immigration, but were unable to stop the process. Nevertheless, these policies had the effect of making life miserable for millions of migrants, who have little options but to continue living in the gray zone of illegality. As second-class inhabitants with no access to legal protection, they are vulnerable to exploitation or abuse and treated like criminals by U.S. authorities.[406]

6.4 Domestic policy dimensions

Mexican immigration (both legal and illegal) is a major political issue in the United States, as the substantial influx of new people creates economic winners and losers as well as raises emotional questions concerning U.S. identity. The immigration issue cuts across party lines and brings very diverse pressure groups to work together on shared objectives. Partisan politics is thus not a very useful tool in analyzing the domestic political controversies.

Back in the 1960s and 1970s, main opposition to immigration came from trade unions and white law-and-order supremacists. Trade unions rightly feared that constant new arrivals of laborers undermined their bargaining position and doomed their efforts to establish better working conditions and decent wages. Even Latino workers in the important United Farm Workers union led by César Chávez opposed unlimited immigration of their compatriots on these grounds.[407] White supremacists, on the other hand, were basically afraid that the protestant, white body politic of the United States would become corrupted by inferior races, which would inevitably lead to chaos, crime, and anarchy.[408] Liberal immigration policies were defended primarily by big employers who relied on sufficient supply of cheap labor.

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[404] Sachs, Susan, New York, Citing Security, Rejects Mexican ID Cards, *The New York Times,* December 28, 2002.

[405] Edds, Kimberley: No Driver's Licenses for Calif. Illegal Immigrants, *The Washington Post*, September 24, 2004.

[406] Lovato, Roberto, Juan Crow in Georgia, *The Nation*, May 26, 2008.

[407] The term “Latino” is used interchangeably with “Hispanic” throughout this work, even though it has slightly different connotation. The term Hispanic emphasizes connections to Spain, while “Latino” is discursively more connected with Latin America. Two thirds of Latinos in the U.S. trace their origin to Mexico.

[408] Stoddard, Ellwyn R., A Conceptual Analysis of the "Alien Invasion": Institutionalized Support of Illegal Mexican Aliens in the U.S. *International Migration Review*, Vol. 10, No.2, (1976), pp. 157-189.

With regards to electoral consequences of increased immigration, the Democratic Party as the champion of minority rights could expect to increase its electoral base as more and more Hispanics gained U.S. citizenship and with it the right to vote. Republicans were aware of this dynamic and tried to discourage legal immigrants from acquiring citizenship. Illegal immigrants did not play any major role in this respect, as their status precluded them from any active political participation.[409]

In the 2000 presidential election, the socially conservative and faith-based agenda of the Republican party under George W. Bush proved attractive for some of the second and third generation Mexican immigrants. Emphasis on law-and-order also resonated well in crime-ridden poor Mexican *barrios*. Many Mexican-Americans also remember that Bill Clinton was President when the unpopular fortification of the border started in 1994. As a result, even though the majority of Hispanics still voted the Democrats, the Republican Party was able to gain greater support in this community, which is traditionally an overwhelmingly Democratic constituency.[410] This position has been largely squandered by subsequent fiery and nativist anti-immigration rhetoric of Republican representatives, which is considered offensive by the Hispanic community as a whole.

However, Mexican-Americans in the U.S. have not been unified on the issue of appropriate immigration policies. Even though the vast majority of this group views immigrants favorably, the conservative native-born segment sought to curb immigration from Mexico - especially the illegal segment of it.[411] Unskilled and often illiterate immigrants constantly undermined the public image of those Mexican-Americans, who had been living in the country for several decades and were firmly established within the society. Difficult economic and social conditions of fresh Mexican migrants were reinforcing the negative stereotypes and prejudices of the white majority about Latinos in general.[412]

On the other hand, more radical members of the Mexican-American community (who prefer to call themselves *Chicanos* to emphasize their Hispanic origin as well as distinct cultural identity) welcomed more immigration, as they hoped to subvert the existing socioeconomic order by sheer force of numbers. Some even

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[409] Camarota, Steven. A., *Immigration From Mexico. Assessing the Impact on the United States* (Center for Immigration Studies, Washington D.C., 2001)

[410] Baker, Susan G., Su Voto Es Su Voz: Latino Political Empowerment and the Immigration Challenge. *Political Science and Politics* Vol. 29, No. 3, 1996, p. 465.

[411] Suro, Roberto, *Attitudes toward Immigrants and Immigration Policy, Surveys among Latinos in the U.S. and in Mexico,* Pew Hispanic Center, August 16, 2005, available online at: http://pewhispanic.org/reports/report.php?ReportID=52, last access June 1, 2008.

[412] Newton, Lina Y., Why Latinos Supported Proposition 187: Testing the Economic Threat and Cultural Identity Hypotheses, *Social Science Quarterly*, Vol 81, No. 1, (March 2000).

dreamt of recovering the American Southwest (in their eyes the ancient kingdom of the Aztecs, Aztlán) back for Mexico.[413] They emphasized the fact that United States had acquired the Southwest by unjust military conquest in 1848. Chicanos considered migrating Mexicans as returning to their rightful place of residence and viewed any efforts to curb immigration by the U.S. as ultimate injustice.[414] Many other Mexican-Americans did not put this issue in grand historical context, but supported open immigration policies mainly so that they could bring family and friends to the United States as well.[415]

The black community was usually reserved about the immigration of Latinos, as these two groups were perceived to be competing for similar low-skill jobs.[416] Moreover, thanks to high rates of immigration predominantly from Mexico, Latinos recently surpassed blacks as the U.S. largest minority group. This gives Latino politicians a more prominent position in U.S. minority politics, which used to be dominated by blacks and their concerns. This ethnic rivalry is however mitigated by the fact that both black and Latino leaders have similar positions on many issues, e.g. a shared concern about human rights violations by U.S. authorities (conduct of Los Angeles Police Department being a frequent target in this respect) or direct and indirect racial discrimination by the majority white society.[417]

Employers, both big and small, have traditionally been supporting more liberal immigration policies for reasons described in the section on the economics of migration above. They lobbied U.S. Congress heavily and ensured that legislation was filled with exemptions and loopholes which favored increased immigration. For example, agribusinesses from the Southwest managed to insert an inconspicuous provision in the IRCA legislation concerning seasonal agricultural workers, under which additional 1.2 million illegal immigrants were able to obtain legal status. The drafters of the law as well as INS were caught by surprise by this development. Businesses are also putting pressure on the INS not to conduct too frequent workplace raids and focus on the enforcement on the border instead.[418]

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[413] Acuña, Rodolfo, *Occupied America: A History of Chicanos* (Longman, New York, 2006), p. 368.

[414] Rosales, Francisco A., Chicano!: The History of the Mexican American Civil Rights Movement (Arte Publico Press, Houston, 1997).

[415] Garcia, Mario T., La Frontera: The Border as Symbol and Reality in Mexican-American Thought, *Mexican Studies/Estudios Mexicanos,* Vol. 1, No. 2, (1985), p. 199.

[416] Dohan, Daniel, *The Price of Poverty. Money, Work and Culture in the Mexican American Barrio* (Berkeley: University of California Press, 2003) p. 50.

[417] Diamond, Jeff, African-American Attitudes towards United States Immigration Policy, *International Migration Review* Vol. 32, No.2, (1998), p. 461.

[418] Barboza, David, Chicken Well Simmered in a Political Stew; Tyson Fosters Ties to Officials But Is Unable to Avoid Scrutiny, *The New York Times,* January 2, 1993.

Some studies even cynically suggested that difficult but possible border crossings are helpful for employers, as only the fittest and most dedicated of the illegal immigrants make it through. Through this sinister Darwinian selection, only the most able and potentially most efficient workers reach their destinations; the less fit and the disoriented apparently remain as skeletons in the Arizona desert.[419]

Both the pro-immigration and anti-immigration camp in U.S. domestic politics underwent significant changes in recent years. Trade unions, which are generally losing membership as well as prestige, see in newly arriving and often illegal immigrants their chance for rejuvenation and reinvigoration of the movement. As a result, most of the unions have largely discarded their previous anti-immigrant rhetoric. Furthermore, many union members today are legal Mexican-Americans, who are very sensitive to anti-immigration sentiments for their often apparent connection with subtle or less subtle hints at racism. As a result of this transformation, both big businesses and several major trade unions support more liberal immigration policies, albeit for very different reasons.[420]

The anti-immigration movement is today supported mainly by poorer whites mostly from the Midwest, who are economically insecure and see newcomers as a potential threat to the established social order. Racial stereotypes and cultural prejudices reinforced by well-established media and academic figures play an important role as well.[421] Vigilantes of the Minutemen Project, who effectively hunted down illegal immigrants and handed them over to the Border Patrol in Arizona are perhaps the most radical segment of this group, which promotes gun ownership rights as well as emphasis on law and order.[422] One of the most prominent anti-immigration politicians is Rep. Tom Tancredo, Republican from Colorado, who ran for President in 2007 on the radical anti-immigration platform during Republican primaries.[423] More refined arguments against immigration come from lower-middle class urban whites, who fear that massive immigration coupled

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[419] Urrea, Luis A., *Across the Wire: Life and Hard Times on the Mexican Border* (New York, Anchor Books, 1993), p. 27.

[420] de la Garza, Rodolfo O., Interests Not Passions: Mexican-American Attitudes toward Mexico, Immigration from Mexico, and Other Issues Shaping U.S.-Mexico Relations. *International Migration Review*, Vol. 32, No. 2, (1998), p. 415.

[421] cf. Huntington, Samuel, *Who Are We? The Challenges to America's National Identity*. (New York: Simon & Schuster, 2004),

[422] Minutemen Project: *Illegal Immigration*, available at http://www.minutemanproject.com/immigration-topics/illegal-immigration.asp, last access June 1, 2008.

[423] cf. Tancredo, Tom: *In Mortal Danger: The Battle for America's Border and Security* (Medford, OR: WND Books, 2006). Tom Tancredo's anti-immigration statements can be found on his official webpage http://tancredo.house.gov/irc/welcome.htm, last access June 1, 2008.

with neoliberal economic policies contribute to dramatic increase of social inequality and to the slow dissolution of the middle class. According to this view, social fabric and subsequently even political life of the United States will soon resemble more a Third World country than an advanced industrial democracy.[424]

In Mexico, the long-ruling Partido Revolucionario Institucional (PRI) traditionally turned its back on emigrants as they were portrayed as abandoning the national revolutionary project for a few extra dollars in the exploitative capitalist United States. Having dual citizenship was not legally possible, so many emigrants had to keep Mexican citizenship if they ever hoped to return home one day. At the same time, the PRI did little to prevent people from leaving, as emigration eased the pressure on job creation in Mexico and provided a social safety valve for dissatisfied citizens as well as potential critics of the regime.[425] This policy was based on Article 11 of the 1917 Constitution, which to this day guarantees the right of all Mexicans to leave or enter the country at will.[426]

Starting with the administration of Carlos Salinas in 1988, Mexican governments realized that Mexicans in the U.S. represent a potentially very valuable asset. Salinas used the lobbying powers of Mexican-Americans to help push NAFTA through U.S. Congress. New Mexican consulates were opened and began to provide informational and networking services to Mexican nationals abroad (now there are 45 Mexican consulates in the U.S.). Efforts have also been made to make transfer of remittances to Mexico cheaper and more reliable. Local public works in Mexico began to be financed by money sent from abroad, with government providing part of the funding.[427] Mexican government also started to speak up for the rights of Mexicans in the United States, especially in cases where they were denied fair trial, suffered administrative abuse by U.S. authorities, or faced the death penalty, which is unconstitutional in Mexico.[428] The Mexican Foreign Ministry even published a graphic novel "Migrant's Guide", giving prospective

[424] Jencks, Christopher, The Immigration Charade, *The New York Review of Books*, Vol. 54, No. 14, September 27, 2007.

[425] Castañeda, Jorge G. *The Mexican Shock. Its Meaning for the United States* (New York, The New Press, 1995), p. 37.

[426] Full text of the Mexican constitution is provided online for example at Instituto de Investigaciónes Jurídicas, UNAM at: http://www.juridicas.unam.mx/infjur/leg/legmexfe.htm, last access June 1, 2008.

[427] Espinosa, Mario López, Remesas de mexicanos en el exterior y su vinculación con el desarrollo económico, social y cultural de sus comunidades de origen, *Estudios sobre migraciones internacionales*, No. 59, Oficina Internacional Del Trabajo, Programa de migraciones internacionales, Ginebra, 2002.

[428] de la Garza, Rodolfo O., Interests Not Passions: Mexican-American Attitudes toward Mexico, Immigration from Mexico, and Other Issues Shaping U.S.-Mexico Relations. *International Migration Review*, Vol. 32, No. 2, 1998, p. 408.

illegal migrants advice on legal issues. Basic outdoor survival skills were included as well, such as adding a bit of salt to drinking water in order to prevent dehydration or following telegraph poles when lost.[429] The publication infuriated U.S. officials, as they regarded the booklet as providing official support and encouragement of criminal activity by Mexican government.[430]

After Vicente Fox became President, contacts between Mexicans at home and abroad intensified further, as he hoped to use the experience and capital of Mexican Americans to help transform and modernize the country. Mexican Congress even approved unprecedented legislation, which enabled Mexican citizens in United States to vote in the 2006 Mexican presidential elections. In the end, only 40,832 people used the opportunity due to organizational difficulties and fears of being apprehended by U.S. immigration officials in the process (58% voted for Felipe Calderón from the PAN).[431] Still, the emigrant vote has the potential to significantly influence electoral politics in Mexico in the future, effectively forcing political parties to campaign in the United States as well.

6.5 Social dimension

From the U.S. perspective, the dominant social issue connected with Mexican immigration is the degree to which the migrants are capable of assimilation and acculturation. The implicit understanding behind immigration has traditionally been that U.S. citizens were more or less willing to let immigrants in on the condition that they would work very hard without asking questions. The immigrants' hope was that in doing so, their children and grandchildren would have a better life by adapting to U.S. norms and customs. Being white definitely helped in the process, as immigrants simply blended in the dominant ethnic group. The assimilation model in the end worked even for the "permanently drunk" Irish, "backward and silly" Poles and "violent sectarian" Italians, immigration of whom was deeply resented by U.S. Nativist movement at the beginning of the 20th century.[432]

For Mexican immigrants, however, the situation is in many respects different. First, even though the U.S. Census considers Hispanics as racially "white", they

[429] Secretaría de Relaciones Exteriores: *Guía del Migrante*, México, D.F., 2004.

[430] Storrs, Larry K., Mexico-United States Dialogue on Migration and Border Issues, 2001-2005*, CRS Report for Congress,* March 4, 2005.

[431] Instituto Federal Electoral: Elección de Presidente de los Estados Unidos Mexicanos, Cómputos distritales de la votación de los ciudadanos mexicanos residentes en el extranjero en las elecciones federales de 2006, available at: http://www.ife.org.mx/documentos/Estadisticas-2006/presidente/nac_vm.html, last access June 1, 2008.

[432] Simon, Rita J., Old Minorities, New Immigrants: Aspirations, Hopes, and Fears. *The Annals of the American Academy of Political and Social Science*, Vol. 530, No. 1, (1993), p. 64.

are easily distinguishable from other whites. This makes it easier for Mexican Americans to construct a distinct identity, but they can also easily become targets of discrimination based on ethnic stereotypes. Visible differences contribute to the labeling of Latinos as the "Other" in the eyes of many whites, making their successful assimilation more difficult.

Assimilation of Mexicans in the United States is complicated by several other factors. Constant influx of fresh unskilled and inexperienced newcomers from Mexico undermines efforts of second and third generation Mexican Americans to project Latinos as successful, skilled, and integrated into U.S. society. Media attention is too often focused on the plight of the desperate border crossers, who are distorting the image of millions of Latinos living and working in the U.S. for a long time. This is one of the reasons why there are voices within the Mexican American community calling for restriction of illegal immigration – many Mexican Americans are also actually working for the Border Patrol. Also, most of the migrants from Mexico still do not come to United States to stay, but only to make money and return. For them, assimilation is not a priority, as they regard the sojourn in the United States as provisional and temporary. This contrasts with efforts of those Mexican Americans, who are determined never to go back to Mexico and seek to become integral parts of U.S. society.[433]

To add to this, Mexican national identity has for a long time been constructed as distinctively anti-American, or "anti-Gringo".[434] For example, as has been mentioned in Chapter 3 above, the day when Mexican government nationalized the property of U.S. oil companies (March 6, 1938) is still widely celebrated in Mexico. Also, poverty is often seen as resulting from exploitative international economic system led by the United States. Many Mexican intellectuals to this day abhor the egoistic materialism associated with the U.S., advocating instead the revolutionary fight for justice embodied in figures like Emiliano Zapata. If they are to fully assimilate, Mexican-Americans need to switch sides in this contest of historically constructed and conflicting identities. Realistic hopes for material progress in the United States as opposed to poverty-stricken Mexico are often key to this difficult identity transformation.[435]

Exclusive geographic concentration of most Mexican Americans in selected urban neighborhoods (called *barrios,* which is Spanish for "neighborhood") does

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[433] Gutierrez, David G., *Between Two Worlds: Mexican Immigrants in the United States* (Wilmington: Scholarly Resources, 1996).

[434] McPherson, Alan. *Yankee No! Anti-Americanism in U.S.-Latin American Relations.* (Cambridge, Mass.: Harvard University Press, 2003), pp. 11-13.

[435] Barry, Tom, Brown, Harry and Sims, Beth (eds.), *The Great Divide. The Challenge of U.S.-Mexico Relations in the 1990s* (New York: Grove Press, 1994), p. 14.

not encourage integration into mainstream society either. In East Los Angeles, the biggest *barrio* in the country, there is virtually no need for fresh immigrants to learn English, as they work, shop and socialize mostly with other Spanish-speaking Mexican-Americans.[436] On the other hand, studies show that marriages are more common between Mexican Americans and whites when compared to marriages between whites and other ethnic or racial groups.[437]

Seen from the side of the white majority, Mexican Americans (or more generally, Latinos) are too often seen as a genuine, imminent and grave threat to the future of U.S. society. Among others, the prominent conservative commentator and unsuccessful presidential candidate Pat Buchanan as well as renowned Harvard academic Samuel Huntington maintain an us-versus-them discourse, which in many ways resembles the Nativist movement of the late 19th and early 20th century.[438] The movement succeeded in 1924 when Congress enacted strict anti-immigrant legislation based effectively on racial criteria. In the past twenty years, migration from Mexico reached unprecedented levels, so the conservative backlash was to some extent predictable. Official demographic projections showing that by 2050 whites will lose their majority status further add to the fear and distrust of the anti-immigration groups.

Use of Spanish language has become a highly controversial issue with respect to Mexican immigration. Throughout U.S. Southwest, where the concentration of immigrants is the highest, Spanish can be heard on the streets almost as often as English. As Latinos are seen as an expanding and promising market, many advertisements are bilingual or only in Spanish. People who speak both English and Spanish are preferred as front-office employees, as customers appreciate the possibility of speaking in their native language. Both languages are also being mixed, often in one sentence, creating so-called Spanglish, which is a nightmare for language purists on both sides, but also an intriguing object of study for linguists.[439] On the federal level in the U.S., no language is designated to be the only official one, but a number of states have in recent years adopted English-only statutes, which allow in official communications and throughout public administration only English. Although such policy might be regarded as a further incentive for immigrants to learn English, it is also widely criticized as it indi-

[436] Dohan, Daniel. The Price of Poverty. Money, Work and Culture in the Mexican American Barrio. Berkeley: University of California Press, 2003.

[437] Skerry, Peter, *Mexican Americans: The Ambivalent Minority* (Cambridge: Harvard University Press, 1993), p. 43.

[438] Huntington, Samuel, *Who Are We? The Challenges to America's National Identity*. (New York: Simon & Schuster, 2004), p. 121.

[439] cf. Stavans, Ilan, *Spanglish: The Making of a New American Language*, (New York, Harper Perennial, 2004).

rectly discriminates against Latinos, whose English-language skills are generally poorer than those of the majority population.[440]

Language use in public schools is another highly contentious area. Some Mexican American parents want their children to be educated bilingually, so that they can preserve their Mexican cultural heritage. Other Mexican Americans claim that their children need quality education in English if they are to succeed and that teaching in Spanish is a waste of time and resources, which might be better used for teaching computer skills or mathematics. Teachers in crowded public schools in poorer areas face classrooms, where some pupils do not understand a word in English and others do not understand any Spanish. The learning process in such an environment is bound to be slow.[441]

The problem is unlikely to disappear easily in the near future by everybody adapting to English, as it happened to other immigrant groups. Newcomers who do not speak any English arrive daily from Latin America, constantly refreshing the Spanish-speaking cohort. Also, a wide variety of Spanish-only media including cable TV are operating in the U.S., which decreases the need of immigrants to study English too hard. Last but not least, the Spanish-speaking Mexico is just across the border.[442]

6.6 Explanations, asymmetry and critical analysis

In previous sections, I have outlined the most important issues and topics connected to Mexican immigration. In the following analysis these different aspects will be considered as parts of a single complex phenomenon. To begin with, the mere existence of two large neighboring countries which are on different levels of social and economic development is bound to create dynamic migration processes and associated tensions and frictions. It is interesting to note that in the 19th century, it was the United States settlers hungry for land who migrated in large numbers to the Mexican territory, which eventually led to annexation of the Southwest by the U.S.[443] Today the flow is reversed, as millions of Mexicans are seeking work (as opposed to land) abroad.

United States is well suited to accept Mexican migrants because of its flexible and dynamic economy, where employment regulations are generally weak and

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[440] Santoro, Wayne A., Conventional Politics Takes Center Stage: The Latino Struggle against English-Only Laws. *Social Forces,* Vol. 77, No. 3, (1999), p. 888.

[441] Fritzberg Gregory, No Child Left Behind: Challenges and Changes, *Journal of Education* , Vol. 184, No. 3, (2003).

[442] Fox, Geoffrey, *Hispanic Nation: Culture, Politics and the Constructing of Identity* (Secaucus, NJ: Birch Lane Press Book, 1996), p. 55.

[443] Montejano, David, *Anglos and Mexicans in the Making of Texas. 1836-1986* (Austin: University of Texas Press, 1988), p. 24.

worker turnover usually high. Throughout history, new waves of immigrants have been almost constantly entering the United States, which forced the society to develop institutions and practices which somehow incorporate migrants and cope with the ensuing diversity.[444] In comparison, European countries are generally less prepared for immigration in terms of social policies and structure.

From the perspective of classical economic theory, migration from Mexico should be gradually slowing down. In the United States, capital is more abundant relative to labor, so each additional labor unit can be productively used. Mexico, on the other hand, is a labor-abundant and capital-scarce country. It is then only natural that American capital tries to flow to Mexico, where it can produce higher profits, and Mexican labor tries to flow to the United States, where it will get comparatively higher wages. In the long run, both economies should reach equilibrium throughout these processes, and the movement of workers and capital would slow down.[445]

However, there are several problems within this argument. In case of Mexico and the U.S., migration and capital flows have been taking place for a long time and have been especially intense in the last 25 years and still show little sign of abating. The envisioned long-run equilibrium might still be 50 or more years in the future. By then, half the population of Mexico could be living in the U.S.[446] Second, the theory assumes that the invested capital will remain in Mexico, which cannot be taken for granted today, when only days are needed to transplant high-tech factories thousands of miles away where conditions are even more investor-friendly.[447] Also, population growth is higher in Mexico than in the U.S., which is likely to significantly prolong the labor-abundant characteristics of Mexico. Migration from Mexico is thus likely to continue as long as the economic asymmetry between the two countries persists.

The analytical distinction between the economic center and periphery analyzed in Chapter 2 above is relevant with respect to immigration from Mexico to the U.S. as well. The United States can be seen as the center, which is exporting capital to acquire production assets and projecting its influence to the periphery. Peripheral Mexico is supplying both cheap raw materials and cheap labor, either in foreign-owned factories at home or in the form of immigrant labor abroad. Unless the underlying relationship changes, Mexico will remain peripheral, as it has

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[444] Suárez-Orozco, Marcelo and Páez, Mariela M. (eds.), *Latinos: Remaking America* (Berkeley: University of California Press, 2002). p. 7.

[445] see for example Perkins, Dwight H. et al., *Economics of Development, 5th edition* (New York: W.W. Norton & Comp., 2001), p. 300.

[446] Lochhead, Carolyn, Give and take across the border. 1 in 7 Mexican workers migrates -- most send money home, *San Francisco Chronicle,* May 21, 2006.

[447] Klein, Naomi*, No Logo* (New York: Picador, 2000), p. 78.

little incentive to develop genuine productive capacities and internal market of its own.[448] If this does not change, immigration to the United States is likely to continue well into the future.

Migration from Mexico to the United States should be also analyzed as part of general historic movement of people away from the countryside and the traditional occupation in agricultural sector. Reasons for this movement are complex, ranging from increased agricultural productivity, unfair distribution of land, lack of access to credit, environmental degradation, competition from modern mechanized big producers, naïve expectations of an exciting life in cities, or rapid population growth thanks to advances in sanitation and medicine.[449] Urbanization has been rapid in 20th century Mexico and when opportunities in Mexican cities dried up, there were plenty of well-paid jobs in the U.S. available. Extensive migration networks developed over time and made it relatively easy to go to the United States. Many preferred this option to living and working in suburban slums surrounding major Mexican cities, resulting in robust cross-border flows.[450]

It would be wrong to see migration from Mexico as a part of a general historical force beyond anyone's control - it is also dependent on conscious policy decisions made in each country. In the United States, the federal government until recently effectively encouraged illegal immigration by refusing to control and sanction employers who hire illegal immigrants. Moreover, legal immigration is promoted by the legislative framework, which for example allows even distant relatives of U.S. residents to apply for a resident visa. U.S. agricultural policy also contributes to immigration from peripheral countries, as small farmers in other countries cannot compete with mass-produced and subsidized U.S. products, which are being dumped on their local markets. This policy is especially cynical when coupled with U.S. demands for "free market" access for U.S. goods, as tariffs are seen as unjustified subsidies for domestic producers.[451]

In the affected peripheral countries neo-liberal economic policies promoted by U.S. government invariably create a small number of rich winners (e.g. young professionals fluent in English and working for foreign-owned companies) and a large group of impoverished losers, such as local producers or manufacturers unable to compete internationally, or employees fired from government agencies or

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[448] cf. Wallerstein, Immanuel, *World-Systems Analysis: An Introduction* (Durham, NC: Duke University Press, 2004), p. 14.

[449] Redclift, Michael and Redclift, Nannecke, Unholy Alliance, *Foreign Policy*, No. 41 (Winter, 1980-1981), p. 121.

[450] Thompson, Ginger, Big Mexican Breadwinner: The Migrant Worker, *The New York Times*, March 25, 2002.

[451] Oxfam: *Rigged Rules and Double Standards - Trade, Globalization and the Fight Against Poverty* (London, Oxfam publishing, 2002), p. 35.

companies that are being downsized or going bankrupt. Overall economic efficiency might be increasing, but the losers won't just fade away. In the context of a country like Mexico, which has since 1990s followed the neoliberal doctrine rather closely, many on the losing side end up emigrating in order to escape dire economic prospects, especially with the U.S. geographically so close. Neoliberal emphasis on export-oriented industries further weakens the Mexican peripheral economy, as employment and production is not tied to domestic, but largely to foreign consumption. This creates the danger that if a Mexican factory becomes three times as effective and produces three times as many shoes, workers will not benefit through higher wages, nor by lower shoe prices in Mexico.[452]

Despite the fact that U.S. immigration policies at times contribute to further immigration, highly visible efforts to fortify the border are made in order to placate U.S. public. The border is however too long (3,141 km) and porous to be controlled effectively, leaving enough room for *coyotes* and their clients to get through even after enhanced security measures were adopted. This remains true even after significant increases in border protection budget and personnel in the aftermath of September 11 attacks.[453]

Compared with the near-perfect sealing of long borders of former Eastern Bloc during the Cold War, it is theoretically possible for the U.S. to completely control the border. However, such measures would inevitably hamper the ubiquitous legal contacts and crossings, significantly hurting the border economy.[454] Efforts at balancing tighter border security with a guest-worker program and an amnesty for those who already work in the U.S. have recently failed in U.S. Congress. The U.S. politicians are balancing two basic interests in this respect - on one hand their business constituency appreciates cheap and willing labor, which precludes drastic enforcement measures. On the other hand the social backlash against massive immigration is strong and anti-immigration platform can thus be used for generating political capital.

Mexican elites to some extent complement their U.S. counterparts and devise policies which potentially lead to increased emigration. The dismantling of state agricultural policy in the 1990s in the name of economic liberalization impoverished many farmers, some of whom ended up in the United States. Emigration to the U.S. is seen as positive by many Mexican politicians, even if they are reluctant

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[452] Rodrik, Dani, *Has Globalization Gone Too Far?* (Washington, D.C.: Institute for International Economics, 1997), p. 13.

[453] Dougherty, Jon E., *Illegals: The Imminent Threat Posed by Our Unsecured U.S.-Mexican Border* (Nashville: WND Books, 2004). p. 61.

[454] Gallegos, Gabriela A., Border Matters: Redefining the National Interest in U.S.-Mexico Immigration and Trade Policy, *California Law Review*, Vol. 92, No. 6. (Dec., 2004), pp. 1729-1778.

to admit it at home.[455] The Mexican state is relieved from addressing the needs of the migrants, who in turn provide social insurance to their relatives through remittances from the U.S., thus further easing the fiscal burden as well as material deprivation within the society.[456]

Mass migration might be a logical outcome of persistent economic asymmetry, but this solution is both short-sighted and far from optimal. Deaths of hundreds of migrants in border deserts are the most visible tragic cost of current policies.[457] Migrants are also subject to abuse by Mexican border criminal gangs, U.S. authorities as well as prospective employers. They live in constant fear of deportation, and have to endure long periods of family separation, at times resulting in definitive break ups. The fact that many still face these hardships rather than stay in Mexico is indicative of the dire socioeconomic conditions there.

Almost everybody agrees that current immigration levels from Mexico are too high, creating disruptions in both societies. In the long run, immigration levels should be reduced through economic and social development in Mexico aimed at creating employment opportunities. If young Mexicans are to start addressing adverse conditions inside Mexico instead of dreaming about fabulous riches in "El Norte", they first ought to feel hopeful about the future of their country. New inspiring policies of extended cross-border cooperation are necessary both in Mexico and in the United States, even though they might be difficult to enact in the current political situation.

Temporary working permits issued to illegal immigrants already in the United States and to prospective migrants from Mexico who find U.S. employers willing to hire them could improve the position of immigrants in the short run.[458] Such a move would decriminalize migrants who are already in the country and enable prospective migrants to cross the border with more ease. Apart from making repeated trips home much easier, this would also undermine the ruthless billion-dollar migrant-trafficking industry, which is linked to organized crime. Last but not least, it would enable Mexican migrants to have some legal protection in the U.S., thus shielding them from worst abuses in the workplace and by the

[455] Vicente Fox referred to migrants as "heroes" shortly after his election, which infuriated U.S. anti-immigration groups, Mexican President Praises Migrant 'Heroes', *The New York Times*, December 13, 2000.

[456] González Gutiérrez, Carlos, Fostering Identities: Mexico's Relations with Its Diaspora. *Journal of American History* Vol. 86, No. 2, (1999), p. 548.

[457] Nevins, Joseph, Dying for a Cup of Coffee? Migrant Deaths in the US-Mexico Border Region in a Neoliberal Age, *Geopolitics*, Vol. 12 Issue 2 (Summer 2007), pp. 228-247.

[458] Papademetriou, Demetrios, *U.S. & Mexico Immigration Policy & the Bilateral Relationship*, Statement before the Senate Foreign Relations Committee, United States Senate, March 23, 2004.

authorities. At the same time, economic demands of U.S. businesses would be satisfied and working conditions of Mexicans would improve, as they would be able to legally complain about violations of the labor code. Even President George W. Bush proposed a program along these lines, but he hasn't been willing to spend enough political capital in order to get the initiative through Congress.

Any stable long-term solution needs to be based on development within Mexico, which would decrease the asymmetry between the two countries and thus diminish incentives for further emigration. Such an approach would be in the long-term interest of the United States, which would in many ways benefit from a stable and prosperous neighbor. As the economically much stronger partner, the U.S. needs to acknowledge that it needs to provide more support for Mexico. This would be very different from current neoliberal rhetoric about mutual economic benefits, which too often turns out to be an euphemism for business-to-business cooperation.[459] In order to succeed, such new approach would require a serious shift in the prevalent discourse, which currently suppresses social issues and solidarity in favor of narrowly defined short-term self interest.[460]

In Mexico, further democratization is needed to create transparent political system and a functioning judiciary. Only then can political leaders be held accountable for their actions and the state then meaningfully contribute to the creation of sound economic and social policies. However, high hopes associated with ongoing economic liberalization, political democratization, NAFTA agreement and recently the presidency of Vicente Fox have all largely failed to materialize, and Mexico remains a peripheral country ridden with rampant crime, high levels of corruption, extreme wealth inequalities, and widespread economic insecurity.[461] Close and heated 2006 presidential election demonstrated widespread dissatisfaction within the country, even though pro-U.S. forces prevailed in the end. Under these conditions, migration will remain a viable option for many, however difficult the path may be.

The present restrictive U.S. policies towards migration are short-sighted and opportunistic, failing to deal with the root causes of the issue. Given current political realities and processes in both countries, this will be very difficult to change. The danger remains that accumulated frustration coupled with sudden economic recession might easily lead to short-circuited unilateral drastic measures

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[459] Pastor, Robert, A., *Toward a North American Community: Lessons from the Old World for the New* (Washington D.C.: Institute for International Economics, 2001), p. 8.

[460] cf. Chacon, Justin Akers and Davis, Mike, *No One Is Illegal: Fighting Racism and State Violence on the U.S.-Mexico Border* (Haymarket Books, Chicago, 2006).

[461] Lafer, Gordon, The Last Bicycle Tire Plant. Mexican Factory Workers' Dream Dies on Altar of Free Trade. *Dissent* (Summer 2005), p. 37.

by the U.S., which would hurt the vulnerable Mexican immigrants as well as the Mexican economy. Such a reaction would further undermine the potential for sensible good-neighbor policies, which offer at least some hope for the future.

Apart from being the root cause underlying the migration flows, asymmetry between the two countries can also serve as the explanation for current immigration policies. In the U.S., the asymmetry is used by conservative groups as a sign of exceptionality and superiority of the U.S. Such attitudes then lead to unilateral restrictive policies, which are detrimental for Mexican interests. For example in recent extensive debates about immigration reform mentioned above, positions of Mexican government were not taken into account at all, even though the problem requires bilateral cooperation. The Mexican government reflects the position of 90% of Mexicans (as well as many U.S. citizens), who are strongly opposed to construction of the border wall.[462]

Significant asymmetry between the two countries also contributes to the negative stereotypization of Mexico, where Mexicans are discursively constructed not only as "other" or "alien", but also as simply "worse". Such reasoning leads directly to unilateral policies aimed at barricading and fortification of the border, as the "others" are trying to get to "us", and their mere presence is potentially subversive, because soon they will make "our" country look like "theirs".[463] Even though such approach is to bilateral relations is quite absurd, especially in a situation when over 40 million Hispanics (most of them originally from Mexico) legally reside in the U.S., the apparent asymmetry keeps it at least symbolically relevant.

For a long time, the Mexican government did not want to face the asymmetric reality and therefore treated its emigrants with disdain, as it wanted to maintain the nationalist illusion of improving conditions and progress within Mexico. Its attitude changed when the government admitted the depth of asymmetry between its country and the U.S. – the emigrants suddenly turned from traitors to common people or even heroes, who are undertaking a risky path to fulfill a natural desire for a better life for themselves and their families. Such approach enables policies, which make life easier for the migrants, such as issuing the *matrícula* identification cards or providing safe, reliable and cheap transfer of remittances. The constant flow of dollars to Mexico serves as a remainder that the migrants do not for-

[462] Stephens, Angela, Americans, Mexicans Reject Border Fence, *World Public Opinion,* March 28, 2006, available online at: http://www.worldpublicopinion.org/pipa/articles/brlatinamericara/184.php?lb=brla&pnt=184&nid=&id= , last access June 1, 2008.

[463] Suárez-Orozco, Marcelo M., California Dreaming: Proposition 187 and the Cultural Psychology of Racial and Ethnic Exclusion, *Anthropology & Education Quarterly,* Vol. 27, No. 2, (June 1996), pp. 151-167.

get their relatives even if they themselves live in very poor conditions.[464] Acknowledgement of the asymmetry thus led in the Mexican case to the adoption of reasonable initiatives, even if it must have been hard especially for the PRI, which bears a big part of the responsibility for the asymmetric development given its long-term rule.

The stronger partner in an asymmetric relation has decisive influence on bilateral issues, which brings with it a larger share of responsibility for the outcome. By failing to comprehend this dynamic the U.S. government persists in its restrictive attitude towards Mexican immigration, which can only delay any diminishing of the underlying asymmetry. If we understand migration as a logical consequence of asymmetry, such attitude is not only shortsighted, but also wrong.

[464] Dohan, Daniel, The Price of Poverty. Money, Work and Culture in the Mexican American Barrio (Berkeley: University of California Press, 2003) p. 50.

7 Asymmetric War on Drugs

Theres a killer on the road
His brain is squirmin like a toad
Take a long holiday
Let your children play
If ya give this man a ride
Sweet memory will die
Killer on the road, yeah

The Doors, Riders on the Storm

7.1 Introduction

Trafficking of illegal commodities, especially narcotics, is another key area of friction between United States and Mexico, as their flow is not subsiding despite vigorous enforcement activities over extended period of time. Even though both countries are officially committed to combat the illegal drug trade, persisting asymmetry in available resources makes it easier for international drug traffickers to corrupt officials in Mexico. For this reason, the Mexican government often gets blamed by the U.S. government and media for shortcomings in the overall drug control strategy, and by failing to stop drug shipments, for the drug problem in the U.S. as well. This chapter will explore the drug control efforts within the context of the bilateral asymmetric relation between the U.S. and Mexico. The first part will briefly examine historical antecedents and development of this complex issue. Subsequently, main theoretical approaches and differences to drug control will be discussed. The concluding part will provide a critical analysis, integrating the historical context, theoretical underpinnings as well as the underlying asymmetry between the two countries.

International border can be defined as an imaginary line separating two sovereign political entities. As soon as these entities pass different laws and regulations, the border becomes a magical place of sorts – just by making a few steps, the same activity suddenly ceases to be punishable by authorities and becomes perfectly legal. Moreover, even though laws regulating behavior might be similar on both sides of the border, the level of enforcement by authorities can vary dramatically, effectively preserving this almost magical effect of the border. History of illegal border trafficking between United States and Mexico is therefore based on discrepancies between their respective legal systems and different levels of leniency in law enforcement. Underlying asymmetry between the two states only exacerbated these differences and related bilateral tensions.

7.2 Origins of illicit traffic

Throughout the 19th century the border area was mostly sparsely populated, bilateral trade was limited and both the U.S. and the Mexican state had other priorities than to regulate legal status of commodities, including drugs. As a result, small-scale smuggling, which took advantage of price differences due to diverging tariffs, was the dominant form of illicit border traffic. During the Porfiriato, Mexican government exempted border cities from paying import tariffs in order to support their growth and development. This led to greater price differences and U.S. citizens on the border started buying products (legally) in Mexico, to the chagrin of U.S. shopkeepers, who complained bitterly about it in Washington, D.C.[465] At that time, the border was still largely unprotected and open, so diplomatic pressure rather than border control measures were used against Mexico on behalf of U.S. border city merchants.

Opium became the first illicit substance which began to be smuggled over the U.S.-Mexican border. The drug first appeared in the U.S. at the end of the 19th century, originally to supply immigrant laborers from China. There are indicators suggesting that already in the late 19th century, poppy-cultivation destined primarily for the U.S. market developed in Northern Mexico.[466] Opium and its derivatives were commonly used in various folk medicines and as such were widely available (legally) in Mexico. U.S. government on the other hand led the effort to criminalize cultivation and traffic in opium and convened an international conference on this topic in Shanghai in 1909. The conference eventually led to the 1912 International Opium Convention, the first international drug control treaty. After its implementation, the flow of opium from Mexico to United States suddenly became illicit traffic. Already at that time, the leading political figures like the Baja California governor Esteban Cantú was suspected of participating in the lucrative illegal trade. Mexico formally criminalized production of opium first in 1926, but the enforcement of the statute was lax and numbers of Mexican consumers small compared to those in the United States. The asymmetry in the scope of the problem as well as the underlying approach of the two countries towards drug control were apparent even at that time.

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[465] Ceballos-Ramírez, Manuel and Martínez, Oscar J., Conflict and Accomodation on the U.S. Mexican Border, 1848-1911, in: Vincent Kathryn and Rodriguez, Jaime E. (eds.) *Myths, Misdeeds, and Misunderstandings. The Roots of Conflict in U.S.-Mexican Relations.* (Wilmington, DE: SR Books, 1997), pp. 135-157.

[466] Astorga, Luis, Drug Trafficking in Mexico: A First General Assessment, *Management of Social Transformations (MOST)*, Discussion Paper No. 36, 2001, available online at: http://www.unesco.org/most/astorga.htm, last access June 1, 2008.

Alcohol prohibition in the U.S., which was sanctioned by an amendment to U.S. Constitution, lasted from 1920 to 1933 and it had the foreseeable consequence of significantly expanding the illicit trafficking from Mexico. As Mexico adopted no corresponding prohibitive measures, Mexican entrepreneurs became major suppliers of liquor to the illicit but lucrative U.S. market, together with Canadian and the Caribbean producers. In order to effectively enforce the 1919 Volstead Act, which was the legal basis for subsequent prohibition measures, the U.S. government had to devote more resources to patrolling the border, creating a specialized Border Patrol agency in 1924.[467]

Even though enforcement capacity of the state increased dramatically throughout the prohibition era, it could not cope with the overwhelming demand for alcohol, which the illicit market was so eager to satisfy. Criminalization of alcohol also led to massive increase in violent crime associated with the illicit trade, as the competing interests could not use capacities of the state to settle conflicts through regular judicial process. Huge illegal and unregulated industry led to the creation of powerful criminal organizations, which were able to corrupt important government officials or engage law enforcement personnel in fierce gunfights. These developments, together with apparently unrelenting levels of alcohol consumption and significant losses of tax revenue, eventually led to the repeal of Prohibition by another constitutional amendment in 1933.[468]

The prohibition episode is analytically highly relevant for the subsequent "war on drugs". First, the enactment of Prohibition required an amendment to the U.S. constitution, as it was perceived to be an important intrusion of government into the sphere of individual rights. Political support for the measure at that time was nevertheless sufficient to pass the rigid constitutional requirements (two thirds of members in both houses of Congress plus ratification by three fourth of state legislatures). Even the powerful liquor lobby was not able to block the outcome, which demonstrates powerful commitment of citizens as well as legislators to moralistic and idealistic legislation. The "war on drugs" has been partly driven by similar sentiments, which are a strong force in U.S. politics to this day.

More importantly, the romantic and naive vision that alcohol consumption would stop and thus solve important social problems gradually gave way to the realistic assessment of costs and benefits of the prohibition policy throughout the 1920s. When its corruptive effects became clear, the repeal of prohibition gained

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[467] U.S. Customs and Border Protection: *U.S. Border Patrol - Protecting Our Sovereign Borders,* available online at http://www.cbp.gov/xp/cgov/toolbox/about/history/bp_historcut.xml, last access June 1, 2008.

[468] Clark, Norman H., *Deliver Us from Evil: An Interpretation of American Prohibition* (W. W. Norton & Company, New York, 1976).

sufficient popular support that enabled the change of the rigid constitution again. During subsequent polarizing "war on drugs", such realistic assessments were much more difficult to discuss and implement. This led to excessive reliance on enforcement and punishment, which had had such adverse consequences during Prohibition.

The smuggling of illicit liquor did not seriously disrupt neighboring countries. Alcohol production was legal there and thus under regular control of government authorities. Criminal organizations did not infiltrate and corrupt public institutions in these countries, as they focused on smuggling and distribution in the U.S. In this way, the Prohibition started and ended as an internal U.S. problem, which did not get externalized.

Apart from alcohol and opium, marijuana also gradually became a target of prohibitive legislation.[469] It was introduced to the United States in first decades of the 20th century mainly through Mexican seasonal workers.[470] For this reason, early attempts to criminalize the use of the drug were partly driven by ethnic tensions, as Mexicans were predominantly subject to ensuing penalties. First restrictions appeared on municipal and state level and eventually resulted in the federal Uniform State Narcotic Act and the formation of Federal Bureau of Narcotics in 1930, led by Harry J. Anslinger.[471] The new office was a part of Treasury Department and had only 17 agents, which is indicative of the position and importance the combat against illegal substances had at the time. However, the Narcotics Bureau under Anslinger managed to organize and foment a massive public campaign against marijuana use, in which the drug was manipulatively depicted as resulting in homicidal tendencies and interracial sex. The movie "Reefer Madness" is a fine example of a cultural product related to this issue, its opening credits referring to marijuana as "public enemy number one".[472] The Marihuana Tax Act of 1937 became the prohibitive result of the campaign instigated by Anslinger. Marijuana possession was still not criminalized per se, but high taxes paid by marijuana producers and other restrictive regulations had the effect of driving most of the marijuana trade to illegality. This again presented an opportunity for Mexican producers to get involved in the business, especially given the favorable climatic conditions.

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[469] Gieringer, Dale H., The Origins of California's 1913 Cannabis Law, *Journal of Contemporary Drug Problems*, Vol. 26, No. 2, (Summer 1999), pp. 237-288.

[470] Sandos, James A., Northern Separatism during the Mexican Revolution: An Inquiry into the Role of Drug Trafficking, 1910-1920, *The Americas*, Vol. 41, No. 2. (Oct., 1984), pp. 191-214.

[471] Bonnie, Richard J., Whitebread, Charles H., *The Marijuana Conviction: A History of Marijuana Prohibition in the United States* (Lindesmith Center, New York, 1999), pp. 89-107.

[472] Reefer Madness (1936), movie by Louis J. Gasnier, available at: http://video.google.com /videoplay?docid=-6696582420128930236, last access June 1, 2008.

7.3 U.S.-Mexico early policy disagreements

Widely exaggerated claims and moral outrage were largely absent from drug control discourse in Mexico at the beginning of the 20th century. Addicts were considered to be sick rather than criminal. Even though Mexico took formal steps to combat illegal narcotics after political turmoil and fighting associated with the Mexican revolution subsided in 1920s, the drug production and trafficking were expanding to meet the demand in the U.S., especially for opium and heroin. The town of Culiacán in the Northwestern state of Sinaloa became the unofficial capital of the drug business. Many poor villagers from the nearby Badiraguato mountains became members of the professional drug-trafficking class.[473] Local political elites were widely suspected to participate in the lucrative trade.

The extent of drug trafficking became a source of friction between the two governments already in the 1930s. U.S. Treasury department was sending its covert agents to Mexico in order to monitor drug trade without notifying Mexican authorities. The U.S. administration also kept pushing for stricter and more punitive policies with respect to illegal drugs through the U.S. ambassador in Mexico Josephus Daniels.[474]

In 1938, a former mental health doctor Leopoldo Salazar Viniegra became head of the Federal Narcotics Service, the highest counter-drug administrative body in Mexico at that time. He devised a comprehensive plan to combat illegal drugs and addiction, which was based on providing treatment for addicts and on the distribution of illegal drugs to certified addicts by the government. He even published an article titled "El Mito de la Marijuana" (*Marijuana Myth)*, questioning the assumption of socially destructive effects of marijuana use based on extensive long-term study of its users in Mexico. To defend his policy, Salazar said rather presciently: "It is impossible to break up the traffic in drugs, because of the corruption of the police and special agents and also because of the wealth and political influence of some of the traffickers."[475] Such attitudes of the chief anti-narcotics official in Mexico caused an uproar in Washington, where officials believed Salazar's plan would only lead to increased trafficking and drug use. Sharp criticism from U.S. officials led to Salazar's resignation after eighteen months in office.

Salazar was succeeded in his position by José Siurob, who announced his willingness to cooperate in anti-narcotics efforts with U.S. more closely. Despite

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[473] Walker, William O. III, Control across the Border: The United States, Mexico, and Narcotics Policy, 1936-1940, *The Pacific Historical Review*, Vol. 47, No. 1. (Feb., 1978), pp. 91-106.

[474] Astorga, Luis, *El siglo de las drogas* (México, D.F.: Espasa-Calpe Mexicana, 1996), p. 65.

[475] Walker, William O. III, Control across the Border: The United States, Mexico, and Narcotics Policy, 1936-1940, *The Pacific Historical Review*, Vol. 47, No. 1. (Feb., 1978), p. 96.

this rhetoric, his proposed plan for reducing drug abuse was very similar to Salazar's, emphasizing treatment and government control over distribution of drugs. Officials in Washington again voiced their concern and in order to pressure Mexico not to adopt the plan, declared embargo on exports of all legal drugs to Mexico. After intense personal consultations in Washington in 1940 between Anslinger and Siurob, the Mexican side conceded and espoused the punitive drug control model favored by the U.S.[476] This episode suggests that already in the 1940s the U.S. was very sensitive to any alternative approaches to drug control and was able to mount significant pressure on Mexican authorities in this respect. For Harry Anslinger, drug addicts were "criminals first and addicts afterwards," and policies of foreign governments should have reflected this position as well.[477]

During World War II, U.S. actually encouraged production of poppy seeds (opium) in Mexico, as morphine became a strategic commodity with respect to war effort. For the same reason, U.S. government also tried to prevent smuggling of opium from Latin America to Axis powers in Europe. Even though there were concerns about large-scale penetration of legal morphine to the illicit market in the U.S., helpful pain-killing aspects of morphine during the war proved to override these concerns in official U.S. policies.

After the war, U.S. government again pressured Mexico to move more forcefully against drug production. Even though the Mexican army became involved in massive crop eradication campaigns in major drug producing states of Sinaloa, Durango and Chihuahua, these did not produce lasting effects despite boisterous claims of officials that drug production in Sinaloa would be finished in six months.[478] High-level traffickers were not arrested, presumably because of connections that they had established with influential politicians. The army also did not have enough aircraft and pilots, which were crucial in accessing remote mountainous areas where the cultivation was concentrated. Drug production also spread to neighboring states, which were not targeted by the eradication campaign.[479]

Throughout late 1940s and 1950s it became apparent that both low and high level officials of the Mexican government are to some extent involved in the drug trade. In 1947, first scandal of this kind erupted in Mexico, when General Pablo Macías Valenzuela, ex-Secretary of War and Navy and governor of the state of

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[476] Ibid, p. 99

[477] Anslinger, Harry J. and Tompkins, William F., *The Traffic in Narcotics,* (New York: Arno Press, 1981), pp. 152-153.

[478] Astorga, Luis, Drug Trafficking in Mexico: A First General Assessment, *Management of Social Transformations – MOST,* Discussion Paper No. 36, 2001, available at: http://www.unesco.org/most/astorga.htm, last access June 1, 2008.

[479] Craig, Richard B., La Campana Permanente: Mexico's Antidrug Campaign, *Journal of Interamerican Studies and World Affairs,* Vol. 20, No. 2. (May, 1978), pp. 107-131.

Sinaloa from 1945 to 1950, was accused of cooperation with drug traffickers by major Mexican newspapers.[480] The allegations, which could have been politically motivated, were never clarified. Even though General Valenzuela was neither prosecuted nor disciplined, publicity of the affair brought attention to the drug trafficking issue. With reliable proofs difficult to obtain, accusations of drug-related corruption became one of the tools for political infighting within Mexico.

In 1947 Mexican President Miguel Alemán founded the Federal Security Agency (*Dirección Federal de Seguridad*), which served both as special national security police unit and as main drug fighting agency. Its first head was Carlos I. Serrano, a close friend of the president suspected by U.S. embassy to have connections with drug traffickers. The combination of responsibilities in both top-level political investigations and top-level drug control cases was suspicious from the start and supported the thesis about involvement of high-level politicians in the drug trade. In the 1980s, the whole agency was summarily disbanded amid allegations of extensive corruption. Also in 1947, as a sign of harmonization of drug control policies between U.S. and Mexico, main responsibility for drug control was transferred from the Mexican Department of Health to the office of Attorney General. This institutional shuffle reflected the shift of paradigm, where drugs ceased to be considered primarily as a public-health issue and became a law-and-order problem.[481]

7.4 War on Drugs begins

Even though drug control was an important issue in U.S. Mexican relations before 1960s, it did not receive a high-profile attention by U.S. presidents nor the public. Most U.S. addicts were heroin users in urban areas of New York, Chicago and Detroit. Their numbers remained fairly constant, estimated between 250 and 500 thousands in 1959.[482] However, throughout 1960s the demand for drugs increased dramatically in the U.S., especially among the younger generation. Especially smoking of marijuana became a standard feature of the counter-culture movement, which considered the psychoactive substances as potentially liberat-

[480] Astorga, Luis, Drug Trafficking in Mexico: A First General Assessment, *Management of Social Transformations – MOST,* Discussion Paper No. 36, 2001, available at: http://www.unesco.org/most/astorga.htm, last access June 1, 2008.

[481] Reuter, Peter and Ronfeldt, David, Quest for Integrity: The Mexican-US Drug Issue in the 1980s, *Journal of Interamerican Studies and World Affairs*, Vol. 34, No. 3, (Autumn, 1992), pp. 89-153.

[482] Baum, Dan, *Smoke and Mirrors. The War on Drugs and the Politics of Failure* (Boston: Little, Brown and Company, 1996), p. 4.

ing.[483] If anything, the substance made the suburban consumer lifestyle promoted by the establishment seem dull, sterile or even ridiculous. Drug gurus like the Harvard-educated psychologist Timothy Leary openly advocated the mind-expanding capabilities of various drugs, the consumption of which were indeed fashionable and widespread.[484]

Due its geographic proximity and favorable climate, Mexico became the principal supplier of marijuana, producing as much as 6,500 tons per year throughout the 1960s.[485] Even though Mexico continued in its eradication efforts and dedicated as much as half of its army personnel to the task in the peak harvest season between September and October, it failed to stem the flow of drugs to the North. In 1966, Mexican Attorney General's office reported the destruction of three thousand tons of marijuana in Chihuahua and Sinaloa in just 45 days. Nevertheless, at least 2,500 tons were estimated to enter the U.S. every year to supply the estimated 18 million regular pot smokers.[486] Exorbitant profits from the trade enhanced capabilities of traffickers to further corrupt government officials in Mexico. Some of the trafficking rings were even composed predominantly by local police officers. The administration of President Johnson voiced its concern and offered assistance to Mexico, but did not take any dramatic measures to enforce compliance. Mexican authorities kept intercepting and eradicating increasing amounts of drugs, but the overall available supply was increasing even faster.

The victory of Richard Nixon in 1968, whose political strength was based on socially conservative voters tired of turmoil and protest demonstrations, proved to be a watershed in drug control policy and U.S. attitudes towards Mexico in this respect. For Nixon and his policy advisors like Jeff Donfeld or Egil Krogh, drug control became a political priority – in an ominous reference to the Reefer Madness movie, drugs suddenly became "public enemy number one", which had to be destroyed by "war".[487] By focusing on illegal drugs, Nixon administration found a convenient way to attack the counterculture associated with drug use. He also

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[483] It is estimated that at the end of 1960s, 70 million people had experience with marijuana, Baum, Dan. *Smoke and Mirrors.* p. 153.

[484] see for example Leary, Timothy, *Politics of Ecstasy*, (New York: College Notes and Texts, 1968).

[485] Craig, Richard B., La Campana Permanente: Mexico's Antidrug Campaign, *Journal of Interamerican Studies and World Affairs,* Vol. 20, No. 2. (May, 1978), p. 107.

[486] Astorga, Luis, Drug Trafficking in Mexico: A First General Assessment, *Management of Social Transformations – MOST,* Discussion Paper No. 36, 2001, available at: www.unesco.org/most/astorga.htm, last access June 1, 2008.

[487] See for example Nixon's remarks to the Washington Conference on International Narcotics Control, September 18th, 1972, available online at: http://www.presidency.ucsb.edu/ws/ index.php?pid=3578, last access June 1, 2008.

tried to convey the message that in a way illegal foreign intoxicating substances were responsible for social disruptions of the 1960s. Such discourse effectively sidelined and silenced the "root causes" argument that drug use was primarily a consequence of widespread social ills and inequities that needed to be addressed if the drug problem were to be eliminated. To institutionalize the new approach based on enforcement, Nixon created the Drug Enforcement Administration (DEA) in 1973 by combining the Bureau of Narcotics and Dangerous Drugs (BNDD), the Office of Drug Abuse Law Enforcement and various other administrative bodies.

For U.S.-Mexican relations, high priority for drug control measures meant increased tensions given Mexico's role as both major supplier and an important transport country. Unhappy with the level of cooperation and enforcement in Mexico, Nixon administration launched a surprising Operation Intercept in October of 1969. During the operation, every person or vehicle coming through the U.S.-Mexican border was thoroughly and meticulously inspected for illegal drugs. No significant amounts of drugs were found, as traffickers quickly learned about the situation and withheld shipments. However, the operation led to extensive delays on the border, which effectively paralyzed the whole border region, where many people legally commuted across borders on a daily basis.

It quickly became clear that the operation is in fact a pressure tactics devised to force the Mexican government of President Díaz Ordaz to closer cooperation and expansion of counter-narcotic activities.[488] Mexican government was not even notified about the operation, even though President Nixon met President Díaz Ordaz in person in September 1969 at the opening of the newly constructed Amistad Dam on the Rio Grande.[489] Bilateral tensions rose sharply, as Mexican officials strongly objected to what they perceived as unilateral blackmail and after tense diplomatic meetings, the formation of bilateral Operation Cooperation was announced, under which inspections ceased to be so thorough, which enabled regular cross-border traffic to resume.

Operation Intercept turned drug control into one of the most important aspects of the bilateral relationship between U.S. and Mexico. The U.S. administration demonstrated that it is willing to forfeit the goodwill of the Mexican government and the public in order to press for stricter drug-control agenda. Despite

[488] Doyle, Kate, Operation Intercept: The perils of unilateralism, *The National Security Archive Mexico Project*, 2003, available at: http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB86/#article, last access June 1, 2008.

[489] National Security Archives: *Operation Intercept*, Document 4 [Meeting with Díaz Ordaz] U.S. Embassy in Mexico City, confidential telegram, July 23, 1969. Source: National Archives, Record Group 59, CFPF 67-69, POL Mexico-US, Box 2344, available online at: www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB86/intercept04.pdf, last access June 1, 2008.

fierce nationalist rhetoric condemning the operation, it became obvious for Mexican government that it needed to show more effort in its fight against traffickers, if it did not want to antagonize the U.S. government even further. However, it would have been politically embarrassing for the Mexican government to be seen as following "orders from Washington", so no dramatic policy changes occurred in the immediate aftermath of the Operation Intercept.[490]

U.S. pressure on Mexico intensified further after successful dismantling of the "French connection" organization in early 1970s, which supplied the U.S. market with heroin refined in Marseille from Turkish grown opium. Mexico then became the biggest supplier of heroin to United States. After the "French connection" sting, the U.S. authorities became reinvigorated by the fact that it was indeed possible to dismantle the supply side of the drug trade through dedicated international cooperation and persistent pressure.[491] Doubts that these successes only opened new opportunities for drug producers elsewhere or encouraged use of new types of drugs were lost in the congratulatory atmosphere at that time.

7.5 Operation Condor

Mexican government decided to move forcefully against drug producers in 1975. Apart from U.S. insistence, government of Luis Echeverría was apparently worried about the ties between urban radical leftist groups, powerful traffickers and impoverished desperate peasants employed in drug production. In the opium- and marijuana-producing states of Sinaloa, Durango and Chihuahua, municipal and state authorities were either paralyzed or under control of drug traffickers. In Culiacán, the capital of Sinaloa, most citizens carried guns for their own protection, as utter lawlessness prevailed with shootouts occurring on a daily basis. It was estimated that 21,000 square kilometers were used for drug production in Sinaloa alone. Such a situation was embarrassing as well as potentially destabilizing for the government in Mexico City.[492]

The Mexican government effort at dismantling the drug production which started in 1975 was codenamed Operation Condor. It was the most extensive and high-profile anti-drug initiative in the country so far, which included over 10,000 army soldiers, 200 airplanes and helicopters provided mostly by the U.S. Directed by General Attorney's office (*procuradoría)*, it relied on information from U.S. sources and agents stationed in Mexico. The operation focused on massive crop

[490] Craig, Richard B., Operation Intercept: The International Politics of Pressure, *The Review of Politics*, Vol. 42, No. 4. (Oct., 1980), pp. 556-580.
[491] Massing, Michael. *The Fix* (Berkeley: University of California Press, 1998), p. 112.
[492] Craig, Richard B., Operation Condor: Mexico's Antidrug Campaign Enters a New Era, *Journal of Interamerican Studies and World Affairs,* Vol. 22, No. 3. (Aug., 1980), pp. 347.

eradication in the heart of the drug-producing region. For the first time, aerial spraying of fields was used extensively, overriding concerns about harm to legitimate crops and the environment following the use of similar tactics in the Vietnam War. Violent armed confrontations with farmers *(campesinos)* protecting their fields were frequent and numerous human rights violations by the army were reported. The operation was in its early stages hugely successful in terms of the quantity of destroyed drugs, as traffickers were surprised by both the scale and the political determination behind the campaign. However, after the initial shock major traffickers moved out of the region (many of them allegedly to Guadalajara), and peasants shifted production to smaller plots amid legitimate crops, which were much more difficult to spot from the air.[493]

Despite the adaptation of drug traffickers, the Mexican share in the U.S. drug market fell considerably for both heroin and marijuana. Heroin overdose deaths decreased in the U.S. from 1800 in 1976 to about 360 during all of 1979.[494] Marijuana smokers were put off by rumors that marijuana from Mexico contained residues of the paraquat herbicide used when spraying the fields, which might have made the plant poisonous if inhaled.

Somewhat paradoxically, Operation Condor coincided with an intense campaign for legalization of marijuana in the U.S., which was organized by National Organization for Reform of Marijuana Laws (NORML) and achieved formal legalization in 11 states (federal penalties for drug possession still applied).[495] This demonstrates the two sides of the drug control problem – on one hand U.S. administration demands that Mexico should pursue vigorous and costly drug eradication programs and on the other it is under intense domestic pressure to enact measures which would make large parts of the enforcement endeavor related to marijuana meaningless.

7.6 Crack cocaine and the changing map of the drug trade

Far from abating, the war on drugs actually escalated further with the rapid expansion of crack cocaine use in the 1980s. Dilution of pure cocaine with other chemical substances (usually baking soda) produced a drug which was much cheaper than cocaine powder, but retained most of its potency as well as addictive potential. Furthermore, crack cocaine rocks can be smoked, which a very convenient form of usage. It became very popular particularly in lower-class minority

[493] Ibid, p. 360.
[494] Ibid, p. 361.
[495] Baum, Dan, *Smoke and Mirrors. The War on Drugs and the Politics of Failure* (Boston: Little, Brown and Company, 1996), p. 87.

communities, where life prospects remained bleak, especially after Ronald Reagan's cuts in spending on social programs.

There is an ongoing controversy concerning the introduction of crack cocaine in the United States, as series of articles in San Jose Mercury News by Gary Webb claimed that it was in fact introduced under the protection of the C.I.A., which cooperated with several Latin American drug kingpins in its efforts to counter pro-communist forces in the region.[496] Archival documents confirm important linkages between C.I.A. operatives and major drug traffickers at the time of the Iran-Contra affair. It is now an established fact that former ruler of Panama Manuel Noriega was on C.I.A. payroll and was involved in major drug trafficking operations. The connection is thus very probable but the real extent of cooperation is hard to ascertain.[497]

Despite possible involvement of U.S. government agency in trafficking, widespread popularity and availability of crack cocaine led to escalation of the war on drugs by other U.S. government bodies, notably the DEA and FBI. Under president Reagan, less and less money was allocated to demand reduction and treatment; the war on drugs focused on strict enforcement and reduction of supply through extensive crop eradication and border interdiction efforts.[498]

Role of Mexico in the war on drugs changed throughout the 1980s from being primarily a producing country to becoming a major transit country. Coca shrubs necessary for cocaine production do not grow easily in Mexico, even though several unsuccessful attempts have been tried in the past.[499] Mexican trafficking organizations quickly adapted to the new situation and realized that the sparsely guarded 3000 kilometer long border with the United States presents a unique business opportunity with regards to cocaine produced in Colombia. Understanding quickly developed between Colombian and Mexican traffickers about shipments of cocaine through Mexico. Three main drug cartels thus developed in Mexico based on control of major border crossing routes. The Tijuana Cartel led by Arellano Félix brothers controlled the Tijuana-San Diego route, the Juaréz car-

[496] Webb, Gary, Dark Alliance: The CIA, the Contras, and the Crack Cocaine Explosion, (Seven Stories Press, New York, 1998).

[497] National Security Archive: Electronic Briefing Book No. 2, *The Contras, Cocaine, and Covert Operations,* The Gelman Library, George Washington University, available at: http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB2/nsaebb2.htm#3, last access June 1, 2008.

[498] Baum, Dan, *Smoke and Mirrors. The War on Drugs and the Politics of Failure* (Boston: Little, Brown and Company, 1996), pp. 162-176.

[499] Astorga, Luis, Cocaine in Mexico: a prelude to "los Narcos", in: Gootenberg, Paul, *Cocaine: Global Histories* (Routledge, London, 1999), p. 183.

tel was in charge of the Ciudad Juaréz-El Paso sector and the so-called Gulf Cartel dominated the Nuevo Laredo-Laredo and Matamoros-Brownsville crossings.[500]

The changing position of Mexico within the drug trade created significant new challenges for both Mexican and U.S. drug control efforts. Earlier focus on crop eradication was not easy nor effective, but at least the crops were visible from the air and had to stay in one place for at least half a year in order to grow. U.S. supplied crop-eradication equipment for operation led by Mexican authorities, and results could usually be verified by aerial photographs. The disruption of transportation networks within Mexico required tracking of shipments well hidden among other cargo, which proved much more difficult, eventually leading to heightened tensions between the two countries.

Intercepting drug shipments at the U.S.-Mexican border proved to be a major problem, as small amounts of high-value cocaine were part of a massive flow of legal goods across the border. Big traffickers employed their own expertly trained dogs in order to check outgoing shipments for any traces of drugs that the dogs at the border might have recognized. Furthermore, focus on transportation made the corruption of authorities easy – in order to receive money, border guards or the police did not have to take any action. They just paid a bit less attention to a specifically designated truck or at a selected time. Providing a proof of such negligence was difficult if not impossible. Even though the focus of U.S. policymakers and media had always been primarily on the corruption of Mexican officials, to a lesser extent the problem existed also on the U.S. side of the border.[501]

In order to successfully attack the trafficking rings, the U.S. authorities had to rely on informants and agents from within the trafficking organizations if they wanted to seize large shipments at the border. These individuals were operating inside Mexico on behalf of the U.S. government, but the Mexican authorities were usually not informed about their presence for security reasons. From the U.S. perspective, any sensitive information might thus easily have leaked to the Mexican traffickers, which would have had devastating consequences for the informants and agents.[502]

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[500] Carpenter, Ted G., *Bad Neighbor Policy. Washington's Futile War on Drugs in Latin* America (New York: Palgrave Macmillan, 2003), pp. 169-195.

[501] see Johnston, David and Verhovek, Sam H., Drug Trade Feeds on Payoffs at Mexico Line, *The New York Times,* March 24, 1997; Berle, Richard L., Official Corruption Grows as Drug Smuggling Flourishes, *The New York Times*, August 27, 1989 or Common Sense for Drug Policy: *Drug War Facts: Corruption of Law Enforcement Officers & Public Officials*, 2005, available at http://www.drugwarfacts.org/corrupt.htm, last access June 1, 2008.

[502] Reuter, Peter and Ronfeldt, David, Quest for Integrity: The Mexican-US Drug Issue in the 1980s, *Journal of Interamerican Studies and World Affairs*, Vol. 34, No. 3, (Autumn, 1992), p. 102.

The Mexican government objected to this unilateral approach, as it was technically an infringement of national sovereignty and a clear signal of distrust towards Mexican drug control efforts. Also, given the ties of the bigger trafficking organizations to political and law-enforcement officials at both local and national level in Mexico, U.S. efforts to infiltrate and expose drug rings within Mexico were bound to be considered dangerously intrusive.

The bilateral tensions related to drug enforcement reached new heights in 1985 in connection with the murder of the DEA agent Enrique „Kiki" Camarena in Guadalajara. Camarena successfully infiltrated several drug rings and contributed to arrests of several important traffickers. However, presumably because of an information leak from Mexican authorities who were notified about his actions, he was captured by traffickers, brutally tortured and subsequently killed. The murder led to intense recriminations between U.S. and Mexican officials, with the DEA claiming that several members of Mexican law enforcement agencies willingly participated in the killing. Within the Mexican judicial system the case was never solved. The DEA took the unprecedented step of hiring bounty hunters, who abducted two suspects from Mexico to the U.S. in 1990 to face charges there. Despite Mexican government protests against such blatant violation of international norms, the U.S. Supreme Court overturned rulings of lower courts and confirmed legality of the procedure in 1992.[503]

The abduction of two Mexican citizens was a dramatic way of demonstrating the frustration of U.S. drug enforcement officials with the Mexican judicial system. Mexican government was at that time very reluctant and uncooperative towards any extradition requests from the U.S. Ostensibly, it wanted to protect Mexican nationals against possible death penalty in the U.S., as this punishment was illegal under Mexican Constitution. This position, coupled with the inefficiencies and corruption within the Mexican justice system led to the fact that many big traffickers that U.S. cooperation helped to arrest were released or acquitted because of technical mistakes in the criminal proceedings. Even if successfully convicted, drug lords like Felix Gallardo kept running their organizations from their luxury prison cells.[504]

The Camarena episode and its aftermath marked a low point in U.S.-Mexican cooperation on drug control, as law enforcement agencies on both sides of the border mistrusted each other. On the diplomatic level bilateral relations were fur-

[503] United States v. Alvarez-Machain, 504 U.S. 655, 657 (1992), see also Reuter, Peter and Ronfeldt, David, Quest for Integrity: The Mexican-US Drug Issue in the 1980s, *Journal of Interamerican Studies and World Affairs*, Vol. 34, No. 3, (Autumn, 1992), p. 103.

[504] Cook, Colleen W., *Mexico's Drug Cartels*, CRS Report for Congress, Congressional Research Service, Order Code RL34215, 2007.

ther damaged by the so-called certification process. Since 1961 under the Foreign Assistance Act, the President was required to report annually to Congress on countries, where large-scale production of narcotics or trafficking occurred. If these countries were not fully cooperating with the U.S. in their anti-narcotics operations, development aid and loan requests had to be withheld. The U.S. administration was also required by this law to vote against loans from international institutions for these countries. Being "decertified" also had the potential of embarrassing governments of these states, as it looked as if they were covertly assisting the drug traffickers.[505]

The Anti-Drug Abuse Act of 1986 brought Congress into the certification process as well, as it now gained the power to voted on President's recommendations with regards to certification of individual countries.[506] The annual certification process provided the opportunity for U.S. politicians to publicly denounce corruption, ineffectiveness and incompetence of Mexican government and get widespread media attention.[507] The drug policy also became a political tool for the opposition party, as it could lambaste the President and his administration for not doing enough about the problem.

The Act was designed with the aim of putting more emphasis on drug-control cooperation in U.S. foreign policy. However well-intentioned, it seriously damaged relations with Mexico, as well as with several other countries. In Mexico, the certification process was seen as unilateral, bullying and unfair, as the vast majority of drug users whose money was powering the drug trade were inside the United States. Politicians of the PRI, while secretly lobbying in Washington to get their country certified, vehemently opposed the whole process as quasi-imperialist U.S. interference and thus boosted their nationalist credentials with the Mexican public.

The U.S. administration and especially the State Department were not too happy about the procedure as well, as the process itself alienated important allied countries. The President could override the Congressional vote and grant certification by providing a national security waiver, but doing so for a widely criticized country politically damaged the administration. Last, but not least, the process

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[505] Storrs, Larry K., Drug Certification Requirements and Proposed Congressional Modifications in 2001, *CRS Report for Congress*, November 6, 2001.

[506] The Anti-Drug Abuse Act of 1986, Public Law No: 99-570, Library of Congress, available at: http://thomas.loc.gov/cgi-bin/bdquery/z?d099:HR05484:@@@L&summ2=m&%7CTOM:/bss/d099query.html%7C, last access June 1, 2008.

[507] For example of the heated rhetoric, see Rep. Mica, John L., Drug War in The United States, *Congressional Record, Proceedings and Debates of the 106th Congress*, First Session, March 9, 1999, available at: http://www.house.gov/mica/fs030999.htm, last access June 1, 2008.

also highlighted the deeply asymmetrical position between U.S. and major drug-supplying countries.[508] Thus, in the late 1980s at the end of Miguel de la Madrid's administration in Mexico, the drug trade was as strong as ever and tensions between the two countries were mounting in this respect.

7.7 Passage of NAFTA and the Salinas offensive

The dynamics of the bilateral relationship changed significantly after Carlos Salinas assumed presidency after the manipulated presidential elections in 1988. Salinas came to the conclusion that only profound economic liberalization coupled with foreign investment could generate progress and development for Mexico. Integration of Mexico with the U.S. economy in a free-trade area was seen as essential for the liberalization process. The U.S. administrations first under George H.W. Bush and then under Bill Clinton supported the free trade initiative, as it was regarded as a way to provide competitive edge and preferential market access for U.S. companies. However, the trade deal with Mexico would have to pass through U.S. Congress. Possible facilitation of drug trade within the expected growth of legal commerce worried many Congressmen, which could have undermined the whole project.[509]

To add to this, the U.S. drug enforcement authorities had managed to close most drug trafficking routes through the Caribbean and Miami by the late 1980s thanks to new radars that were able to detect low-flying drug-laden small aircraft. The Coast Guard also focused on the interception of swift boats, which were widely used by traffickers. This success, however, only channeled more and more of the drug trade to Mexico and its long land border with the U.S. at a very inopportune time.

In order to enhance the image of Mexico and thus safeguard the passage of NAFTA, the Salinas administration embarked upon an unprecedented offensive against drug traffickers, who were labeled as a primary national security threat. The federal drug-enforcing organizations were reorganized and hundreds of agents suspected of cooperation with traffickers fired. The Mexican military, which had traditionally been reluctant to take central stage in drug control efforts,

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[508] "If I caught Félix Gallardo, then Mexico would be certified and if certification happens, then they forgive the debt. And if I don't catch him? The certification won't happen, nor will the debt be forgiven. So it was a very heavy load and I didn't want to carry it by myself." Interview with Guillermo González Calderoni of the Mexican Federal Police, *PBS, Frontlines: DrugWars*, available at: http://www.pbs.org/wgbh/pages/frontline/shows/drugs/interviews/calderoni.html, last access June 1, 2008.

[509] MacArthur, John R. *The Selling of Free Trade: Nafta, Washington, and the Subversion of American Democracy* (New York: Hill and Wang, 2000).

began to take a prominent role and army commanders replaced police chiefs in top posts of the newly created drug enforcement agencies. Seeing this new commitment, the U.S. drug-control agencies actively encouraged Mexican efforts, providing new equipment as well as sharing information.

The Mexican government realized the importance of the media coverage and public perception in the U.S. with respect to the campaign against drugs already during the yearly certification process. Salinas' offensive against traffickers was a big success in this respect - spectacular seizures of big shipments or arrests of prominent traffickers like Miguel Felix Gallardo in 1989 by Mexican authorities on front pages of U.S. newspapers significantly boosted the image of Mexico.[510] As both Mexican and U.S. administrations worked on their primary goal to get NAFTA approved, they had common interest in portraying the anti-drug efforts in favorable light, as if victory in the "war on drugs" was coming soon.

In order to support the NAFTA endeavor, the U.S. administration vowed to make the border more business-friendly and at the same time more secure. The inherent contradiction did not seem troubling at that time, and modern X-ray scanners and other hi-tech equipment deployed at border checkpoints were supposed to provide fast and reliable controls against trafficking. This public relations strategy was eventually highly successful and the drug issue did not undermine the passage of the NAFTA treaty through Congress. The discussion focused much more on economic merits of the economic integration process for U.S. workers, as described in Chapter 5 above.

The escalation of the drug-fighting efforts within Mexico was not without difficulties and setbacks. The most dramatic episode happened in 1991 near the Mexican port of Veracruz, as agents from the elite Mexican federal police unit in cooperation with U.S. agents were pursuing a drug-laden plane from Colombia. When both planes landed, a gun battle ensued in which all the Mexican federal police officers including the pilot were killed. As U.S. surveillance plane recorded from the air, the attackers were members of a regular Mexican army unit, who were apparently paid by traffickers to protect and safeguard the airfield.[511] This incident further demonstrated the extent of connections that trafficking organizations had within Mexico and the difficulties inherent in dismantling these networks of lucrative cooperation.

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[510] Reuter, Peter and Ronfeldt, David, Quest for Integrity: The Mexican-US Drug Issue in the 1980s, *Journal of Interamerican Studies and World Affairs*, Vol. 34, No. 3, (Autumn, 1992), p. 105.

[511] Interview with John Hensley, *PBS: Frontline – DrugWars,* available at: http://www.pbs.org /wgbh/pages/frontline/shows/drugs/interviews/hensley.html#brownsville, last access June 1, 2008.

7.8 NAFTA aftermath and the Rebollo scandal

The seemingly successful offensive against illegal drug trafficking in Mexico, however, had several negative long term consequences. As the state became more efficient and dangerous for traffickers, they started allocating more of their resources for corruption purposes. It is estimated that the traffickers can yearly spend on bribes more than the entire budget of the Attorney General's office in Mexico.[512] The Salinas anti-drug offensive also created the problem of selective enforcement. Smaller traffickers who did not have high-level contacts within the administration or were not able to provide sufficient bribes were targeted by the police much more frequently than the most important kingpins and their organizations. This led to concentration within the drug-trafficking business and encouraged the formation of powerful centralized cartels, which were able to operate in the increasingly hostile law enforcement environment. The firing of hundreds of officials suspected of corruption only strengthened the ranks of organized crime gangs. Los Zetas, ex-members of Mexican elite special forces unit trained in the U.S., formed one of the most dangerous and ruthless drug-trafficking organization that has been very successful to this day.[513]

The Salinas anti-drug operations also led to a dramatically increased role of Mexican military in drug-enforcement efforts. This step made sense in the short term, as the army was less corrupt and better organized than the civilian police force, which was moreover plagued by mass firings for corruption allegations. U.S. officials such as William Bennett, Director of the Office of National Drug Control Policy, widely applauded the decision to draw the military into the war on drugs, as it demonstrated the seriousness of the Mexican government's commitment to combat the drug problem.[514] However, as demonstrated already by the Veracruz incident from 1991, the closer involvement of the army was not necessarily the perfect solution to combat drugs in Mexico.

After Carlos Salinas left office, his much-praised record as a vigorous drug-enforcer and enlightened free-trader became seriously tarnished. His brother Raúl was arrested for his role in murder of José Francisco Ruiz Massieu, a prominent PRI politician. During the course of the investigation it became clear that Raúl not only had 4 fake identities and passports, but was also the owner of luxury homes

[512] Andreas, Peter. *Border Games: Policing the U.S Mexico Divide* (Ithaca: Cornell University Press, 2000).

[513] McKinley, James C. Jr., Mexico Drug War Causes Wild West Blood Bath, *The New York Times,* April 16, 2008.

[514] Baum, Dan. *Smoke and Mirrors. The War on Drugs and the Politics of Failure* (Boston: Little, Brown and Company, 1996), p. 266.

and secret bank accounts in Switzerland worth over 100 million dollars.[515] Some of the money came from secret privatization deals, but the protection of selected drug traffickers was an alleged source of these riches as well. Accusations started appearing that Carlos Salinas not only knew perfectly well about his brother's activities, but that he had personal contacts with the drug lords as well.[516] The fact that this champion of neo-liberal reforms chose to live in Cuba for many years is a testimony to the precariousness of his position.[517]

Apart from continuous pressure from U.S. authorities for escalation of the anti-drug trafficking campaign, the intelligence gathered by the U.S. was also used politically. As mentioned earlier, when the newly elected president Zedillo was appointing people to positions in his administration in 1994, the U.S. ambassador James R. Jones handed him a list of 15 high-profile persons connected with drug traffickers according to U.S. intelligence. No one on that list ended up in the administration.[518] This episode demonstrates that drug trafficking allegations can easily be (mis)used for political purposes as well. The silent but effective nature of influence of U.S. in Mexico in this case underlines the asymmetric framework of the relationship. If this information leaked to the press at that time, it would have undoubtedly led to sharp criticism about U.S. interfering in internal Mexican matters, even though President Zedillo might have been pleased with the information.

Mexican generals, who became appointed to various drug-control positions within the Mexican government, initially achieved remarkable results. In 1996, for example, 23.8 tons of cocaine, 1,015 tons of marijuana, 363 kgs of heroin and 171.7 kgs of methamphetamine were seized. Prominent traffickers such as Juan Garcia Abrego, the head of the infamous Juaréz cartel, were arrested.[519] However, drug traffickers soon developed ways to approach the generals in charge and corruption started to spread throughout the army as well. The problem was again se-

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[515] Preston, Julia, Size of Raul Salinas Secret Funds Is Doubled, *The New York Times,* October 3, 1998.

[516] Interview with Guillermo González Calderoni of the Mexican Federal Police, *PBS, Frontlines: DrugWars*, available at: http://www.pbs.org/wgbh/pages/frontline/shows/drugs/interviews/calderoni.html, last access June 1, 2008.

[517] Aponte, David, Carlos Salinas no tiene inversiones ni privilegios en Cuba: Curbelo, *La Jornada*, October 28, 1998.

[518] Golden, Tim, To Help Keep Mexico Stable, U.S. Soft-Pedaled Drug War, *The New York Times*, July 31, 1995.

[519] Bureau for International Narcotics and Law Enforcement Affairs: *International Narcotics Control Strategy Report, 1996*, U.S. Department of State, Washington, DC, March 1997, available at: http://www.state.gov/www/global/narcotics_law/1996_narc_report/camex96.html, last access June 1, 2008.

lective enforcement, i.e. focusing the energy and resources of the state on selected trafficking groups while consciously neglecting others. The seriousness of this issue and the extent to which drug traffickers were able to infiltrate the army surfaced in 1997 with the arrest of army general Jesús Gutierrez Rebollo. For more than a year he led the National Institute for the Combat of Drugs, which was at the time the principal Mexican government agency in the war on drugs. In 1996, this charismatic bald general was described by his U.S. counterpart general Barry McCaffrey as "a soldier 'of absolute, unquestioned integrity."[520] However, the investigation showed that Rebollo and his staff repeatedly met with traffickers from the Juaréz cartel led by Amado Carillo Fuentes, allegedly discussing bribes as high as $60 million. Carillo Fuentes also apparently offered help in exterminating small-scale unorganized traffickers and promised not to sell drugs within Mexico if the government left him alone.

General Rebollo's arrest shocked U.S. authorities. President Clinton tried hard to put a positive media spin on the issue, claiming that this was a major success demonstrating that nobody in Mexico is immune to arrests and prosecution and that Mexican government is really determined to face the drug problem.[521] Given the long history of involvement of government officials in the drug trade, another explanation is much more likely – namely that general Rebollo's vigorous actions against the Tijuana cartel led by Arellano Felix alarmed its protectors within the government, who then orchestrated Rebollo's arrest (general Guillermo Alvarez Nara, who was at one time the head of Mexico's federal police, was mentioned in the Mexican media in this respect). Throughout his trial, General Rebollo also accused several members of the Zedillo family to be connected to drug traffickers.[522] Several potential prominent witnesses were murdered in the aftermath of the arrest, which made any clarification and investigation difficult. Nevertheless, this episode clearly demonstrated that even top commanders of the army could be under influence or on payroll of major traffickers. It is estimated that about one million U.S. dollars is spent in Mexico every week by traffickers on bribes to ensure smooth passage of their cargo.[523] Further militarization of the drug control efforts advocated by the U.S. might thus not be the best strategy after all.

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[520] Golden, Tim, Elite Mexican Drug Officers Said to Be Tied to Traffickers, *The New York Times,* September 16, 1998.

[521] Golden, Tim, Mexico and Drugs: Was U.S. Napping?, *The New York Times*, July 11, 1997.

[522] Espinosa, Javier, Un general vincula a la familia del presidente de México con la droga, *El Mundo,* September 20, 1997.

[523] Miró, Ramón J., *Organized Crime and Terrorist Activity in Mexico*, 1999-2002, Federal Research Division, Library of Congress, February 2003, p. 11.

An increased role of the army in the fight against drug traffickers inadvertently leads to increased contacts with traffickers, which presents opportunities for corruption – desertions from the military are frequent and well-trained soldiers often start working for the trafficking organizations.[524] Recruited deserters are not only skilled professionals in tactics and killing, but they also possess insider information about the weak points within the military, including tips for officers susceptible for corruption.

Apart from the continuing militarization, the government of President Zedillo also made far-reaching institutional changes in the security apparatus, which were aimed primarily at getting rid of presumably corrupt officers and at enhancing cooperation in the struggle against traffickers. Over 1,250 agents and personnel were dismissed for corruption charges. The top officials of most important drug-combating institutions like the National Institute for Combating Drugs (*Instituto Nacional para el Combate a las Drogas*, INCD), Center for Drug Control Planning (*Centro de Planeación para el Control de Drogas,* CENDRO), and the Federal Judicial Police (*Policía Judicial Federal,* PJF) were replaced as well.[525]

In the context of traditional internal PRI politics, these bureaucratic shuffles can also be seen as solidifying the control of the new president over law enforcement agencies. In 1998 Zedillo even created a brand new police agency, the Federal Preventive Police (*Policía federal preventiva*, PFP). Even though remarkable successes in terms of number of arrests and seizures were achieved, little was accomplished in stemming the flow of drugs through Mexico. Some authors even claim that the bureaucratic transition from Salinas to Zedillo administrations directly contributed to the fall of Juan García Abrego of the Gulf Cartel and to the rise of Arellano Felix brothers of the Tijuana Cartel.[526]

The U.S. government dutifully praised Zedillo's efforts, but Mexico still resisted to some of the U.S. demands on sovereignty grounds. Cooperation with the U.S. military was limited, and extradition of Mexican citizens to the U.S. to face charges there was deemed unconstitutional under Mexican law. Operations of armed U.S. anti-narcotic agents within Mexico were limited as well. Relations between the two countries would periodically become tense every year during the

[524] Meyer, Maureen, *At a Crossroads: Drug Trafficking, Violence and the Mexican State*, Washington Office for Latin America, The Beckley Foundation Drug Policy Programme, Briefing Paper 13, November 2007, p. 9.

[525] Bureau for International Narcotics and Law Enforcement Affairs: *International Narcotics Control Strategy Report, 1996*, U.S. Department of State, Washington, DC, March 1997, available at: http://www.state.gov/www/global/narcotics_law/1996_narc_report/camex96.html, last access June 1, 2008.

[526] Chabat, Jorge, Mexico's War on Drugs: No Margin for Maneuver, *Annals of the American Academy of Political and Social Science,* Vol. 582, (Jul., 2002), p. 136.

certification process in U.S. Congress.[527] Many Congressmen eager for media attention sharply criticized Mexican government for not doing enough against drug trafficking and accusing high-level officials and prominent businessmen of drug connections.[528]

The low point in bilateral relations during the Zedillo administration came in 1998, when the U.S. Customs Service concluded Operation Casablanca, which focused on extensive money-laundering networks within major Mexican banks. This long-term undercover sting operation ended with the indictment of 3 Mexican banks and arrest of 167 high- and mid-level bankers, mostly from Mexico. The arrests were made in the U.S., where the suspects were invited to participate at a fake international banking conference.[529] The operation, which targeted illicit funds amounting to $68 billion, caused a furious reaction within the Mexican government, as it was not informed about it at all. President Zedillo issued a sharp statement criticizing the violation of national sovereignty and undercover agents of the U.S. Customs Service were threatened with prosecution in Mexico for their involvement in the operation.[530] U.S. Customs Service came under pressure from other drug control agencies of the U.S. government, which were not informed about the operation either.[531]

In the aftermath of Operation Casablanca the U.S. Attorney General Janet Reno and her Mexican counterpart Jorge Madrazo Cuellar signed the Brownsville Agreement in June 1998, under which the Mexican government was to be informed about all high-profile undercover operations conducted by U.S. personnel inside Mexico. The agreement should prevent further embarrassment of the Mexican government by unilateral U.S. approach and subsequent diplomatic tensions. From the U.S. administration's standpoint, cooperation and support of the Mexican government is more valuable in the long run than successful unilateral U.S.

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[527] Dillon, Sam, Mexico Says Major Drug Suspect Escaped as U.S. Weighed Status, *The New York Times,* March 2, 1997.

[528] Storrs, Larry K., Mexican Drug Certification Issues: U.S. Congressional Action, 1986-1998, *CRS Report for Congress*, 98-174 F, April 9, 1998.

[529] *Narco News:* Operation Casablanca, Investigation of Money Launderers Stopped When It Reached Too High, February 3, 2001, available at: http://www.narconews.com/casablanca1-.html, last access June 1, 2008.

[530] Gobierno del C. Presidente de la republica Ernesto Zedillo Ponce de Leon: Informe de Gobierno: V. Una lucha más extensa y eficiente contra la impunidad, la inseguridad y el tráfico de drogas, August 2000, available at: http://zedillo.presidencia.gob.mx/pages/f_nav_mex.html, last access June 1, 2008.

[531] Letter from Secretary of State Madelaine Albright to the Secretary of Treasure Rober Rubin, May 22, 1998, included in Remarks by Senator Charles E. Grassley of Iowa on the Floor of the United States Senate, June 10, 1998: [pp. S6011-6012, Congressional Record] available at http://www.fas.org/irp/news/1998/06/cg698.htm, last access June 1, 2008.

operations that deeply antagonize the Mexican establishment. This shows the limits of asymmetry between the two countries, as even if the U.S. is the stronger partner, it is still dependent on Mexican cooperation in several prominent sectors like drug trafficking. However, U.S. field agents are complaining that the constant reporting agreed upon in the Brownsville agreement fatally slows down their work.[532]

7.9 President Fox and the increase in violence

The election of President Fox from the National Action Party *(Partido Acción Nacional)* in the year 2000 was an important watershed in Mexican politics, as it broke the 70 years of continuous political domination of the PRI. The peaceful transfer of power was greeted with enthusiasm in Washington. Especially for the administration of the newly elected President George W. Bush, the conservative pro-business PAN promised to be better aligned with its interests. With regards to the war on drugs, the new Mexican president promised to be even more helpful than his predecessors. After further reorganization of security forces, like completely disbanding the PJF and creating the new Federal Investigations Agency (*Agencia Federal de Investigación*, AFI) in 2001, even more of the scarce Mexican public resources were allocated to combat drug trafficking.

Prohibition against the extradition of Mexican citizens to the U.S. was gradually dismantled by a series of Mexican Supreme Court rulings starting in 2002.[533] Tens of important traffickers were subsequently handed over to the U.S. This was a major breakthrough for U.S. authorities, as high-level drug dealers were allowed to escape convictions or continue with their business transactions from jail, misusing the numerous loopholes in the Mexican criminal justice system. This frustrated the efforts as well as morale of U.S. and Mexican law enforcement officials, who often risked their lives to arrest the drug dealers only to see them acquitted later. Bilateral relations were also improved by the fact that the one-sided public drug certification hearings in U.S. Congress were abolished by the Foreign Relations Authorization Act in 2000. From then on, only the President had the authority to certify or de-certify a country and then present a report to Congress every year.[534]

In spite of all the committed resources in times of contracting budgets, the level of drug-related violence kept rising and 90% of all cocaine still entered

[532] Interview with John Hensley, Operation Casablanca, *PBS: Frontline – DrugWars*, available at: http://www.pbs.org/wgbh/pages/frontline/shows/drugs/interviews/hensley.html, June 8, 2008.
[533] Carlos Avilés, Corte avala extradición del presunto narco ´JT´, *El Universal,* May 1, 2006.
[534] U.S. Department of State, *Narcotics Certification Process*, available online at: www.state.gov /p/inl/c11766.htm, last access June 1, 2008.

United States from Mexico during the Fox presidency. Even though prominent kingpins like Osiel Cárdenas Guillén or Miguel Caro Quintero were arrested, it had little effect on their vast organizations, which were usually taken over by their relatives.[535] Public security worsened and border cities such as Nuevo Laredo in the Tamaulipas state became essentially lawless, as law enforcement authorities ceased to have any semblance of control over the gang-related violence.[536] Several police chiefs were murdered and other quit voluntarily after receiving highly credible death threats.[537] In Ciudad Juaréz, another drug-infested border city, hundreds of young women were raped and murdered since the year 2000 presumably by criminal gangs. Mexican police failed to clarify or even thoroughly investigate the cases.[538]

Explanations of this worrying increase in violence vary. According to some observers, the much applauded democratization of the political process paradoxically contributed to the intensification of drug-related violence. The monolithic and authoritarian PRI, which dominated all federal, state and local politics, was in a position to keep drug-related violence under control, as it had clandestine contacts with major traffickers. Over time, implicit rules of conduct developed – for example traffickers did not assassinate police officials and were not encouraging drug use within Mexico.[539] Some of these ties became apparent in the case of Mario Villanueva Madrid, the PRI ex-governor of the Quintana Roo state on the Yucatán peninsula with the popular holiday resort Cancún. He was arrested in 2003 for drug-trafficking during the time he held the governorship (1995-1999). According to available documents, he was paid $500,000 for each shipment of drugs that passed through "his" territory.[540] Under such an arrangement, both law-

[535] Miró, *Ramón* J., *Organized Crime and Terrorist Activity in Mexico*, 1999-2002, Federal Research Division, Library of Congress, February 2003, p. 18.

[536] Drugs and violence in Mexico: The war on the border streets, *The Economist,* June 30th, 2005. Mexico: State of siege, A government's uphill struggle against drug trafficking and the violence it spawns. *The Economist,* Jun 14th 2007.

[537] Ejecuta comando a un hombre frente a delegación de la PGR en Huatulco, *La Jornada,* 20.5.2007 or Top cop killed in N.León, *El Universal*, May 20, 2007, available at: http://www.eluniversal.com.mx/miami/24701.html, last access June 1, 2008.

[538] Beltrán, Adriana and Freeman, Laurie, *Hidden in Plain Sight, Violence Against Women in Mexico and Guatemala*, Washington Office for Latin America, Special Report, March 2007, available at: http://www.wola.org/media/ViolenceAWomen.pdf, last access June 1, 2008.

[539] Meyer, Maureen, *At a Crossroads: Drug Trafficking, Violence and the Mexican State*, Washington Office for Latin America, The Beckley Foundation Drug Policy Programme, Briefing Paper 13, November 2007, p. 6.

[540] McKinley, James C. Jr., Mexico Moves to Send Ex-Governor to U.S. on Drug Charges, *The New York Times,* June 22, 2007.

enforcement officials and traffickers had a mutual interest in limiting violence and not attracting unnecessary attention.

As the political arena became competitive and new parties gained control of municipalities, states and eventually even the federal government, old ties and rules were shattered as traffickers lost some of their political cover. Subsequent successful arrests of several leading trafficking figures further destabilized the drug trade. Instead of seriously interfering with the flow of drugs and breaking the powerful influence of traffickers throughout the country, this development enabled aggressive newcomers to establish themselves in the illegal market. In the struggle to monopolize profitable trafficking routes extreme violence was used. Political authorities were at the same time often locked in bitter rivalries and fiercely competitive elections, which made resolute actions against traffickers more difficult. In addition, chances are very high that money from the drug trade has been used in local as well as state elections.[541]

Renewed emphasis on human rights in Mexico during the Zedillo and Fox presidencies was unfortunately compromised by law-enforcement efforts. In order to counter the increase in violence, President Fox called for further escalation and militarization of the drug war. This inherently led to various human-rights abuses by the law-enforcement personnel, which further worsened the feeling of mistrust towards authorities. Nevertheless, draconic proposals for stricter criminal law provisions including arrests and interrogation without warrants were not passed in Mexican Congress due to human rights concerns. As the Mexican government was forced to realize, fighting a merciless drug war and trying to improve respect for human rights and civil liberties are two goals that are very difficult to reconcile.[542]

Despite the rising violence, the U.S. government was pleased with the tough stance of the Fox government.[543] Tensions rose in 2006, when Mexico wanted to pass a new drug-fighting bill, which also included decriminalization of the possession of a small amount of illegal drugs. The provision would not make the selling of drugs legal and it was meant to relieve the police force and jails from being overwhelmed by petty cases so that they could focus on more serious issues. Even though President Fox originally supported the bill and expressed his intention to sign it, he came under intense last minute pressure from the U.S. administration to

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[541] Youngers, Coletta A. and Rosin, Eileen (eds.) *Drugs and Democracy in Latin America: The Impact of U.S. Policy* (Boulder: Lynne Rienner Publishers, 2005), p. 187.

[542] cf. Centro Nacional de Derechos Humanos (CENADEH): *Informe Anual de Labores 2007 del Mecanismo Nacional de Prevención de la Tortura*, available online at: http://www.cndh.org.mx/progate/prevTortura/tortura.htm, last access June 1, 2008.

[543] Noriega, Roger F., Written Testimony before a hearing of the Committtee on Foreign Relations, United States Senate, March 23, 2004.

veto it, even though the U.S. embassy in Mexico had initially issued a statement indicating support for the reform bill. The U.S. embassy spokeswoman Judith Bryan even claimed that the bill would make it easier to prosecute drug crimes because it attempted to "precisely specify the amount of narcotics in possession of a suspect to allow a criminal prosecution." [544] However, the U.S. drug-enforcement agencies in Washington argued very forcefully against decriminalization of drug use. This led to Fox's sudden reversal of position. His veto led to the eventual failure of the bill. This again demonstrated the level of leverage the U.S. government has over the general direction of Mexican narcotics policy.[545]

Even though the gradual militarization and escalation of the drug-control policy led to increased violence and brutality and had only limited impact on the availability of drugs in the U.S., the administration of Felipe Calderón, who won the narrow election in 2006, kept pressing for more of the same basic approach. The attorney general Eduardo Medina Mora claimed that the surge in violence is a positive sign meaning that the authorities are "winning" the war on drugs as traffickers get more and more desperate.[546] President Calderón even prepared the nation for the necessary sacrifice of human life necessary to overcome the problem.[547]

Satisfied with Calderón's electoral victory and his anti-drug policies, the U.S. administration wanted to support the effort even further. Following the bilateral summit in Mérida in 2006, President Bush announced the Merida Initiative, under which U.S. would provide $550 million for counter-drug initiatives in Mexico in fiscal year 2008 alone. This significant amount of money would be used primarily for training and equipment of Mexican law-enforcement, as well as for further institutional reforms. This effort has been dubbed „Plan Mexico" by critics, as it resembled the expensive but unsuccessful U.S. strategy in Colombia, where U.S. spent $641 million in 2005 alone, 83% of this amount in the form of military aid. One-sided emphasis on military assistance risks only the continued escalation of the drug war without achieving the long-term goal, the reduction of drug use.[548]

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[544] U.S. cautious on Mexico plan to legalize drugs, Ambassador says measure could make law enforcement more effective, *Associated Press,* April 29, 2006, available at: www.msnbc.msn.-com/id/12535896/, last access June 1, 2008.

[545] Becerril, Andrea, Vargas, Rosa Elvira and Mendez, Enrique, Admite Presidencia influencia de EU en el veto a ley sobre drogas, *La Jornada*, May 6, 2006.

[546] Relea, Francesco, "Hay regiones donde las mafias disputan la autoridad al Estado", Entrevista: Eduardo Medina Mora, Fiscal general de México, *El País*, January 4, 2008.

[547] Beltran Enviada, C.H., Calderón: la respuesta al narco será más enérgica, *La Jornada,* May 6, 2007.

[548] Carpenter, Ted G., *Bad Neighbor Policy. Washington's Futile War on Drugs in Latin America* (New York: Palgrave Macmillan, 2003), pp. 59-91.

7.10 Outcomes: the mishandling of asymmetry

Drug trafficking is another troubling aspect of the asymmetric relations between U.S. and Mexico. Over time, the restrictive model of drug-control policy prevailed in the United States and addiction ceased to be a public health or social issue and started to be criminalized and severely punished. As drug traffickers and users became "demonic" and "evil" in the prevalent public discourse, highly repressive and expansive law enforcement measures have become introduced in the U.S. since 1970s.[549] After thirty years of vigorous efforts, tens of millions of public funds spent, hundreds of U.S. agents' lives lost, illegal drugs are as available as ever.[550] Despite this fact, spectacular tactical victories such as prominent arrests and big drug seizures are used in requests for additional resources for the law-enforcement efforts as proofs of a successful working strategy.

According to official estimates, in 2001 there were 260-270 tons of cocaine, 13-18 tons of heroin, 110-140 tons of methamphetamines and 10,000-24,000 tons of marijuana available on the streets in the United States.[551] Another official estimate reported 2.8 million chronic cocaine users, 900,000 chronic heroin users and 600,000 chronic methamphetamine users. To add to this, there were additional 3.2 million occasional cocaine users and 250,000 occasional heroin users. Taken together, there might be approximately 7.75 million persons who come into contact with "hard" drugs alone. In addition, about 12 million people were estimated to smoke marijuana at least once a month in the year 2000.[552]

Overall, U.S. drug users spent over $64 billion on illegal drugs during that year. For comparison, the anti-depressant market catering to 19 million legal users had revenues of $10 billion in 2005.[553] The biggest cigarette maker Phillip Morris had global revenues of $47 billion in 1999.[554] These numbers indicate that the drug problem in the U.S. is a widespread social phenomenon generating huge amounts of money and creating an intricate web of supplier-client relationships.

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[549] Baum, Dan, Smoke and Mirrors. The War on Drugs and the Politics of Failure (Boston: Little, Brown and Company, 1996), p. 152.

[550] As a graduate student in San Diego in 2004, marijuana was generally obtainable and drug paraphernalia shops selling various equipment related to drug-use seemed to flourish.

[551] Executive Office of the President and Department of Justice: *Drug Availability Estimates in the United States*, December 2002, NCJ 197107, p. x.

[552] Office of National Drug Control Policy, Executive Office of the President of the United States of America: *What America's Users Spend on Illegal Drugs*, December 2001, p. 2.

[553] Smith, Aaron, The antidepressants to watch in '06. Wyeth, Lilly, Forest Labs lead sluggish antidepressant market, *CNN.money.com*, January 4, 2006, available at: http://money.cnn.com /2006/01/04/news/companies/antidepressants/index.htm, last access June 1, 2008.

[554] Mackay, Judith and Eriksen, Michael, *The Tobacco Atlas*, World Health Organization, 2002, p. 50.

Current focus on drastic measures aimed at supply side reduction might therefore not be the best way to tackle the problem. If current U.S. laws were dutifully enforced, some 20 million people would have to be arrested and prosecuted for drug possession alone.

Data on long-term developments in drug control and production in Mexico support the conclusion that increased law-enforcement efforts did little to limit drug availability and drug use. Concerning opium, even though eradication efforts increased in the run-up to the ratification of NAFTA from 3,000 hectares to 8,000 hectares, drop in effective yield was only temporary and recovered soon. The eradication effort stabilized at around 8,000 hectares per year after 1994, but given more intensive growing techniques on the 12,000 cultivated hectares, the estimated opium yield has increased sharply since 2001. As a result, Mexico was producing twice as much opium in 2006 (120 metric tons) as in 1988 in spite of all the eradication efforts.[555]

The cannabis production in Mexico decreased substantially at the beginning of 1990s from 30,000 metric tons to as low as 5,000 tons in 1995. With more emphasis on border enforcement, marijuana was a relatively easy target, as it required much more room than opium-derived heroin or cocaine and its intense scent easily attracted sniffing dogs. Moreover, cannabis can be grown in the United States, both outdoors and indoors. As basic economic laws apply to the illicit drug trade as well, when smuggling from Mexico became more dangerous (costly), the production simply shifted to the U.S. Since the low of 1995, cannabis production in Mexico rebounded and reached 15,000 metric tons per year, presumably also due to rise in domestic demand in Mexico.[556]

Cocaine seizures in Mexico also reached their peak of 50 tons per year during the Carlos Salinas administration before the approval of NAFTA and had a declining tendency since then, averaging 20 tons per year since then. The seizures did not have any real impact on the availability of the drug in the U.S., despite substantial resources spent in the process. Each seizure is duly celebrated as an important victory in the war on drugs and as a sign that it makes sense to invest more public money into the endeavor, but the long-term perspective shows that seizures do not deter further trafficking.

Furthermore, according to the Drug Enforcement Administration estimates, one kilogram of heroin is worth $8,000 in Colombia, $55,000 in a warehouse in

[555] Bureau for International Narcotics and Law Enforcement Affairs: *International Narcotics Control Strategy Report,* 2007, U.S. Department of State, Washington, DC, March 2008, available at: http://www.state.gov/p/inl/rls/nrcrpt/2003/vol1/html/29833.htm, last access June 9, 2009.

[556] cf. Rocha, Ricardo: México adicto, *El Imparcial*, March 6, 2008, or Anguiano, Eugenio, Legalización de las drogas, *El Universal,* February 28, 2008.

New York, but $250,000 when actually sold on the streets in small doses.[557] Therefore, the economic losses from interdiction for large trafficking organizations are not as high as they seem, while economic incentives due to extremely high mark-up remain very powerful.

The U.S.-led war on drugs is based on the notion that with reduced supply, drug prices will inevitably increase which will in turn limit drug use. In this respect, the effort has failed spectacularly. Resources for enforcement abroad increased from 800 million USD to 3.5 billion USD per year from 1990 to 2003, whereas street price of drugs in the U.S. kept decreasing – cost of one gram of cocaine on the street fell from $284 to $93 in the same period.[558] Nevertheless, the U.S. government keeps insisting on escalating enforcement efforts and pushing other countries to follow the same approach.

Unable to control drug use within its borders, the U.S. government effectively outsourced its repressive emphasis on law enforcement to drug producing and transit countries. The U.S.-led "war on drugs" with all its negative social implications is then waged as a proxy war, in Colombia and now increasingly also in Mexico. Mexico for a long time resisted extensive cooperation in this respect, aware of the possible implications for its sovereignty as well as public safety. High-level officials in politics as well as in the police were often connected with traffickers, which limited the potential for violent conflicts. However, constant U.S. pressure for stepped-up combat against the drug trade coupled with political fragmentation throughout the late 1990s led the central Mexican government towards reliance on ever stricter and more repressive policies following the U.S. model and advice.

From the point of view of bureaucratic politics, the central government, which is responsible for leading the fight against narcotics, uses the issue to assert control and power in local areas controlled by political opponents. Furthermore, for members of Mexican security forces, the emphasis on combat against traffickers provides them with access to resources and powers unavailable in regular circumstances.[559] U.S. support and backing of these interests plays an important role in this respect, the above-mentioned Merida Initiative under which U.S. will spend 550 million basically to further encourage the repressive approach was a clear indication of this sort of influence.

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[557] U.S. Drug Enforcement Administration, *DEA Seizes Heroin-Laced Artwork. Major Trafficking Organization Dismantled from Colombia to the Streets of Boston*, Press release November 30, 2005, available at: http://www.usdoj.gov/dea/pubs/pressrel/pr113005a.html, last access June 1, 2008.

[558] United Nations Office on Drugs and Crime: *World Drug Report 2007*, available at https://www.unodc.org/unodc/en/data-and-analysis/WDR-2007.html, last access June 1, 2008.

[559] cf. Agamben, Giorgio, *State of Exception* (Chicago, The University of Chicago Press, 2005).

The U.S.-induced war on drugs has had devastating consequences for Mexican society. Sporadic government successes have only fragmented the Mexican drug underworld, which led to more violence and serious crime. Public security seriously worsened and crime became one of the most important concern for most Mexicans.[560] Traffickers under rival and government pressure have started to distribute drugs within Mexico as well, which led to dramatic increases in drug-addiction. According to estimates, about 100,000 people are addicted to methamphetamines in Tijuana alone.[561] The lure of the huge and lucrative U.S. drug market combined with grinding poverty in Mexico means that as the government keeps arresting more and more people, there are always eager replacements available. Meanwhile, every peso spent on drug control is a peso not spent on education or infrastructure. Given the severe budgetary constraints, this creates serious public policy problems – for example during the Fox administration in fiscal year 2003 no money was allocated for new investments in schools while law-enforcement budget kept expanding.[562] Constant U.S. demands in this respect share an important part of the blame.

As Mexican government became fully aligned with Washington's position concerning the "war on drugs" during the Fox and Calderón presidencies, U.S. accomplished an important goal – frontlines of the struggle shifted across the border and became effectively externalized. Some of the worst drug-related violence occurred outside U.S. borders, which made it seem as if the drug problem were somehow extraneous, a dangerous and evil "other" that needed to be mercilessly eliminated. This view, often proliferated by U.S. media, is conveniently covering up the fact that insatiable demand in the U.S. is the main economic driving force behind the issue.[563]

Loose gun-control laws in the U.S. have also been significantly worsening the drug control situation in Mexico – according to estimates, over 90% of weaponry used by traffickers has been purchased in the U.S. and then smuggled into Mexico. Enhanced firepower makes traffickers formidable opponents for law-enforcement personnel, which then requires expensive weaponry to match their

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[560] Carrancá y Rivas, R., La seguridad pública; el Problema Número Uno en México, *Entorno*, No.164, April, 2002.

[561] Meyer, Maureen, *At a Crossroads: Drug Trafficking, Violence and the Mexican State*, Washington Office for Latin America, The Beckley Foundation Drug Policy Programme, Briefing Paper 13, November 2007, p. 9.

[562] Pastor, Manuel, Jr. and Wise, Carol, The Lost Sexenio: Vicente Fox and the New Politics of Economic Reform in Mexico, *Latin American Politics & Society,* Vol. 47. No. 4 (2005) pp. 135-160.

[563] Lumpe, Lora, The US Arms Both Sides of Mexico's Drug War, *Covert Action Quarterly*, Number 61, Summer 1997, pp. 39-46.

strength. Given the abundance of smuggled semi-automatic guns within Mexico, any clashes are also more lethal for potential bystanders. In a somewhat sinister coincidence, U.S. conservatives who are pushing the hardest for escalation of the drug war are also those who are the fiercest opponents of any effective gun-control laws. U.S. administrations have not been able to stop the flow of guns to Mexico despite repeated urgent requests by Mexican officials. Coupled with reluctance to provide adequate finances to drug treatment and prevention in the U.S., this shows the somewhat selective approach to the drug problem in general.

On the whole, the "war on drugs" has been a clear case, where the U.S. government used the asymmetric relation with Mexico to strongly promote specific set of policies that it favored. Despite disagreements and reluctance, Mexican governments gradually became more and more cooperative, drawing praise and financial support from Washington in the process. At the same time, the situation within Mexico worsened as drug-related violence escalated. Despite all tactical successes, the "war on drugs" remains essentially a failure, with little or no effect on actual drug-use and availability of narcotics in the U.S. Consequences for Mexico have been even worse, as drug-use, addiction and drug-related crimes increased over recent years, despite the intensive build-up of security forces.

8 Conclusions – Facing Asymmetric Relations

Inequality is as dear to the American heart as liberty itself.
William Dean Howells

Whenever our neighbour's house is on fire, it cannot be amiss for the engines to play a little on our own."
Edmund Burke

8.1 Conceptualizing asymmetry

Previous chapters attempted to describe and analyze in detail the critical issues in U.S.-Mexican relations with emphasis on the period since the start of liberalization processes in Mexico in early 1980s. As we have seen, despite optimistic forecasts and partial progress, serious bilateral problems remain unresolved in all areas under scrutiny, i.e. migration policies, economic integration and development or combat against illegal drugs. Gradual economic and political liberalization in Mexico did not lead to tangible decrease in differences between the two countries, as some mainstream economic models would predict.[564] On the contrary, as we have seen in Graph 15 above, the difference in terms of overall GDP actually kept increasing between U.S. and Mexico since 1988, effectively widening the asymmetric gap between the two countries.

8.1.1 Asymmetry in international relations

The underlying asymmetry between the two states emerges from the analysis as a critical concept, that could on a more abstract level explain the conflicting bilateral issues and tensions between the two countries.[565] The essentially unequal position of Mexico vis-à-vis the United States is at the root of difficulties with economic integration, immigration pressures as well as with trafficking in illegal drugs. The asymmetry serves as the source or engine of the dynamic cross-border processes. In such a parallel, border protections efforts create a semi-porous membrane in an attempt to filter and sort out licit and illicit aspects of the various flows generated by the asymmetric position.

Crucial importance of asymmetry has been widely acknowledged and analyzed in many other fields of scholarly interest. As conflicts between stronger and

[564] cf. Sachs, Jeffrey and Warner, Andrew, *Economic Convergence and Economic Policies*, NBER Working Paper No. 5039, February 1995, or Pritchett, Lant: Divergence, Big Time, *Journal of Economic Perspectives*, Vol. 11, Number 3, (Summer 1997), p. 3-17.

[565] Hollis, Martin and Smith, Steve, *Explaining and Understanding International Relations* (Cambridge, Mass.: Oxford University Press, 1991).

weaker forces have became a common form of military confrontations, asymmetric warfare has been analyzed in great detail.[566] Asymmetry between contracting parties has also been widely studied within the legal system, where the concept led for example to development of labor law, competition law or consumer protection law.[567] In economics, asymmetry has been extensively researched with respect to market power of participants as well as the problem of asymmetric information in decision-making.[568] Also in game-theoretical models, asymmetry between players is a key variable that profoundly changes outcomes and strategies.[569] In the social context, underlying asymmetry with respect to rights and power in gender and family relations has also been widely studied and came under increased criticism both in the U.S. and in Western Europe after World War II.[570] The concept plays an important role in the protection of minority rights in general, where by definition the minorities are inevitably in an asymmetric position vis-à-vis the majority society.

In international relations, the concept of asymmetry has not been developed to its full potential. Attention has been devoted primarily to economic factors and the subsequent analysis of the center-periphery or North-South divide.[571] Limited attention devoted to asymmetry in international relations can be partly explained by the fact that international law is based on the premise that independent states are all sovereign and equal in their status and rights, thereby suppressing notions of any underlying asymmetry. Representatives of nation states are usually keen to highlight their independence and are very sensitive to any inferences regarding realistic inequality between states. Such posturing enhances their legitimacy with voters as well as increases their scope of possible actions, as has been explored in Chapter 3. The discourse of equality and independence is then also promoted by national media and wider public, and it can subsequently shape even the research

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[566] Arreguín-Toft, Ivan, *How the Weak Win Wars: A Theory of Asymmetric Conflict* (Cambridge, Mass.: Cambridge University Press, 2006); Barnett, Roger W., Cimbala, Stephen J., *Asymmetrical Warfare: Today's Challenge to US Military Power* (Dulles: Potomac Books, 2003).

[567] cf. Friedman, Lawrence, *American Law in the 20th Century* (New Haven: Yale University Press 2002).

[568] cf. Bebczuk, Ricardo N., *Asymmetric Information in Financial Markets: Introduction and Applications*, (Cambrdige, Mass.: Cambridge University Press, 2003).

[569] See for example Colegrave, Nick, Game Theory Models of Competition in Closed Systems: Asymmetries in Fighting and Competitive Ability, *Oikos*, Vol. 71, No. 3. (Dec., 1994), pp. 499-505 or Smith, John Maynard, *Evolution and the Theory of Games* (New York, Cambridge University Press 1982).

[570] Marshall, Gordon et al., Class, Gender, and the Asymmetry Hypothesis, *European Sociological Review*, Vol. 11, No. 1 (May, 1995), pp. 1-15

[571] Packenham, Robert A. *The Dependency Movement. Scholarship and Politics in Development Studies* (Cambridge, Mass.: Harvard University Press, 1992).

agenda. Stronger states are uncomfortable with the notion of asymmetry in international relations, as it might imply greater share of responsibility for outcomes. Weaker states are uneasy as well, as emphasis on asymmetry highlights their lesser significance and limited options. Nevertheless, despite frequent rhetorical assurances to the contrary, asymmetry between states is very real and often has decisive consequences for bilateral as well multilateral relations. Area studies specialists are maybe more sensitive to this fact, as for example the recent book on China and Vietnam by Brantly Womack suggests.[572]

Asymmetry implies lack of symmetry, i.e. differences or irregularities with respect to observed attributes. It is a more value neutral term than inequality, which is often has negative connotations. At the same time, it is more precise than difference, which implies incomparable categories. When analyzed in the context of international relations, asymmetry between states can be related to various indicators – overall economic output, economic output per capita, military strength, resource abundance, geographic extent, population or even internal political cohesion. Each form of asymmetry can lead to specific outcomes within the bilateral framework.[573]

As economic and social issues are the main subject of this work, overall level of economic development is taken as the most important indicator of asymmetry in this respect. In cases where the extent of asymmetry is high (such as Mexico and the United States) this variable is observable in a number of different indicators (see Table 4 above). The fact that apart from higher level of economic development U.S. has also more population and more powerful military only adds additional layers to the asymmetric relation. When I aggregate the various asymmetries and simply write about a stronger and a weaker state within the bilateral relationship, the level of economic development is the main component in this respect.

8.1.2 Model of basic options in an asymmetric relation

In an asymmetric relation between a stronger and a weaker state, both have several policy options when approaching the other. The weaker state has basically only two conceptual choices – to open or to close itself with respect to the stronger state. If it chooses to close itself, it seeks to protect and safeguard national institutions or policies against potentially overpowering influence of the

[572] Womack, Brantly, *China and Vietnam: The Politics of Asymmetry* (New York: Cambridge University Press, 2006).

[573] Giordano, Paolo, Lanzafame, Francesco and Meyer-Stamer, Jorg (eds.), *Asymmetries in Regional Integration and Local Development* (New York: Inter-American Development Bank, 2005).

stronger state. As means of achieving this closed position, such a state emphasizes the legalistic concept of national sovereignty and tries to protect its national economy through tariffs or active government role in the economy which restricts activities of foreign companies. The closed weaker state also disregards its own shortcomings and heavily promotes national culture and nationalistic version of history in order to counter potentially corruptive influences from the stronger state. Such position of the weaker state might be beneficial for the ruling elites, as they can more easily disregard international constraints on their behavior. However, if this approach is taken too seriously, it leads to economic as well as political isolation of the country.

The other option for the weaker state is to open itself towards the stronger state with the goal of raising its level of economic as well as social development to the level of the stronger state, effectively diminishing the asymmetry. Opening can in this respect be defined as lowering the economic as well as political barriers surrounding the country. It can also include pursuing economic integration with the stronger state and emulating its institutional structures and policies.

Growth in influence and clout of the stronger state in the weaker state is often inherently involved in this process. Proponents of traditional nationalist views see this as a negative cost necessary to achieve the desired outcome of economic as well as social advancement. The outside influence can be also seen in positive light in cases where it effectively safeguards and reinforces the reform processes and politically undermines conservative local elites. If a weak state chooses to open itself, it is one of the rare instances where it can openly admit its own weaknesses, especially if they can be blamed on the previous political model associated with closed but unsuccessful policies. The opening option might in fact lead to rising levels of economic and social developments and to diminishing asymmetry with respect to the stronger state. However, as the case of Mexico and the U.S. demonstrated, success is not always guaranteed and depends on the approach of the stronger state as well.

The stronger state has four basic options how to deal with asymmetric relations when facing weak states. The first option is to close itself, which means the stronger country would primarily try to limit contacts with the weaker state in order to insulate itself against problematic issues arising from the asymmetry. These problematic issues might include mass immigration, spreading of economic instability as well as cross-border criminality. If sufficiently isolated, the stronger state does not have many incentives to get involved with the weaker state. This position does not preclude cooperation in cases where the stronger state can see clear benefits, but when any complications arise, ties are unilaterally severed. When the stronger state opts for the closed strategy, the discursive dichotomy of „us“ versus „them“ is strengthened, making subsequent policy changes away from the closed

approach more difficult. By pursuing the closed policies, the stronger state gives up potential commercial opportunities and political goodwill for the notion of unhampered unilateral policies with little or no regard for the consequences in the weaker state.

The second option for the strong state is to pursue "open" policies and actively engage the weaker state. This means assisting the weaker state with its most serious problems and trying to solve contentious bilateral issues in mutually acceptable ways. Following this approach, the strong state admits at least partial responsibility for cross-border problems and is therefore willing to eliminate their root causes in cooperation with the weaker state and to commit sufficient resources to such issues. Emphasis on cooperation in the stronger state helps to diffuse the „us" versus „them" mentality conducive to unilateral and potentially damaging measures. In the short run, resources and efforts spent to assist the weaker state might seem wasted, but in the long run the open approach can be significantly beneficial for the stronger state as well. By helping the weaker state with the most critical economic and social issues, the stronger state broadens its surrounding perimeter of security and stability as well as mitigates potentially negative consequences of the underlying asymmetry.

The third option the stronger state has when faced with a weaker state is to ignore it and focus its attention elsewhere, be it relations with other strong states or a military campaign against a different weaker state. In such a case, policy of the stronger state is then determined by partial interests and contingent factors, without any active unified and coherent policy. Outcomes of such approach can vary widely, but failure of consistent encouragement of the weaker state can seriously undermine any opening or reformist attempts there. This third option of essentially ignoring the weaker state is in a way an indulgence available only to the stronger state in the asymmetric relationship. The potentially overwhelming influence of the stronger state requires some sort of basic response from the weaker state, which cannot just ignore the stronger neighbor.

Last but not least, the stronger state in an asymmetric relationship can also use its position to try to dominate the weaker state, advancing its interests or promoting its values by threatening or using overwhelming military force if necessary. This is a costly and dangerous option. It deeply antagonizes the government of the weaker state even if it complies with requested demands. If it does not comply and is subsequently removed by force and replaced by government favorable (and cooperating) with the stronger state, it can easily lead to widespread hostility of the general population of the weaker state towards the stronger state, especially if the population identifies strongly with the country. This seriously hampers any attempts at mutual cooperation in the future. In the short run, the dominating approach might best serve the narrowly conceived national interest of

the stronger state, but it creates perilous liabilities and serious problems in bilateral relations later on.

Specifics of each asymmetric relationship depend on the interplay of basic approaches selected by the stronger and the weaker state (see Table 16). If the weaker state chooses to close itself, its relations with the stronger state will always be potentially tense, the degree of tension being related to the basic attitude of the stronger state. If the stronger state chooses to close itself as well, official contacts will be limited, but the relationship will be stable, as both states would primarily mind their own business. However, serious bilateral issues will be very difficult to resolve.

If the stronger state chooses to open itself towards the closed weaker state and to actively encourage solutions to bilateral problems, tensions with the government of the weaker state would inevitably rise. Active policies of the stronger state would be perceived as efforts to extend its influence. If the stronger state is vigorously advocating policies that the government of the weaker state is trying to block, unofficial contacts might increase and strengthen opponents within the closed weaker regime. In case the stronger state chooses to ignore the closed weak state, it enables the weak state to select from available contacts only those that are not threatening its closed position. However, bilateral issues important for the weaker state would be hard to resolve, as the stronger state is not likely to provide sufficient cooperation. In the last option, if the stronger state tries to dominate the weaker closed one, conflict inevitably ensues. It might lead to the removal of the government of the weaker state, if the stronger state is willing to put enough resources into such an endeavor. At the same time, it might also lead to further closing of the weaker state, where the government under pressure limits contact with the outside world as well as economic and political liberties in order to protect itself.

If the weaker state acknowledges its asymmetric position and decides to open itself with the goal of approaching the level of the stronger state, the relationship is again dependent on the attitude of the latter. If it chooses to maintain a predominantly closed position and not actively engage the weaker state, any transformative processes in the weaker state would take long and be of uncertain outcome. Support of the stronger state is often essential in this respect, as it can provide expertise, resources and political backing for the endeavor.

In case the stronger state actively supports the weaker state as the latter is opening up, the chances of success are considerably higher. Asymmetry between the two countries is likely to diminish, which eases bilateral problems and enables further cooperation. In the third case, when the stronger state ignores an opening by the weaker state, there exists a danger that only selected special interests from the stronger state will take advantage of the situation. The transformative process

might become distorted and the desired goal of the weaker state to overcome the asymmetry unfulfilled. Lastly, if the stronger state tries to dominate an open weak state, it can use its resources to support the political factions and economic groups within the weaker state, which would then promote its narrowly conceived interests. Such a strategy might be very effective, but risks fomenting aversion of those left out of such an arrangement, leading to risk of backlash in the long run, especially if the asymmetry between the two countries is not decreasing.

This model includes only static outcomes and does not capture dynamic processes within an evolving asymmetric relation. Especially in case of countries that are geographically close to each other and are thus forced to interact repeatedly, this aspect is very important. It is clear that the approach of the stronger state is again critical in this respect – by restraining its dominating impulses and pursuing open policies, it can induce opening in the weaker state. Conversely, if it decides to close itself or dominate the weaker state, it effectively encourages the weaker state to close as well. As the case of U.S. and Mexico demonstrated, the position of the stronger state is especially important when the weaker state is undergoing a dynamic transition from "closed" to "open" attitudes and policies. Eventual success of this transformation process is to a large extent dependent on adequate response of the neighboring stronger state. The model also presents generalized ideal types of behavior, which is helpful for the purposes of concise analysis, but quite imprecise. Governments can at times pursue several policies in different areas at once, which can fall into different categories within the model. However, aggregate general attitude can usually be discerned even in such cases, or specific areas can be analyzed in isolation.

Table 16: Asymmetric relations – schematic overview

Approach of the weaker state: / **Approach of the stronger state:**	**Weaker closed**	**Weaker open**
Stronger closed	*Potentially tense official relations* *Minimum official contact* *Limited unofficial ties if beneficial to both states*	*Transformation occurring in weaker state* *Results uncertain, as the stronger state is not supportive*
Stronger open	*Tense official relations* *Pressure for changes in the weaker state detested by its government as undue interference* *Unofficial ties with opposition in weaker state*	*Potentially successful transformation in the weaker state* *Bilateral issues resolved cooperatively.*
Stronger indifferent	*Relations dependent on contingencies* *Selective contacts approved by the regime in the weaker state*	*Transformation in the weaker state* *Danger of undermining by special interests from the stronger state*
Stronger dominating	*Conflict with the government of the weaker state* *Change of government, or further closing of the weaker state*	*Political factions favorable to the stronger state prevail* *Potential backlash in the long run if asymmetry is not decreasing*

8.2 Application of the model, conclusions

Putting U.S.-Mexican relations in this more abstract framework helps us better understand and explain the underlying bilateral issues. Dominating approach of the U.S. in the 19th century was successful especially during the open Porfiriato period, but at the expanse of eventually antagonizing the Mexican population. Throughout most of the 20th century, Mexico then tried to maintain a closed attitude vis-à-vis the United States, as it was fearful of potentially dominating influence given the troubled historical legacies. To shield itself, Mexican government championed the principle of non-intervention and rigorous compliance with norms of international law, which does not reflect realistic asymmetry. The government strictly regulated foreign investment and at times nationalized private property belonging to foreigners. One of the rationales for the authoritarian nationalist one-party political system was to shelter Mexico from outside interference, as outsiders might have exploited intense political struggles.

After sporadic but unsuccessful attempts to pursue the dominating approach in the first half of the 20th century, U.S. government largely ignored Mexico and focused on specific areas of cooperation, especially in preventing potential communist influence.[574] It also tried to close itself from selected negative consequences of the asymmetric relation, especially the illicit drug trade and illegal immigration, but without much success. In the 1980s, Mexico became a focus of increased U.S. attention, both because of the magnitude of the economic crisis there and interest of non-governmental organizations concerned with electoral fairness and human rights. This indirectly strengthened pressures on political reform within Mexico.[575] At that time, Mexican government realized that its closed position is becoming untenable and started to open the economy as well as the political process with the declared goal of bridging the development gap with respect to the U.S.

The U.S., however, became fully cooperative and open in this process at the beginning of the 1990s only with respect to the economy. This effort was strongly supported by a small group of corporations especially in the car production industry that were ready to take advantage of the Mexican economic situation. The U.S. continued with its essentially closed unilateral approach with respect to immigration and drug trafficking. Alternative policies advocated by Mexican governments, such as legalization of the migration flows and emphasis on reduction of

[574] Morley, Jefferson, *LITEMPO: The CIA's Eyes on Tlatelolco, CIA Spy Operations in Mexico*, National Security Archive Electronic Briefing Book No. 204, October 18, 2006, available at: http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB204/index.htm, last access June 1, 2008.

[575] Dillon, Sam and Preston, Julia, *Opening Mexico: The Making of a Democracy* (New York: Farrar, Straus & Giroux, 2004), p. 119.

demand for illegal drugs within the U.S. would be preferable for the Mexican reformist and opening project.

After the 9/11 attacks Mexico became again largely ignored by top U.S. policymakers, which contributed to the shortcomings of the open Mexican approach. Only selected regions and social groups benefit from it, and the highly polarized presidential election in 2006 demonstrated the level of disenchantment with liberalizing reforms that were supposed to bring Mexico closer to the U.S. The opposition candidate Lopéz Obrador, who lost the election by the narrowest margin, was a champion of more reserved or even closed attitude towards the U.S. Policies of the U.S., which failed to actively engage and decisively support Mexico in its reformist attempts, played a significant role in this respect.

Failure of the U.S. to effectively cooperate with Mexico has particularly tragic consequences with regards to immigration policies. Wide discrepancies on the regional labor market are a natural consequence of the persisting underlying economic asymmetry. Efforts to criminalize and drastically curb illegal immigration are hurting Mexico's interests, as remittances from migrants are a substantial resource for domestic development. Building of an expensive border wall recently approved by U.S. Congress is a clear example of this shortsighted and at its root hysteric attitude, which does not take into account wider context of the problem. In an analogy with the "fortification" of border towns such as San Diego or El Paso in 1994, we can expect the diversion of migration flows to more dangerous locations or riskier modes of transport, such as underground tunnels, sealed containers or catapults with a landing mattress on the U.S. side. [576]

The Museum of Berlin Wall on Checkpoint Charlie contains many ingenious examples of how desperate people tried to outsmart border controls. East German border patrol in the end managed to stop virtually all emigration, but this effort consumed enormous amount of manpower and resources. Moreover, emigrants were regularly shot at without warning while attempting to cross. There was also limited traffic between East and West Germany, whereas in the case of U.S. and Mexico, 4.7 million trucks and 88 million passenger cars crossed it in 2006 alone, making it the busiest border in the world.[577]

Why is it that the U.S. finds it so difficult to cooperate more fully with Mexico with respect to immigration, even if it would be in mutual long-term interest

[576] Transborder catapults for migrants are still largely in the category of urban legends, see Border Slingshot, Episode 35, *Myth Busters*, Discovery Channel, broadcast on July 27, 2005.

[577] U.S. Department of Transportation, Bureau of Transportation Statistics, *Border Crossing/Entry Data*; based on data from U.S. Department of Homeland Security, Customs and Border Protection, OMR database, k dispozici na http://www.transtats.bts.gov/bordercrossing.aspx, last access June 1, 2008.

of both countries? Some explanations are provided by neo-Marxist analyses, which claim that the current system places the most advantageous in the hands of cynical U.S. capitalists. Enough illegal workers get through the border anyway (the labor pool is expanding), but these workers are very vulnerable given their undocumented status. As described in Chapter 6, they cannot complain or form effective trade unions and need to settle for low wages. However, in recent years even workplace raids intensified, putting U.S. corporations employing illegals in great economic risks, as great portion of the workforce can disappear overnight.[578]

More relevant explanation for the shortsighted closed U.S. approach and lack of cooperation can be based on effects of the asymmetry itself. The asymmetry is used as an important mark of superiority and exceptionality of the U.S., especially by conservative analysts. In international politics, such position calls for unilateral steps that disregard Mexican interests, as was demonstrated in the debate about immigration reform. The asymmetry can also be used to generate xenophobic sentiments, where Mexicans are stereotyped as "the others", which often also implies that they are "poorer", "less developed" and generally "worse" than people within the U.S. This sort of reasoning prepares ground for the closed approach and fortification of the borders, as "the other" is seen as threatening domestic institutions, which might start to look like the ones in Mexico.[579] Even though over 40 million Hispanics already peacefully reside within the U.S., which makes these fears to a great extent groundless, the persisting and very real asymmetry between the two states provides this attitude with credibility and potential for political exploitation.

For its part, Mexico for a long time maintained the closed position and tried to pretend that dramatic asymmetry between the two countries did not exist. In this way, realistic cooperation on bilateral issues like immigration was precluded by the underlying asymmetry. However, once Mexican authorities realistically assessed their position, they were able to promote policies that would alleviate consequences of the asymmetrical situation. For example the emigrants ceased to be considered as traitors to the project of national development and became heroes who risk their lives to fulfill desire for a better life for themselves and their families. Steps were also taken to facilitate sending of remittances and to decrease the costs of doing so, as described in Chapter 6. Ever increasing cross-border money flows indicate that the family ties remain strong even in cases where immigrants

[578] Preston, Julia, Short on Labor, Farmers in U.S. Shift to Mexico, *The New York Times,* September 5, 2007.

[579] Suárez-Orozco, Marcelo M., California Dreaming: Proposition 187 and the Cultural Psychology of Racial and Ethnic Exclusion, *Anthropology & Education Quarterly,* Vol. 27, No. 2, Racial and Ethnic Exclusion in Education and Society. (June 1996), pp. 151-167.

are forced to live in very dire conditions in the U.S.[580] For the PRI government it was not easy to face the asymmetry squarely, as it bore a big share of responsibility for the situation given its long-term rule. President Fox of the PAN had easier position in this respect, but intransigence by U.S. dashed any hopes for further positive steps.

With respect to narcotics control, Mexico has for a long time also tried to maintain a close approach when facing U.S. pressure, which was at times openly pursuing dominating policies such as Operation Intercept in 1969. With economic and political opening in Mexico, U.S. was more and more able to use its asymmetric position and have its demands fulfilled by the Mexican government, even if the U.S.-supported approach resulted in distorted budgetary priorities and increased violence within Mexico. Unless the Mexican population can be convinced of the necessity and usefulness of this strategy, negative political backlash will very likely follow.

On the economic front, even if both countries pursued basically open policies since adoption of the NAFTA, asymmetry has increased rather than decreased in this respect. The economic opening in Mexico was done according to neoliberal prescriptions, which did not take the profound asymmetry sufficiently into account. Far from assisting Mexico with its most pressing economic problems, the U.S. focused on available competitive advantages for its companies instead. As described in Chapter 2, bridging the asymmetric gap would require more active policies from the U.S. It can also serve as a remainder that even if both countries opt for open policies, asymmetries can nevertheless persist for a long time.

Overall, the attitude of the stronger partner in an asymmetric relation is crucial for outcomes in bilateral issues. This greater influence also brings greater responsibility for the ensuing results. Misunderstanding of this dynamics leads the U.S. to continue its current policies towards Mexico, which too often present Mexico as a disconnected entity, the symbolic "other" with limited relevance to interests of the U.S. Such approach leads to policies that only delay potential decreases in asymmetry between the two countries. As most important cross-border issues are rooted in this unequal status, such attitude is not going to provide satisfactory solutions anytime soon. As the stronger state, U.S. should realize that it is in its long-term interest to change this approach.

8.3 Implications and discussion of findings

One of the implications from the model of asymmetric relations is that once the weaker states decide to open themselves to more powerful international forces,

[580] Dohan, Daniel, *The Price of Poverty. Money, Work and Culture in the Mexican American Barrio* (Berkeley: University of California Press, 2003) p. 50.

they need political as well as economic support from their stronger neighboring partners. As asymmetry invariably creates cross-border tensions as well as social problems, which can seriously affect both countries, it is in long-term interest of stronger states to provide such assistance. It is one of the instances in international politics where normative issues presumably correlate with self interest quite well, as many would consider assisting the weaker countries also the right thing to do. However, the asymmetry can also trigger protective sentiments in the proximate stronger state fearful of exposure to the weaker state. It might lead to the type of closed or dominating policies that will only deepen the asymmetry, which is the root cause of most bilateral problems.

There are numerous indicators that reliance only on liberalization of the economy is often not an adequate policy of the stronger state when facing asymmetric relations with weaker neighbor, especially in cases of dramatic asymmetries of power and resources within the weaker state. Liberalization causes rises in inequality even in industrialized countries with advanced social protections and this mechanism is usually much more dramatic in weaker developing states. As we have seen in the case of Mexico, the danger is that even if on the aggregate level the economic indicators for the weaker state seem positive, in reality social problems and polarization caused by economic asymmetry within the country might get even worse.

Another danger worth mentioning with respect to asymmetric relations is that the stronger state misuses its dominance to promote policies within the weaker state which are not in best interests of the latter. Aggressive militarization of the "war on drugs" in Mexico, which shifted attention away from necessary demand reduction in the U.S. is a case in point. Such approach by the stronger state risks resentments and strengthens political forces within the weaker state that would prefer more closed policies. To avoid potential backlash, the stronger state needs to be more considerate to the needs of the weaker state and coordinate its efforts with it accordingly.

From the conclusions above it might seem that any asymmetry is inherently wrong and therefore should be eliminated whenever possible. Such inference would be incorrect, as asymmetry is to some extent natural and cannot be completely abolished as such, which is true also in the realm of international politics. However, high levels of asymmetry, especially with respect to economic well-being, can easily create serious social problems and tensions that are subsequently negatively affecting both the stronger and the weaker state in an asymmetric relationship, especially in the case of geographic proximity. One stable scenario is for both sides to close themselves, reducing mutual contact to a minimum. This option can be prohibitively costly in terms of lost economic opportunities or technically impossible due to lack of resources. More sensible policy in this respect is to

cooperate on decreasing the level of asymmetry, which automatically alleviates the problems associated with it.

Using the conceptual tools for analyzing asymmetric relations, further research can be conducted in cases where asymmetry is one of the defining features of bilateral relationships. Different contexts might of course produce various analytical conclusions to the nature and conduct within asymmetric relations. Comparison of further case studies might provide valuable findings concerning asymmetric interactions in general which would be confirmed by stronger and more diverse evidence. Examples of further research in this respect might include Germany and Poland (or Czech Republic), Italy and Albania, France and Morocco (or Algeria), South Africa and Botswana, Russia and Kazakhstan (or other Central Asian republics), or even China and Vietnam or India and Bangladesh. The model presented here was developed based on the U.S.-Mexican experience and is therefore best applicable in cases where both the level of asymmetry and the level of interaction between the two countries is very high. Effects of asymmetry would nevertheless be interesting to observe in less pronounced cases as well.

Finally, on a more abstract level, bringing attention to the concept of asymmetry and its relevance for area studies as well as political science is in itself an important objective. Real-life relationships are always to some extent asymmetrical, which has deep implications for both participants. It is, however, easier to assume equality or symmetry among analytical units for purposes of conceptualization and theorization, both in economics or in game theoretical models. The ensuing prevalent fiction of equality and symmetry severely distorts analysis in two ways. First, it tends to exonerate stronger parties in asymmetric relationships when they pursue actions harmful to the weaker party, as both parties are presumed to have similar capabilities and options. On a metaphorical level, the failure to distinguish asymmetry can lead to the proverbial free fox in a free chicken run. It also often tends to shift blame for specific problems associated with the relationship disproportionately on the weaker party by underestimating the extent to which the stronger party is responsible for the outcome. At the same time, asymmetry can as well serve as a convenient excuse for the weaker party, which tries to cover up its own shortcomings and responsibilities, thus making constructive cooperation between the two parties even more difficult. As asymmetry is closer to the observed reality than the rather comfortable fiction of symmetry, increased attention to the issue might provide fresh insights into various other social phenomena as well.

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Annex 1: Selected events from the history of U.S.-Mexican relations

1819 – Adams-Onís Treaty establishes borders between Spanish colonies and United States. Texas, Arizona, New Mexico, Utah and California still parts of the Viceroyalty of Spain.

1821 – After prolonged struggle, Mexico gains independence from Spain

1821 – Moses Austin receives land grants to colonize Tejas by Anglo settlers

1826 – At the Pan-American congress, Mexico blocks U.S. efforts at hemispheric trade accord, citing fears of U.S. political influence

1836 – During Texas fight for independence, Mexican army defeats Texas independence fighters at the Alamo, heroic defense of the Alamo is remembered to this day

1836 – In the battle of San Jacinto, Sam Houston defeats Mexican army and secures independence of Texas

1840 – Mexican states Nuevo León, Coahuila and Tamaulipas unsuccessfully try to secede from Mexico as a Republic of Rio Grande

1845 – Texas admitted as a U.S. state, Mexico breaks diplomatic relations

1846 – U.S.-Mexican War starts following a minor border dispute

1847 – General Winfield Scott enters Mexico City

1848 – Treaty of Guadalupe Hidalgo, Mexico cedes the area of present day Texas, Arizona, New Mexico, California to U.S. Tensions rise between Mexicans and new Anglo settlers on these territories

1854 – Gadsden Purchase – U.S. acquires additional land in southern Arizona and New Mexico for the purposes of railway construction

1859 – Juan Cortina launches local rebellion against Anglo landowners in Texas, suppressed by Texas rangers, a paramilitary Anglo force

1857-1861 War of the Reform in Mexico, pitting conservatives (with the support of the Catholic church) and liberals, the latter led by Benito Juaréz eventually prevail

1861-1867 French intervention in Mexico to install Maximilian of Habsburg as emperor, Juaréz escapes to Northern Mexico and seeks assistance from the U.S., only limited support provided due to ongoing Civil War

1867 – Benito Juaréz recaptures Mexico City, Maximilian of Habsburg executed

1876-1911 Presidency of Porfirio Díaz, authoritarian regime with emphasis on economic growth and foreign investment

1884 – First railroad connection between Mexico and United States through El Paso

1890-1900 – Extensive mining in Arizona and New Mexico attracts more settlers, forces Mexican-Americans from their lands

1904 – First immigration inspectors patrol the border to prevent unauthorized immigration of Asian immigrants following the Chinese Exclusion Act

1910 – After heavily manipulated elections, unsuccessful candidate Francisco Madero leads a revolt against Porfirio Díaz under the slogan of no re-election principle, starting the Mexican Revolution

1913 – U.S. Ambassador Henry L. Wilson conspires with conservative Mexican generals, after a coup, Victoriano Huerta is proclaimed President and Madero is assassinated

1914 – U.S President Woodrow Wilson fails to acknowledge Huerta and after the Tampico incident orders occupation of Veracruz

1916 – After sacking the U.S. border town of Columbus by revolutionary general Francisco „Pancho“ Villa, U.S. sends forces to Northern Mexico under general Pershing to capture Villa

1917 – In the Zimmerman telegram affair, Germany induces Mexico to declare war on the U.S. in the event U.S. enters World War I., publication of the telegram causes outrage in U.S.

1917 – Mexican constitution adopted in Queretáro, encompassing many revolutionary demands, including redistribution of land and declaration of inalienable national resources

1919 – Emiliano Zapata, revolutionary leader who emphasized land reform, is assassinated by government forces

1923 – Bucareli Accords between U.S. and Mexico limit the application of Mexican Constitution to U.S. businesses

1924 - The Immigration Act of 1924 establishes the United States Border Patrol

1929 – National Revolutionary Party (*Partido Nacional Revolucionario, PNR*) founded by President Plutarco Elias Calles to gain control over various factions of the revolutionary movement. The party controls Mexican political life under the name Institutional Revolutionary Party (*Partido Revolucionario Institucional, PRI*) until 2000

1929-1934 Unemployment throughout the Great Depression leads to repatriation of 500,000 Mexicans

1934 – Famous Mexican muralist Diego Rivera refuses to replace the face of Lenin on a mural for the Rockefeller Center in New York City. Nelson Rockefeller orders the destruction of the mural

1938 – President Lázaro Cárdenas nationalizes British and United States railroad and oil industries, making him hugely popular at home and leading to severe tensions with the U.S.

1942 – Bracero Program adopted, under which Mexican laborers can legally work on U.S., more than 4.6 million labor contracts until termination in 1964

1947 – Settlement provides compensation to foreign investors for pre-war wave of nationalization

1968 – Student protests before Olympic games repressed, over 100 are killed in the square of Tlatelolco in Mexico City. CIA collaborates in the suppression of left-wing elements

1969 – U.S. launches Operation Intercept, effectively closing the border to pressure Mexico on counter-narcotic efforts

1970-1976 - Mexican President Luis Echeverría promotes Third World interests and criticizes international capitalist exploits

1973 - Drug Enforcement Administration (DEA) created by U.S. Congress to co-ordinate anti-narcotic enforcement policies

1975 – Mexico launches Operation Condor, a major drug-interdiction program

1982 - President José Lopéz Portillo visits Nicaragua and praises the Sandinista revolution

1982 – Mexico defaults on its foreign debt, President Lopéz Portillo nationalizes all banks in Mexico, Mexican peso devaluates, economic crisis spreads

1982 – 1988 President Miguel de la Madrid tries to contain economic crisis, steps are taken to gradually liberalize the economy

1985 – Powerful earthquake in Mexico City exposes government inefficiency

1985 – DEA agent Enrique Camarena tortured to death by Mexican traffickers, complicity of high-level officials in Mexico alleged

1986 - The Immigration Reform and Control Act (IRCA) legalizes over 2 million Mexicans working in the U.S., border controls and employer sanctions for employing illegal workers increase

1988 – Carlos Salinas de Gortari of the ruling PRI defeats Cuauhtémoc Cárdenas of the more leftist Frente Democrático Nacional (later PRD) in elections widely believed to be fraudulent

November 1993 – After highly contentious floor debate, U.S. Congress ratifies the North American Free Trade Area

January 1994 – Zapatista uprising in Chiapas turns attention to the plight of rural Mexico

October 1994 – Clinton administration announces Operation Gatekeeper, which amounts to fortification of the border in urban areas

1994 – Murder of PRI presidential candidate Luis Donaldo Colosio and leading PRI politician José Ruiz Massieu expose potential links of organized crime into Mexican politics

December 1994 – Mexican central bank cannot defend the value of the peso, sharp devaluation and capital flight ensue, resulting in dramatic recession

Spring 1995 – U.S. government provides emergency credit to Mexico to tackle the peso crisis

1997 – PRI loses absolute majority in Mexican Congress

1999 – U.S. Customs department concludes Operation Casablanca targeted at money laundering operations in Mexico, Mexican government protests as it was not notified about the operation at all

2000 – Vicente Fox of the PAN becomes President, high hopes of improved relations with U.S.

2002 – Mexico withdraws from the Rio Treaty, a hemispheric military alliance signed in 1947.

2001 – U.S. and Mexico sign Partnership for Prosperity, aimed to enhance public-private partnerships and enhance investment and economic growth

2001 – After terrorist attacks, immigration reform stalled, border protection becomes U.S. priority

2003 – Mexican representatives at the U.N. are against U.S. intervention to Iraq, leading to diplomatic rift.

2004 – Attempts at immigration reform stall in U.S. Congress, millions of illegal workers demonstrate against harsh provision included in the House of Representatives proposal

2005 – United States, Mexico and Canada sign Security and Prosperity Partnership of North America, aiming at increased cooperation in security and economic issues

2006 – Felipe Calderón of the PAN wins a highly contested election over Andrés Manuel Lopéz Obrador of the PRD, U.S. tacitly supports Calderón.

2007 – Mérida Initiative announced, under which U.S. will provide funds and equipment to Mexico related to War on Drugs.

Annex 1

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