

NAFTA and the Political Challenges Ahead A Perspective from Mexico

Remedios Gómez Arnau*

After two years of NAFTA, there are different evaluations about its results. In 1995, criticism could be heard in the United States Congress of American participation in the treaty because of the reversal in the benefits obtained

* Researcher at the Center for Research on North America (CISAN).

with Mexico as a result of the economic crisis sparked by the December 1994 peso devaluation. Others claim promises made by those promoting NAFTA have not been fulfilled. Specifically, they say it was promised that, as a result of NAFTA, the United States would generate more jobs and Mexico would move ahead with democratic practices, clean

elections and more political pluralism. According to these critics' assessment, this has not been the case.¹ Consequently, some U.S.

¹ Examples of these criticisms are those expressed by the Congresswomen Marcy Kaptur and Bernie Sanders, who have been promoting the idea of the United States eventually pulling out of NAFTA. See *La Jornada*, September 14, 1995.



Imagenlatina-Marco Antonio Cruz

NAFTA has had a positive influence on the recovery of Mexican industry.

congressmen have proposed limiting American commitment to the agreement.

First of all, to evaluate such statements, we have to understand that, on the one hand, we have the simply commercial results of NAFTA that were the formal objectives in signing this trade instrument. On the other hand, we have the expectations that NAFTA created among the three countries of North America, expectations which are sometimes more political than economic, a situation now being denounced.

In many cases, both types of objectives are being evaluated without considering that some of the expectations fostered by NAFTA were not necessarily guaranteed by its implementation, nor could they truly be expected within the short term as suggested.

In the second place, when considering the attacks on NAFTA results, one must take into consideration that they do not necessarily stem from an objective evaluation of its implementation. Sometimes, they may even reflect political interests and the persistence of prejudices about Mexico still harbored by some analysts.

This can be clearly seen if we make a more complete analysis of the reactions in the U.S. Congress to the changes in Mexico, as compared with those that may be taking place in Canada, the other NAFTA partner.

Mexico and Canada, Different Partners

Throughout last year, when various U.S. congressmen and other politicians expressed their opposition to NAFTA, they pointed particularly to the economic crisis in Mexico, which has caused a reduction in U.S. exports south of its border. The resulting trade deficit as reflected in the U.S. balance of payments has drawn a lot of attention and has been the primary motive for requesting that the benefits of NAFTA be reconsidered.

The same question arises when we look at the attention given by the U.S. press and Congress to the political and social processes taking place inside Mexico, in comparison to that given to the possible separation of Quebec from Canada. Undoubtedly, the latter raised a whole series of concerns about the effects of such a separation on the economies of Quebec and the rest of Canada, and what is more, the potential effects on trade, financial relationships and economic, political and military commitments on the part of both Quebec

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Surprisingly, however, if we look at statistics from July 1995, we find that the U.S. trade deficit with Mexico is less than that with Canada (\$1.28 billion in comparison to \$1.46 billion), and it is much less than the deficits with Japan (\$5.12 billion), China (\$3.33 billion) and even Germany (\$1.92 billion).² So, we must ask: What is really taking place here? Why are the attacks directed primarily against Mexico, when economic statistics would suggest other conclusions?

and Canada in relation to the rest of the world. Given the close relationship between the United States and Canada, such concerns deserved serious consideration by the U.S. media, but we did not see this to the degree one would expect.³

In contrast, domestic political events in Mexico have received much more attention, analysis and even speculation in U.S. legislative, political and financial circles. The reason for making this

² Statistics from the U.S. Trade Representative's Office reproduced in the Canadian newspaper *The Globe and Mail*, April 3, 1995.

³ The true nature of such concerns becomes clear if one examines the report prepared for the U.S. Congress by its Research Service, entitled "The Issue of Quebec's Sovereignty," dated November 16, 1994, in which these concerns are specifically mentioned.

comparison is not to diminish the importance of changes taking place in Mexico vis-a-vis those happening in Canada, but rather to call attention to the different treatment the two phenomena are receiving in the United States. This differential treatment can be translated into two distinct policies being promoted or adopted in relation to the two countries —policies which cannot necessarily be deduced from objective observations.

Mexico and the United States, Persistent Prejudices and Conflicts

So, if neither events nor objective data justify the differential consideration given to them in the U.S. relationships with Mexico and Canada, one can deduce that the difference must lie in more subjective considerations —specifically, in the world of images and conceptions of Mexico and Mexicans in the minds of some U.S. analysts.

The difference could be simply reduced to the existence of a pre-conceived confidence about what can be expected in processes of change in more developed countries and, in contrast, the lack of confidence prompted by transformations in less developed countries or emerging markets (as certain nations such as Mexico have been recently referred to). However, in the concrete case of Mexico the question that arises is whether, in light of the growing economic interrelationship between this coun-

try and the United States and with other countries, this lack of confidence and sense of unpredictability continue to be valid. In other words, given the structural eco-

issue for further analysis. It seems important that this be thoughtfully considered, given that preconceptions and prejudices about Mexico and in general about the



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The maquila industry is among the most benefited by NAFTA.

conomic interrelationship being established between Mexico and other countries, is it reasonable to expect that any internal political change could modify such a reality?

The objective of this article is not to answer this question, but rather simply to propose it as an

so-called “emerging” countries affect possibilities for a better economic link to the rest of the world.

On the other hand, we encounter the traditional confrontational relationships between the societies and governments of Mexico and the United States. These

relationships have been modified recently only in terms of a stronger and friendlier link between the executive powers and between some business and cultural sectors of the two societies. But conflictive relationships between Mexican and U.S. sectors on other issues or themes have continued or worsened, as in the case of the migration of Mexican undocumented workers to the United States.

Also, the 1996 U.S. presidential elections are aggravating the already existing differences between the two societies. This is primarily because certain groups

monstrate that not all results have been negative, and not all the negative results have been solely in relation to Mexican society.

This brings us to the necessity of distinguishing between those factors truly influencing the implementation of NAFTA and those simply being used by interest groups to favor their own political objectives.

Thus, one major political challenge faced by NAFTA countries, and mainly Mexican and U.S. societies, is how to counteract the still existing prejudices about Mexico in the United States, as

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and individuals seek their own political benefit by taking advantage of prejudices and negative views about Mexico and Mexicans held by some people in the United States.

Finally, such criticisms are based in part on the political expectations (primarily with respect to Mexico) which were promoted—perhaps in an exaggerated way—by those who lobbied for NAFTA in the United States.

This combination of factors helps to explain why criticisms of NAFTA results focus primarily on Mexico, even though figures de-

well as the actions of those individuals and interest groups that profit from these prejudices. The political objectives they are pursuing must not distort the necessary objective evaluation of NAFTA's impact, nor influence the process of integration of North America.

The Three NAFTA Members: Societies in Transformation

It is true that NAFTA has been implemented in a Mexican society undergoing important political and economic changes. But Mexico is not the only member

country of NAFTA going through transformations. The United States and Canada are also experiencing processes of political change.

In Canada, for example, the control of the government had alternated for decades between the two major traditional political parties, the Liberal and the Progressive Conservative; this changed in October 1993, when Canadian voters virtually eliminated the latter and two recently-formed regional parties—the Quebecois Block, from the province of Quebec, and the Reform Party, based in the western provinces—became the second- and third-ranking political forces. The referendum held in Quebec on October 30, 1995, in which the decision that Quebec would continue to be part of Canada won by only a slim margin, showed that this is a country with internal differences that have not been fully resolved, and that currently are producing and will continue to produce changes in the political scene.

The November 1994 U.S. elections gave control of both congressional houses to the Republicans, something that had not happened for many years. This reveals that the winds of change are also affecting that country, and many say they can be explained by the growing support for the so-called neo-conservative policies being implemented there. Another factor which may represent a very significant change in the U.S. political system is the appearance of

a third party, promoted by millionaire Ross Perot, after the long dominance of the two traditional Democratic and the Republican Parties. In addition to these political changes, an old debate on the relationship between the white population and minorities is being revived in the United States. This has been provoked by two proposals for changing the welfare system which appear to affect primarily minority groups, as well as by immigration measures currently under consideration in the Congress which have significant implications for foreign residents and naturalized citizens in the country.

Mexican society, for its part, is also immersed in its own process

happened since 1928), and the murder of José Francisco Ruiz Massieu, a high official of the PRI, also in 1994. Other elements include Mexican ex-presidents' breaking their traditional silence in relation to the country's current political events, specifically the mutual public accusations between ex-Presidents Carlos Salinas and Luis Echeverría. These factors clearly reflect changes in the traditional rules which have governed the functioning of Mexico's political system and especially of the party that has retained power for more than 70 years.

Therefore, as we can observe, the three North American societies participating in NAFTA are all in processes of transformation

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of internal political change. First of all, since 1993 the opposition party known as the National Action Party has been winning state governorships from the Institutional Revolutionary Party (PRI), the party in power. In addition, the PRI has been experiencing inner conflicts that previously had always been resolved inside the party before they could leak to the outside. In some cases, the conflicts have even led to public confrontations. Of special importance are the 1994 assassination of Luis Donaldo Colosio, the then-PRI presidential candidate (something that had not

which are affecting —particularly in the cases of Mexico and the United States— the expectations prompted by NAFTA. In Mexico, the internal political uncertainty perceived from abroad has prevented a larger growth of foreign investment, contrary to what was supposed to happen when the agreement was signed. In the United States, the different positions held by some congressmen and the Clinton Administration in relation, among other things, to the mode and pace of liberalization of U.S. foreign trade has kept the proposed inclusion of Chile in

NAFTA on stand-by, holding back, in consequence, a faster extension of the agreement than was initially expected.

Conclusion

Criticisms directed exclusively at Mexico in some individuals' evaluation of NAFTA in the United States are clearly partial and unfair, if not the result of attempts to make political gains by manipulating the prejudices which persist about Mexico north of the border.

It is important, however, to state that not all the evaluations made in the United States about Mexico have been so distorted. There have also been voices —although few in number, but including some U.S. congressmen— which have attempted a more objective analysis of what is happening with NAFTA and Mexico's participation in the agreement.⁴

This demonstrates that it is possible to change old patterns and prejudices which are influencing the evaluation of NAFTA implementation in participating countries. Nevertheless, it is important that challenges be clearly acknowledged and that they be addressed directly to guarantee a further better integration of North America. ❧

⁴ As examples, we can mention Nancy Dunn's comments in the *Financial Times* on September 5, 1995, and the letter sent by Senator Richard Lugar to the *New York Times* on September 8, 1995.