

CO-OPERATION OR INTEGRATION?

Interview with Héctor Cuadra

Since the oil crisis, Mexico has intensified its efforts to diversify its export merchandise and expand its commercial relations. While Mexican business people with export capacity seek new markets for their products, the Mexican government has initiated bilateral and multilateral commercial cooperation, including the important incorporation of Mexico into the Pacific Basin Economic Cooperation Conference. *Voices of Mexico* presents the point of view of Héctor Cuadra, researcher and representative of Mexico's National University (UNAM) to the Mexican Commission on the Pacific Basin. Horacio Castellanos and Jorge Luis Sierra interviewed Dr. Cuadra in May of 1988 and one year later in 1989. The interviews show a change of opinion from one year to the next.

For Mexico, the Pacific Basin project represents a desperate attempt to modify the unilateral dependence on the United States. The new scheme of international cooperation can open a new commercial space for Mexico without harm to our sovereignty. This idea, held by university researchers such as Dr. Héctor Cuadra, professor at the Center for International Relations of the School of Political Science at the National University of Mexico (UNAM) is fed by the hope to diminish or abate the unilateral dependence of our country on the United States. The contribution made by specialists to this project, the integration of the major academic institutions of the country into the governmental commission, the project to create a center for interdisciplinary studies, the participation of the different states with Pacific coasts and the participation of almost all the government ministries, speak of the importance of this project for Mexico's commercial relations in the 21st century.

What is the composition of the Commission?

The Mexican Commission on the Pacific Basin was recently created by official executive decree, published on April 7, 1988, in the Official Daily Newspaper. Involved in it are the ministries of Foreign Relations, the Navy, Internal Revenue, Programming and Budget, Energy, Mines and State Industries, Commerce and Industrial Promotion, Agriculture and Hydraulic Resources, Urban Development and Ecology, Public Education, Tourism, Fishing, as well as other technical institutions such as the Bank of Mexico,

Thirty percent of the world production of energetics, and 50% of world rubber production is generated in the Pacific region

Foreign Commerce, the National Science and Technology Council, Mexican Petroleum (Pemex), the governments of states with Pacific coastline, organizations of private and social sectors, as well as institutions of higher education such as the National University (UNAM) and the College of Mexico.

Our country is interested in this and fortunately has incorporated the academic sector into it on an equal basis. The official decree proposes the creation of a center for interdisciplinary studies, which places academic researchers in a position to give institutional support in conjunction with a data center and to develop research plans and specialists on Pacific Basin issues. On the other hand, this Commission is linked to the International Conference for Economic Cooperation in the Pacific Basin, where Mexico, first as an observer and now as active participant in study groups, wishes to join the Conference as a State member in the near future.

Which countries are the members of the Conference?

This Conference was founded in 1980 in Australia and has met in Thailand (1982), Indonesia (1983), South Korea (1985), Canada (1986), and in the sixth and most recent conference in Osaka, Japan. At this last meeting, Mexico was invited to participate in work groups of the International Conference. At the next meeting, to be held in New Zealand in December of 1989, important countries such as the People's Republic of China, will present Mexico's candidacy for full membership.

The Conference is composed of Australia, Brunei, Canada, the United States, the Philippines, Indonesia, Japan, Malaysia, New Zealand, Korea, China, Thailand, and Singapore. The Taipei Committee represents Taiwan. In Latin America, Chile and Peru, for obvious geographical reasons, were the first to request admission into the International Pacific Basin organization; however, there has been no decision regarding their admission.

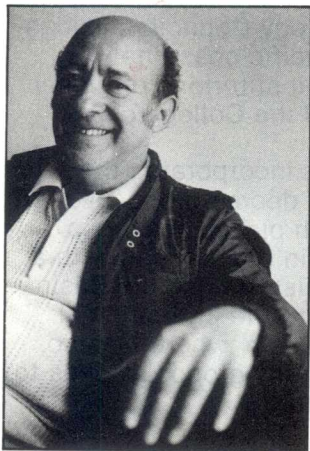
The Conference has a permanent committee which supervises the activities of work groups and the Conference agenda. Since 1980 when the Conference was established, these work groups organized around the following themes: a) minerals and energy, of fundamental interest because the production of energetics and petroleum in the Pacific Basin is greater than 30% of total world production; b) foreign investment and technology transfers, obviously because with countries such as Japan, Canada and the United States in the area, the quantity of technological commerce is quite high as compared to other areas; c) strictly commercial negotiations, that before were limited to commerce in manufactured goods, and now constitute an integral international commerce; d) agriculture and renewable resources, being immensely rich zones for the international community's future which produce 50% of the world's rubber and precious wood; e) capital flow, because of the presence of financial centers such as Singapore, Malaysia, Korea and Japan; f) and finally, in Vancouver, the sixth work group was created in the area of Pacific cooperation and economic perspectives.

What are the objectives of the Mexican Commission?

The technical secretary of the Mexican Commission on the Pacific Basin had a series of preliminary meetings in order to make an inventory of propositions and actions corresponding to our social realities, economy and expectations. The result was a work plan for the Commission presented on May 12, only days after the Commission's installment. The work plan is the result of prior reflection by all the groups. It was created with the input of all invited institutions, departments, federal entities and social groups.

It has five goals. First, to study the economic perspectives of the Pacific Basin from Mexican and other regional perspectives. This is a job involving preliminary diagnosis, seeking a basis for a congruent and realistic policy. The second objective is to analyze the economic flows of Mexico with the region and with each country in order to identify complementary possibilities. The third objective is to examine the instruments of existing bilateral economic cooperation. The fourth is to establish a permanent exchange of information and experiences in economics and the exchange of experiences in training of technical officials. And the last objective is that which most interests the academic sector because of the division of labor, and consists of the establishment of a center for interdisciplinary studies on

Mexican public opinion asks what are the costs and benefits of the Pacific Basin project



Dr. Héctor Cuadra. Photo by Marco A. Cruz/Imagen Latina.

the Pacific Basin.

Following Conference tradition, the delegations are governmental but also integrate the private and academic sectors. The characteristic peculiar to Mexico is that governmental representation is enriched by the demands and proposals of the Pacific littoral states and by the social sectors.

Thus the work plan of the Commission has the following divisions: a) the financial sector; b) the investment sector, since the commercial sector without financial support does not function per se; c) the third sector refers to foreign investment, such as the treatment of co-investment projects mainly with Japan; and finally, d) the fishing, energetic and cultural and academic sector.

There is an important point that I would like to mention: Mexico, through its foreign policy, is always worried about the Latin American community to which we belong and is interested in creating a Latin American coordination among Pacific coastline countries. It means articulating a joint action via the South Pacific Commission and also involves Central America. This commission is older than the Conference and is composed of Australia, New Zealand, and the Southern Cone countries.

Is this project related to the proposal of new developmental models?

Mexican public opinion rather suspiciously asks what are the costs and benefits that this initiative could have in the development of the national project. To begin with, I would say that this Commission is, from my point of view, a bridge linking the decline of this administration with the project of the next one. These are new strategies not before known in our country and that refer directly to the undeniable fact of Mexico's joining the GATT, which implies the use of a generalized preferential system offered by the United States market in international commerce and in which Mexico can participate. Secondly, we can also think that this initiative refers to the recognition of Japan in commerce, capital resource finance, technology transfer, and in investment. This results in a kind of necessary corollary to a vision of a Mexican economic project tied to world economic trends. Said in another way, the most nationalistic sectors would view a project of this nature with profound distrust because of the dangers implied for a micro-state in an area of larger states. I do not wish to speak of Mexico without speaking of what are called the Pacific insular states such as Fiji or New Guinea.

Definitely, the new centers of international financial power have been displaced from the Atlantic to the Pacific and have developed particular capitalist modes of production such as in South Korea, Malaysia, and Singapore. This economic success is founded on tremendous sacrifice in income levels, low remuneration of the work force, and authoritative power mechanisms that can control the exploitative situation of the productive forces, a brutal re-investment of profits and a virtual de-nationalization of the States in question. This is the most precise and clear model of savage capitalism.

So, in the most conscientious sense, we, as a society, do not wish this model for our country, but rather, want to take advantage of the open spaces left by international commerce, the great flow of capital and technological transfer without detriment to our own sovereign controls, which are certainly weakening through a process of internationalization of the world-scale economy. I believe that to attempt new ways to relate to the outside is not to simply reproduce the old strategy of widening the margins of negotiation within dependency.

Mexico wants to take advantage of the capital flows and technology transfers of international trade, without losing our sovereign controls

What effects would Mexico's incorporation in the Conference have on its relations with the United States?

I believe that this has to be framed in the diplomatic perspectives of the Mexican state which intends or intended, sometimes with greater or lesser success, to reduce the dependency levels with the United States by increasing its relations with other power centers.

I now see this intention to widen our horizons as having a certain historic symmetry with the Pacific. And it is a desperate, anguished attempt to end the unilateral dependence with the United States through the diversification of international relations and this new scheme of international cooperation.

Mexico wants to lessen its unilateral dependence on trade with the United States through diversification of its commercial relations

Are there specific actions proposed by those Mexican states with Pacific coastline?

The preliminary meetings since the Commission was formed have always promoted the participation of representatives of the state governments. Each one has been establishing a repertoire of capacities and concrete actions that could be put into effect in order to participate actively in advancing the Pacific project. There are problems regarding tourism and the international flow of tourists to Guerrero and Oaxaca. Then there are the Japanese investment projects in the creation of refineries in Oaxaca in order to recycle petroleum from production centers in Campeche, transporting it to the Pacific Coast for export to countries such as Japan. Regarding food production, there are concrete export realities to be taken into account. These states are determined to generate food production for export.

Would this mean a global scheme of things?

The work scheme originally proposed commerce in manufactured goods and secondly, in agricultural products. It was noted that this was too restricted. There are many countries that export agricultural raw materials or semi-finished products, and it was better to speak of general commercial relations. But to continue to speak of agriculture, renewable resources and fisheries is to speak of the potential of many states. Mexico has states without an average industrial development that need to export raw materials not only northwards, but also into the better conditions, prices and new markets of the extraordinarily vast Pacific Basin. Where we see a certain problem is in dichotomy, economic and geographical distance, and political distance. Said in another way, the distances are so vast that sometimes the distribution of our products can be economically less productive if long distances are involved and if commercial and service mechanisms, means of transportation, and communication are not modernized, as has been attempted within the country, but without success. □

In recent years Mexico has experienced sharp changes in its social, political and economic life. Mexico's incorporation into the General Agreement on Tariffs and Trade (GATT), whose effects on the Mexican economy were barely seen in 1986, is now evident with an invasion of foreign-manufactured goods at low cost and in direct competition with national products. Nevertheless, there are no clearly certain benefits for the country. Mexico has the obligation to pay back one of the highest foreign debts in Latin America at a time when it needs to develop an internal market weakened by scarcity and inflation, to rise above the recession and utilize to a maximum the resources of its production apparatus. Under these circumstances, Mexico is about to enter as a full member of the International Conference on Economic Cooperation in the Pacific Basin, but in the heart of its civil society, the shape of this participation is being discussed. Héctor Cuadra, professor of Political Science and UNAM representative to the Mexican Commission on the Pacific Basin, believes that Mexico's participation in this project could abandon its original proposals and point to a subordinate integration in the North American common market. The structural problem of Mexico's foreign commerce would not be resolved in this way, says Cuadra. The present interview was conducted in May of 1989, six months after the change of presidential administration.

We have a sad productive structure and the pitiful state of the Mexican economy makes us see that the Pacific Basin project is more a mirage than a reality

There are opinions expressed by Mexican businesspeople and experts interested in the Pacific Basin who believe that this project would prepare the way for Mexico's entrance into the 21st century, and they criticize the business view that does not see beyond the present crisis. These people believe that the true future modernization of Mexico's international commerce is to be found in the Pacific Basin. What is your opinion?

Not only do we have to prepare for the future but also we have to consolidate the present. The official stance of the new administration tries to deny that its political group is very committed to the North American market. The United States is interested in widening its influence in the Pacific Basin. Mexico can only fail in the face of competition with more

The Pacific Basin is a real live option for Mexican foreign trade. However, we have to adjust our vision of foreign trade to the light of international realities

aggressive, productively efficient, internationally commercial countries. It is an illusion and is inconvenient to think that Mexico has a place in that competition. It is a popular vision in the present administration that we are capable of defeating the Asian countries which are literally tigers. I believe that it is rather an official story imposed on us in order to hide the government's commitments to integrate into the North American market. Behind the analysis of international strategy, there are the following two options for the Mexican strategy: the Pacific Basin or the North American common market. The great debate in the Pacific Basin is the conflict of interests between Japan and the United States. It would be easier if one of these actors in the struggle would win by achieving an integration scheme with complementary economies. Mexico would then be part of the negotiation potential of the United States in the Pacific Basin, but would have less importance in multilateral negotiations before more aggressive and experienced business competitors. This view of Mexico's participation in the Pacific Basin derives from right-wing thought which unfortunately is the predominant way of thinking in our country. The proposal of the Mexican government implicitly represents only business interests.

The structural, global problem of foreign commerce is not thus resolved. This should be dealt with as a policy of systematic export and not in case studies for each product. The terms of the government proposal emphasize international cooperation, but in reality it deals with integration, which is yet a higher order. Nevertheless, in the Pacific Basin Conference, where Mexico participates, there are no mechanisms of integration but only cooperation. Integration produces commitment of a political and economic order. A *de facto* integration is sought for the Mexican economy with the North American one, but that would not even resolve our deficit problem in the balance of payments.

If Mexico enters into an economic cooperative mechanism in the Pacific Basin, it will then become an instrument of North American interests, with a vote in favor of the large North American interests in the Pacific Basin. The United States is interested in a level of efficiency of the Mexican state that will serve its own purposes. We are useful if we integrate into the North American market instead of sustaining an individual application in Pacific economic cooperation.

These same business voices speak of the need to close or fuse in the near future about 7000 small and medium-sized businesses not capable of competing. However, due to the specific characteristics of our economy, this may be inconvenient. Is Mexico prepared to enter into the Pacific Basin project?

We have a sad productive structure, a state of economic prostration which makes us see realistically that the project of global Pacific Basin economics is, for Mexico, a mirage. We should have entered into the service revolution in order to take advantage of this market or to have maritime transport lines as agile as the Japanese ones. The Pacific Basin is not a real organic option for Mexican foreign commerce. This does not mean that it would not be convenient and opportune to begin to adapt our view of foreign trade in the light of these schemes.

What would the Pacific Basin project imply for the productive and commercial modernization of our country?

Mexico is in the process of a modernization, with a view point which is not critical regarding real social costs and feasibility. The Mexican economy is far from possessing the aggressiveness in business and commercial administration achieved by Southeast Asian tigers such as Hong Kong, South Korea, Singapore, and Taiwan. The supposed modernization derives from a book-keeper's bureaucratic analysis, and is cybernetic and isolated from social reality. First, we need to modernize our productive plant, and evaluate its local and regional efficiency. After that, we could join in the Pacific Basin adventure. The Mexican businesspeople linked to transnational interests, are the only ones who have a role to play in this scheme.



Administration block. UNAM.

Photo by Marco A. Cruz/Imagen Latina.

A year ago in the first interview with Voices of Mexico, you mentioned with some enthusiasm that the academic sector would participate in the Mexican Commission on the Pacific Basin. What have been the results of that participation?

The creation of an interdisciplinary studies center on the Pacific Basin has not prospered. Our participation would be relevant with research on problems related to markets, technology, commercial viability, oceanography, revolution of the services, inter-oceanic communications, information technology, marine biology, technology transfer flows, projects of agricultural cooperation and fisheries. All these fields involve applied research activity in Mexico. But it is clear that there is a weakening role of the National Science and Technology Council that has been incapable of articulating a minimal technological policy that could orient research towards the Pacific Basin.

I believe that the political management of this project obliges us, as independent academics, to step back from the triumphal stance of the present administration. In the sense that academic life is suffering from a shrinkage in its role as a leader in science and knowledge and that the crisis makes evident the exodus of long lines of academics abroad, this problem gets worse. The panorama is indeed grave. □