

Sergio de la Peña

MEXICO AND THE U.S. SEARCH FOR ECONOMIC INTEGRATION

The recently held 7th North American-Mexican meeting in Mexico City, attended by an unusually large number of officials from both countries, highlights the new character of relations between Mexico and the United States. In fact, they set a new trend which threatens to break through numerous obstacles and affect sensitive aspects of Mexican tradition, culture, and values. The reason for this is that the long awaited question of economic integration between both nations has been confronted.

Of course, the hope to integrate with other nations is not new in Mexico. In fact, this is the second time that world historical conditions have encouraged the country to join efforts with other countries to form a larger economic space aimed at surpassing technological limitations in the marketplace and improving the capacity to accumulate and to organize. To ignore the present call would be to suffer a failure with a destiny pointing towards marginality and further lag for generations yet to come. To answer the call, would be a harder path but we would finally be on the road to development.

An Unsuccessful Integration

This is the second opportunity, and possibly the last, for integration. Mexico attempted it for the first time three decades ago when the heat of the initial successes in the European Common Market prompted similar rehearsals in other world regions. For ethnic, cultural, and geopolitical reasons, the natural choice was for integration with Latin America. Thus, the Latin American Free Trade Association (ALALC) was born amidst great hopes to promote the work of reducing tariffs to free trade within the region.

Great plans and efforts were made for the organization of the Latin American common market. Nevertheless, soon it became evident that the produc-

Great plans and efforts were made for the organization of the Latin American common market. Nevertheless, it soon became evident that the productive base, the social structure and politics in the region, would not allow for integration

tive base, the social structure and politics of the countries in the region would not allow for integration. The formation of an economic community bristled with technical and economic difficulties that impeded the solution of the principal problems that had arisen.

In effect, the national structures of production were not favorable in broadening regional trade in view of the limited variety of industrial products and the similarity of agricultural and mineral exports. Also, all the integrating countries doubted the efficiencies of the safeguards that would compensate for the inevitable imbalances in their respective commercial accounting, and they resented the sacrifice of their fiscal income.

Severe limitations in transport, operational finances, business management and public administration became evident in each country and throughout the region. All of this impeded taking full advantage of opportunities for broadening and diversifying exports, the basis of the integration.

Also, political opposition arose from traditional power groups in the face of the threat of being displaced. For the majority of the governments, it was impossible to think of subjecting aspects of their political economy to agreement with other nations. They were not prepared to assume the requirements of foresight, planning, and discipline demanded by the process of integration.

As almost none of the obstacles were removed, the process of formation of a Latin American common market, as well as subregional attempts in the

Caribbean, Andean and Central American areas, soon began to show signs of stagnation. By the end of the sixties, it was evident that the project had fizzled.

This did not cause great worry in the region in general nor in Mexico in particular because the seventies boom began, prompted by price rises in raw materials and the abundance of cheap credit in the world. Mexico increased its foreign indebtedness from 1973 onwards on the basis of oil exploitation perspectives which made price increases feasible. That was sensible until 1980 in relation to a set indebtedness capacity based on the value of oil and the then available low interest rates. This had a great apogee from 1978 to 1981.

After that came the crisis of the 80's with the fall in prices for raw materials, the increase in interest

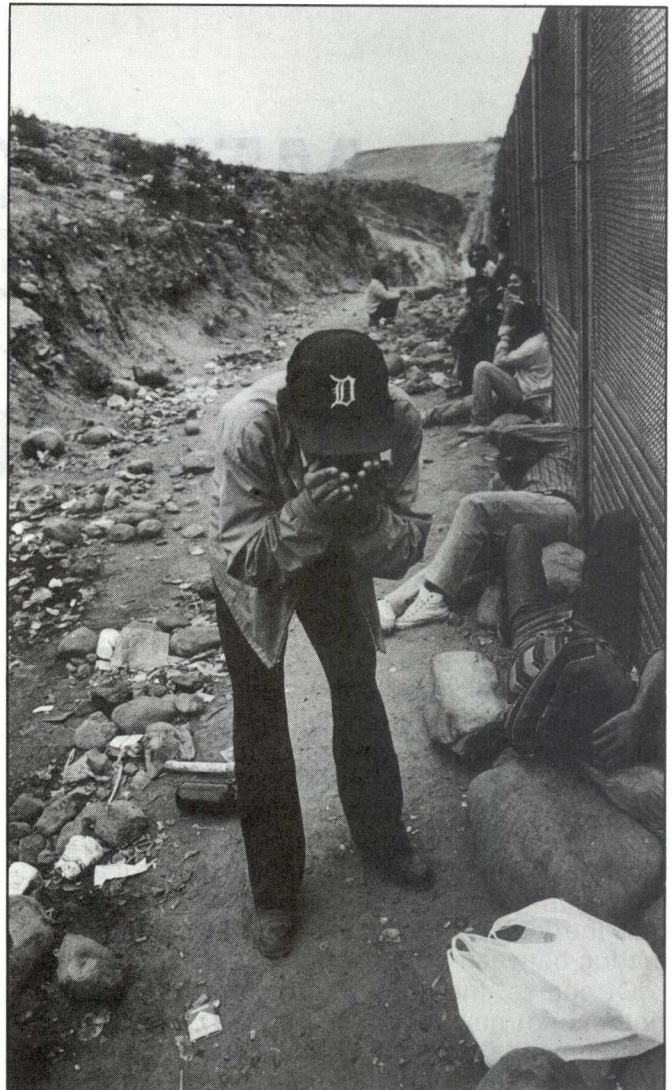
The European success and the new requirements of the modern day market place, explain the resurgence of world interest in integration during recent years, by countries so traditionally jealous of their customary isolation such as England, the United States and Japan

rates, and the impossible payment of the foreign debt. To all of this can be added the thoughtless indebtedness that took place between 1981 and 1982. At the end of this last year, service on the debt was suspended and the external sources of financing were closed.

On the other hand, the need to make the Mexican economy competitive had become evident. From 1983, all attention was directed to facing such problems and lightening the weight of the foreign debt, but interest in Latin American integration was lost.

The European Experience

In contrast, during those two decades in the European Common Market, new levels of integration were achieved and at the beginning of the 80's a re-conversion of the industrial plant took place as well as a recuperation of prominence in scientific research and world technological development. From the first agreements on tariffs and common norms for free trade, there was a move towards freer circulation of workers and capital, and the first steps were taken towards integration in the political sphere. One result of this latter integration was the formation of the European Parliament whose existence highlights an integration which is not limited to the economic sphere. Recently there was an agreement to begin a process which would culminate in the use of a common currency, the formation of a central common bank, and the unification of mone-



Undocumented Mexicans wait till evening to begin their expedition across the border. Photo by Herón Alemán/Imagenlatina

tary policies. This is a logical move in integration which undermines the traditional ideas of national sovereignty that postulate the need for a national currency and full autonomy in its use.

In any case, the levels of well-being in Europe are now among the highest in the world and it has re-constituted itself as a primary world area. Meanwhile, over the past two decades the world has changed, scientific and technological advances have led to grand transformations in the productive and organizational processes with computerization and robotization. New research areas have opened up, such as genetic engineering. These changes require a constant transformation of the productive plant, an elevated scientific and technological development, and a dynamic of accumulation which surpasses anything imaginable up until now.

It is clear that there is no country in the world which can face by itself such efforts of accumulation and development with the developmental guidelines possible up to the 60's. This means that, except for countries with special characteristics such as Switzerland, Monaco, or San Marino, the rest must face the dilemma of integration or marginality.

The European success, its challenge, and the new requirements of accumulation and market dimensions explain the resurgence of world interest in integration during recent years, by countries so traditionally jealous of their customary isolation such as England, the United States and Japan. The bipolar world has become a 4-pole world, quite complex in view of the geopolitical and geo-economic interests and conditions which open great spaces for unification and economic integration.

In effect, Japan and the four Asian tigers, the Philippines, South Korea, Thailand, and Singapore, hope to integrate with China and India in an unusual agreement between socialist and capitalist economies. Europe is preparing for full internal integration, to eliminate protectionist barriers for trade with the rest of the world, and to establish integrating ties with socialist countries. The socialist block debates the transformation of its economies and social and political conditions, within the framework of the trade agreements and cooperation of the CAME-COMECON (Mutual Aid Council), while the United States establishes integrating links with Canada.

AGREEMENT ON MIGRATION

Made at the 7th meeting of the Mexico-United States Binational Commission.

Attentive to the inherent complexity of the theme of migration, the deliberations and decisions were characterized by a spirit of mutual understanding.

Both delegations decided to continue exchanging information regarding the application of the Immigration Reform and Control Act (Simpson-Rodino) of 1986 as well as the programs which could eventually be developed to facilitate documented worker flows.

The parties expressed their satisfaction with the exchange of diplomatic notes which enhances a framework for addressing the problems of protection of nationals and migration. Additional procedures were established which, among other things, address the following matters: (a) the dissemination of information on the Mexican legal framework concerning migratory workers and the strengthening of cooperation on specific labor matters of interest to both governments; (b) the maintenance and sharing of information about accidents to Mexicans; (c) the discussion of existing conditions in both countries concerning the arrest, detention and imprisonment of aliens; (d) the establishment of a system of consultations and exchange of information on acts of violence or abuse of authority against the nationals of each country; and (e) the encouragement of cooperation in the struggle against the trafficking of humans and false documentation, the migration of undocumented third-country nationals, and the exchange of timely information on criminal immigration activities.

The sides expressed their concern about the increase in undocumented migration from Latin American and other continents using Mexico in order to transit to the United States as well as about criminal groups which traffic in human beings and falsify migratory documents. They recommended exploring possible forms of cooperation to repatriate nationals from other countries and created working group "C" for the analysis and treatment of this theme.

What happens to the Third World within this magnificent world project? It is left by the wayside. Or not quite, because there will always be interest in its raw materials and cheap labor as well as its markets, no matter how small. Without doubt there will be renewed attempts at internal integration. Within the perspectives of integration among poor countries, it is probable that they will continue to form isolated ties or integrate as a group with one of the four economic blocks, be it the Africans with the Europeans, the Japanese with other Asians, or the Latin Americans with the United States.

Options for Integration in Mexico

Recently and in the face of the urgency of the call for world development, in Mexico there are options which, at best, leave behind the old project of Latin American integration and set new eyes on the Pacific Basin. At worst, Mexico will not attend the call and will opt to maintain isolation and not pertain to any political block or economic zone, such as President Salinas said recently, nor make a call for a new Latin American integration.

The options for integration are not many. One is the Pacific Basin, whose Asiatic side promises



A worker in the in-bond industry on Mexico's northern border. Photo by Herón Alemán/Imagenlatina

The Mexican option for integration in order to form a feasible economic space consists of its joining the United States and Canada to form a North American Common Market

mainly Japanese investments and the trading of manufactured goods for raw materials. That will probably occur with or without transoceanic integration. On the American side of the Pacific, there is the Latin American coast which has virtually nothing to offer the Mexican economy. That leaves as a virtual single recourse, the relations with the United States, for which the Pacific Basin is not the best door.

This conclusion highlights the obvious for Mexico despite its being an irritant for the nationalist culture. The Mexican option for integration in order to form a feasible economic space consists of its joining the United States and Canada to form a North American common market. In fact, a third border economy already exists between Mexico and the United States despite its lack of order, asymmetry and its disadvantages.

It is true that we are moving towards a North American integration. But this could happen spontaneously and without order, with the worst consequences for Mexico, or it could happen gradually, in a planned and negotiated manner. It is clear that the appropriate way for it to happen demands a clear definition of the objectives and the economic, cultural, political and other safeguards for now and the future. First, the “what, where, when and how” has to be negotiated and decided. It is necessary to determine the requirements for each stage in the process, starting from the question of sovereignty, degrees of autonomy, and the reserves of interdependence, as well as the forms of fiscal, commercial and monetary integration, of labor, of social security, and of labor protection. All of this should only be established with the acceptance of the entire nation because it commits its future and breaks with its past.

The integration will be a difficult process demanding grand efforts as well as economic, organizational and internal ideological adjustments, but the results will also be grand

It will be a difficult process demanding grand efforts in negotiations as well as economic, organizational, and internal ideological adjustments, but the result will also be grand. It would be easy at this moment to err again in a project of integration, and to let pass the historical opportunity due to indecision and lack of long range policies. The challenge exists and history is waiting. □