

# Latin America, the US, and the NAFTA

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Carlos Fuentes, one of the few Mexican or Latin American intellectuals who still believes that the power of social imagination can transform the order of things, has said that since the Conquest, "America has experienced a separation between dream and reality; the dichotomy between the just society we desire and the imperfect society in which we live."

"We feel obliged," writes Fuentes, "to preserve the ideal of a utopian America, an idea first conceived 500 years ago to compensate Europe for its own contradictions between the Humanist ideals of the Renaissance and the reality of corruption and political and economic conflict; and later, starting in the 19th century, to convince ourselves that our independent history, our republican history, formed a separate chapter in the history of human happiness." Latin America has lived, in fact, between the utopia of this dream and the cruelty of its realities.

We approach the end of this millennium, and we celebrate the 500th anniversary of the meeting of two worlds with a Latin American population which has doubled in the twenty years that have elapsed since 1970. During this period, Latin America has grown from two hundred to four hundred million inhabitants,

and by the year 2000, will have twice the population of the United States.

It is no coincidence that Latin America's greatest contribution has been its culture. Despite the fact that the Conquest exterminated most of the indigenous populations of America, our culture has nurtured itself on the forms, colors, myths and beliefs derived from those peoples. In Mexico, the Indian population fell from 25 million in 1519 to one million in 1605, and in the Andean region, from 6 million in 1525 to 1.5 million in 1561. Despite this genocide, Latin America recovered, and rescued its pre-Hispanic, indigenous heritage, blending it in a racial and cultural mixture —*mestizaje*— which in turn blended with the European and African *mestizajes*, thus producing one of the richest and most diverse cultures in the world.

Our humanistic ideals are part of this culture; they acquire a definite form in many of our legal institutions and in the rights that have been incorporated into international law as specifically Latin American doctrines. We must not forget our great utopia of justice and equality; in this regard, Latin American political thought has nourished the way of thinking in many developing countries.

Latin America's great failure lies in the fact that, in 500 years, we have not been able to create a workable,

integrative, democratic regime. Never, in the whole history of Latin America, has there been one single system of government which has managed to balance the enormous social needs of the population and its aspirations for liberty and democracy; political liberty and economic development have been at odds for centuries in our hemisphere. This is Latin America's great challenge, and its great failure.

Mexico, for example, is a country which, at the beginning of this century, lived through a social revolution that fought for justice and change. Today, however, 40 million of Mexico's 82 million inhabitants live in poverty, and 20 million of them are classified by the government itself as living in extreme poverty. When the 1910 Revolution broke out, Mexico had 26 million inhabitants; today, double that number live in marginal conditions. Despite the Revolution, Mexico's social conditions have not changed; they are the same as those in many other countries which did not experience a social revolution. The challenge represented by poverty in Latin America is the main source of social and political unrest, and will necessarily continue to be the main source of inspiration for new forms of social transformation.

During this search for identity and direction, the United States has been at the center of Latin America's contradictions. In the light of the expressionistic ideas of the Founding Fathers, Bolivar's idealism was a way of conceiving Latin America as a singular and separate entity where independence and regional unity were to be part of the utopia. US hegemony embedded itself in the rest of the hemisphere taking advantage of social conflicts, the ambition for power, factionalism and political bosses.

In this sense, our land has been the great testing ground for US foreign policy. All of the philosophies that support the ideological vision which the United

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States has of its role in the world were invented here. From the US's encounter with Latin America arose the American concept of "Manifest Destiny," the sense of "mission," the concept of a "just war," and the myth of North American democracy as a higher stage of civilization.

These are all historical themes which, in one way or another, have not yet been abandoned as acceptable justifications for expansion, hegemonic domination and interventionism on the part of the United States. Even today, when American leaders speak of a new world order, these old ideas take on extraordinary new force and vigor. The origin of such ideological concepts is to be found in the long and conflictive experience with Latin America; in distant events such as the Mexican-American War in the mid-1800's—the armed embodiment of Manifest Destiny—or in such recent conflicts as the invasions of Grenada and Panama. Thus, Latin America is the vessel in which the United States' hegemonic mentality is constantly forged and renewed.

The manifestations of this relationship are many and varied. In the 20th century, and particularly since the period following the First World War, the United States has tried out its cold war national security policies in Latin America.

The idea of the existence of an internal enemy as the bearer of political and ideological schemes for subversion and conquest originating outside the continent became the cornerstone of the ideological vision of US national security. This vision encouraged the rise of military regimes in Latin America and the strengthening of oligarchic political structures linked to certain ideological and military concepts.

In this era of enormous transformations, of the end of the socialist experiment, of the disintegration of the Eastern

European nations and the fall of the Berlin Wall, little has changed in the United States. American society continues to feed on the same messianic conception of its role in the world, and still attempts to impose what are basically the same historical guidelines beyond its frontiers.

In Latin America, however, many things have changed. As regards our relationship with the United States, we have gradually gone from a state of national security to a state of financial security; from militarism to neo-liberalism. In this process, it is interesting to note how, within the last few years, Latin America has practically abandoned the utopian vision of justice, development and independence, in order to adopt as its political and economic plan, a collection of pragmatic notions about national fiscal and financial accounting designed by the economists of the International Monetary Fund and the World Bank.

Latin America's imagination appears to have lost its force in the face of the dissuasive power and mathematical soundness of the prescriptions of the monetarists, whose goal is to balance accounts and pay debts owed to foreign creditors. Economic adjustment programs have been tacitly transformed into national projects. The rank of philosophical propositions has been conferred, at least implicitly, on these accounting criteria.

Latin America's imagination has, in effect, surrendered under this wave of economic prescriptions. Thus we find that great Latin American thinkers such as Octavio Paz have converted to neo-liberalism, and in so doing have lost their capacity to make further proposals.

This drying-up of creation, this inability to oppose a theory of accounting with alternatives embodying a new vision of a national future, this prostration, has also led to a reevaluation of the United States.

In Latin America, the utopia of independence and sovereignty has given way to the illusion of US prosperity. Today, political leaders in almost all our countries place their trust in identifying, at all costs, with prosperity as represented by the United States. Thus, they have adopted policies which favor privatization, deregulation, foreign investment, free trade, cut-backs in social spending, etc.

Mexico is one of the most dramatic examples of this historical revisionism. For decades, Mexico was the only Latin American nation which defended its concept of sovereignty, and of national integrity and independence, as a historical constant and national obsession. However, these ideals have been abandoned, and we have exchanged them for neo-liberalism as a political philosophy and a historical perspective for the future. The core of the national project which the Mexican government is currently implementing is integration with the United States through a free trade agreement.

The North American Free Trade Agreement (NAFTA) with Mexico is, today, the most ambitious US initiative in Latin America. The Initiative of the Americas is conceived in relation to this agreement. NAFTA is part of a process of integration which will join the US economy with the Mexican economy, from which it is hoped that a model may be derived for application in the rest of Latin America. NAFTA is an attempt to link and regulate the financial and commercial integration processes, in order to make them coincide closely with the interests of large corporations and conglomerates.

The North American Free Trade Agreement, from its conception and in its content, takes scant notice of social demands, environmental risks and damage, and labor problems; it makes a virtue of a colonial-style division of labor as a function of economic

interests and geopolitical concerns. At the NAFTA negotiating table, Mexico's cheap labor and natural resources (energy resources in particular) are traded for promises of investment and a certain degree of opening in trade with the United States.

It is interesting to note that Mexico has entered into this agreement precisely when the US shows its greatest competitive weakness; when it is experiencing difficulties in presenting itself as a real option for technological transformation, and when the American economy is least creative and dynamic. This is the moment which Latin America's elites have chosen as the time to abandon their historical ideals of social development as obsolete or unworkable, and to uncritically join forces with the hegemony of US capitalism.

In order to justify his commitment to NAFTA, Mexican President Carlos Salinas de Gortari has made a statement which is tragic for both Mexico and the United States: "Without Latin America, without the free trade agreement, the United States will not survive." True as this may be, Mexico's foremost concern cannot, should not be the survival of the United States, but rather its own. An unequal and subordinate relationship with the US economy cannot guarantee the welfare of Mexico's people. The United States essentially seeks an economic link with Mexico and Latin America, which will give them the advantages which they have been unable to achieve in the field of productivity.

Certain sectors of American society are rapidly becoming pauperized. For the first time, some urban centers in the US are coming to resemble the Third World as a result of marginality, low income levels and symptoms of instability and unrest. At the same time, there are surprising symptoms of confusion and distrust in the nation's political system and leadership.

The Hispanic population in the United States—that is, residents of Latin American origin—is growing and acquiring significant weight in the American social mosaic. Hispanics already represent 9% of the total population, and it is estimated that by the year 2000, they will make up 13% of the total, thus surpassing Blacks, who are today the largest minority group in the US. By the year 2040, Hispanics will make up more than 25% of the population, and the percentage of Caucasians will have decreased to somewhere near 60%. The United States will gradually become a nation of Hispanics, Asians and Afro-Americans.

This demographic trend is reflected in a series of very noticeable and meaningful social changes. American society is aging quite rapidly. By the year 2010, between 20% and 25% of its population will be more than 60 years old. Thus, it is a society with growing limitations on its ability to renew its labor force at the pace required for economic growth. An ever greater portion of the new labor force will be made up of minorities, particularly Hispanics, who, above and beyond their normal growth, are being reinforced by a large number of immigrants.

From 1980 to 1990 the rate of growth of the Hispanic population was 54%; this was due, to a great extent, to migratory processes. It is estimated that at this rate, in the year 2000, 39% of the male work force and 20% of the female work force will be Hispanic, meaning that in the future, Hispanics will be more dynamic and productive components of US society.

These demographic realities are only a part of the neo-liberal calculations and expectations of economic integration between the United States and Latin America. The project for integrated development with the US is promoted by political and corporate elites, not by society itself and certainly not by the

working class. This means that it is based on a series of premises which revolve around the corporate, commercial and political interests of these elite groups, and not those of society at large.

In view of the present economic situation, Latin America offers the United States nothing more than a supply of cheap labor and, in certain cases, natural resources. Underpaid labor is exploited by American businesses, not only in Latin America but in the United States as well.

In the current debate on integration, especially as regards the design of the Mexico-US-Canada Free Trade Agreement, the United States is interested in the possibility of transferring its businesses to regions where low salaries and weak environmental regulations prevail, as a means of achieving comparative advantages over their competitors in Europe and Asia. This is a 19th century view of integration. At the end of the 20th century, neo-colonial approaches still prevail in the US's view of Latin America: cheap labor, an unregulated environment and abundant natural resources.

Another key characteristic of this process of integration is the expectation that borders will be closed to immigration but remain open to trade and capital flows. As regards labor force immigration, the United States will try—as the American saying goes—"to have its cake and eat it, too." In other words, to have access to cheap labor from Mexico and Latin America, not through immigration, but rather thanks to the transfer of part of the US production plant to regions where this cheap labor is found. This means enjoying the benefits of this labor force, without paying the social cost of replacement, nor assuming responsibility for social welfare, working conditions, etc.

This explains why the free trade agreement which the United States is



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currently negotiating with Mexico excludes practically all social provisions relating to labor rights, working conditions and the environment. On the other hand, it includes a lengthy and variegated section of clauses governing economic liberalization, foreign investment guarantees and limits on the state's regulatory authority. These measures form a veritable economic constitution which derogates significant portions of the Mexican Constitution while raising a new model of integration with the United States to the level of a legal precedent.

Faced with this situation, Latin America has failed to develop and implement its own model of regional integration. Outside of the realm of official integration projects, Latin America's, and especially Mexico's, social relationship with the US has opened up new horizons. Continuous demographic, economic and political processes have given rise to a historically unprecedented degree of permeability between Latin American societies and the US.

In Mexico's case, this process is so intense that the debate surrounding NAFTA has provided, for the first time, an opportunity for the societies of both countries to hold a dialogue above and beyond, yet apart from, diplomatic relations. It has led them to seek a truly social and human understanding, as opposed to mere commercial interaction. The same is occurring with Canada.

Moreover, this debate is revitalizing civic movements in Mexico. The diversity and plurality of the United States have entered into the debate, as has the exercise of relatively broader political liberties in the United States. Latin American societies now have a real possibility of imposing effective limits on the United States' interventionist propensities and hegemonic plans.

This is a task which we have not been able to carry out through traditional diplomacy or through demonstrations of national resistance. An alternative proposal of hemispheric cooperation is a possibility; a proposal which has

democracy, social change and environmental protection as its axis. This alternative arises as a possibility for Mexico, Canada and the US, whose societies, for the first time, wish to come into contact with each other as peoples, and not as governments. In fact, the official version of the agreement has already been seriously questioned by important social sectors both in the US and Mexico.

I would like to finish by quoting Carlos Fuentes once again. Speaking on the 500th anniversary of the encounter between America and Europe, this great writer said: "Let us, during 1992 and the coming century, encourage plurality in our cultures, so that it may be reflected in our public institutions, endowing them with vigor, substance and justice. But above all, let us go beyond discovery or an encounter, towards the unfinished, unfulfilled, challenging imagination of America; because we will only discover what we will become in the future if we are able to imagine it first" <sup>1</sup>

## HIGHLIGHTS OF EIGHT YEARS

### March 1985

US President Ronald Reagan and Canadian Prime Minister Brian Mulroney meet. They agree to request their respective ministers to explore the possibilities for reducing and eliminating trade barriers.

### September 1985

President Reagan and Prime Minister Mulroney exchange letters of resolution to negotiate a Free Trade Agreement (FTA).

### October 1987

US and Canadian negotiators sign a draft of the Agreement.

### December 1987

The heads of both delegations ratify the text of the Agreement. The final version is sent to the US Congress and the Canadian Parliament.

### January 1989

The FTA between the US and Canada goes into effect.

### March 1990

The Wall Street Journal publishes an article asserting that Mexico and the United States have

agreed to initiate negotiations to develop a Free Trade Agreement.

### April 1990

The Mexican Senate establishes a forum for consultations on the FTA.

### June 1990

The US Senate opens hearings on a "fast track" bill that would allow President George Bush to negotiate directly with President Carlos Salinas. The two Presidents issue a joint communiqué announcing their intention to negotiate a FTA, and instructing their respective trade representatives to explore the possibilities.

### August 1990

The Mexican Secretary of Commerce and the US Trade representative meet and issue a joint recommendation to President Bush, urging that the US and the Mexican President initiate FTA negotiations.

### September 1990

President Salinas appoints an Advisory Committee for FTA negotiations and informs President Bush that Mexico intends to sign a Free Trade Agreement. President Bush sends a bill

to Congress to open negotiations. Canada expresses its desire to join the largest trade bloc in the world.

### February 1991

President Salinas, President Bush and Prime Minister Mulroney agree to start trilateral negotiations for a North American FTA.

### May 1991

The US House of Representatives votes in favor (231 to 192) of approving the "fast track" for negotiating the FTA with Mexico. The US Senate also approves the motion (59 to 36) to give President Bush the authority to negotiate.

### June 1991

Trilateral negotiations between Canada, Mexico and the US open in Toronto, Canada. The issues discussed include access to markets, trade regulations, investment, technology transfer, services and settlement of disputes.

### August 1991

The Ministers of Commerce of the three countries meet in Seattle, Washington. They agree on a gradual reduction of tariffs, to be carried out in three stages, on all products

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to be imported and exported between the three countries. They resolve to make an in depth analysis of the restrictions on government procurement in the three nations. The governors of the fifty US states express their support for the negotiations.

### **October 1991**

The Ministers of Commerce of the three countries meet in Zacatecas, Mexico. They review the progress of the working groups assigned to each of the nineteen major sections of the agreement and call for a draft by January of 1992. They agree to approach labor and the environment as parallel issues, but not to include them in the text of the agreement.

### **February 1992**

Presidents Bush and Salinas meet in San Antonio, Texas. Progress was reported by 8 of the 18 working groups. Differences persist in such key areas as energy, agriculture and the automotive industry.

### **March 1992**

Agreement on 14 subjects in the general text is sought at meetings held in Mexico, Canada and the US. Joint declaration, by the three

heads of state, after a telephone conference call, to the effect that negotiations are proceeding as planned.

### **April 1992**

Trade representatives meet in Montreal to discuss and eliminate differences in the key areas of energy, agriculture and livestock, automotive products and settlement of disputes, as a step toward the final phase of negotiations.

### **May 1992**

Most working groups are closed, leaving only energy, rules of origin, and agriculture and livestock pending. The automotive sector is reported to be almost concluded.

### **August 1992**

The end of negotiations is formally announced, after 200 meetings between negotiating teams and 7 ministerial sessions. Complete agreement is reached on the agenda's 22 points, and final revision of most chapters already closed is completed. In a three-way telephone conversation, the US and Mexican Presidents and the Canadian Prime Minister express their approval. They issue a message to their respective

nations announcing the result of the negotiations.

### **October 1992**

The trade representatives of the three countries "initial" the final legal text of the treaty in San Antonio, Texas. Presidents Bush and Salinas and Prime Minister Mulroney are present as witnesses. It is agreed the NAFTA will enter into force on January 1, 1994, but the date remains subject to two further requirements: its signature by the heads of state of the three countries and ratification by their respective Congress.

### **December 1992**

In their respective countries, Presidents Bush and Salinas, and Prime Minister Mulroney sign the final NAFTA negotiations.

### **January 1993**

President Salinas and President-elect Clinton meet in Austin, Texas, where they agree that the NAFTA will not be renegotiated.

### **March 1993**

The formal negotiation of agreements running parallel to the NAFTA starts up in Washington.