

# Mexico

## And the North American Gateway to Globalization<sup>1</sup>

*Carlos González Martínez\**

Analyzing the political transformations that surprised the world with the fall of the Berlin Wall, Octavio Paz said, "The historic process is so slow that its changes are very seldom discernable to those experiencing them. But then suddenly, violently, the subterranean labors of time manifest themselves, unleashing a series of changes that succeed one another with striking speed in full view of everyone."<sup>2</sup>

Undoubtedly, the words of the recently deceased great Mexican poet and essayist help us to better understand Mexico's place in the globalization process. After seven decades of a nationalist development model that saw the rest of the world, above all our U.S. neighbor, as a threat or at the very least a challenge, in recent years Mexico has begun to dismantle the barriers in its relations with the outside and has accepted that its gateway to globalization is through the assimilation and management of its intense exchanges with the United States.

Until very recently, everyone accepted the popular Mexican saying, "Poor Mexico! So far from God and so close to the

United States!" Today, at the very end of the century, Mexico no longer seems so far from God since, from the end of the 1980s it has constitutionally recognized the legal existence of churches and has reestablished diplomatic relations with the Vatican; Pope John Paul II has already even paid the country three visits. Simultaneously, proximity to the United States does not seem a reason for lament, since the negotiation, signing and entry into effect of the North American Free Trade Agreement (NAFTA) caused and actually required a public perception of our powerful northern neighbor as a partner and no longer as a threat to national sovereignty.<sup>3</sup>

But how has this transformation come about, apparently happening suddenly, violently, "unleashing a series of changes that succeed[ed] one another with striking speed in full view of everyone"? And, what implications does it have for Mexico in the context of globalization? What follows is an attempt to offer some coordinates to answer these questions.

### THE PORT OF ENTRY TO GLOBALIZATION

Before considering the extent and implications of Mexico's insertion into globalization and its new relationship with the United States, let us stop briefly for a few considerations about the general characteristics of globalization, in order to identify the context and the terms in which Mexico is becoming part of it.

Even though it is very common today to talk about globalization, the term is frequently given different meanings and evaluated from very different points of view. This is understandable since globalization is a process that is taking place at the same time we are trying to understand it.

We can therefore cite a wide variety of authors and writing that look at globalization from very different perspectives. The gamut runs from those who consid-

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\* Researcher at the UNAM Center for Interdisciplinary Research in the Sciences and Humanities and professor of the UNAM School of Political and Social Sciences.

er it something already established in the world which nations and states cannot resist since these very entities tend to disappear given its supposed homogenizing effect on contemporary societies and the tendency to blur national borders, to those who emphasize the uneven nature of the world order and even go so far as to deny the existence of globalization as a historical process.

Among the former authors is Kenichi Ohmae, who wrote a book about the end of the nation-state and the rise of regional economies.<sup>4</sup> Among the latter are Paul Hirst and Grahame Thompson, for whom globalization is a myth that disguises power relations and the inequalities of the international economic system.<sup>5</sup> In the middle ground is the work of Octavio Ianni<sup>6</sup> and even Samir Amin,<sup>7</sup> although the latter is of course very critical of globalization.

Keeping in mind the complexity of this conceptual and analytical debate, globalization may be considered a secular and multidimensional process that is creating a fractured global order. It is a process because it constitutes the linking in time of phenomena which, although distinct from each other and with different dynamics, are closely related functionally among themselves and even go so far as to be mutually determinant. It is secular because, even though its definitive expansion has occurred in the last 25 years thanks to surprising technological changes, international productive and economic restructuring, the fostering of "neoliberal" opening policies and the end of so-called "real socialism," in reality the formation of a global social order in the world began at least as early as the fifteenth century with the discovery of the Americas and the expansion of trade and interna-

tional economic relations. It is multidimensional because not only does it occur in the economy, but also in politics and culture. The notions of "global village"<sup>8</sup> or "clash of civilizations,"<sup>9</sup> to name just a couple, refer precisely to this multidimensional character and not only its economic aspect. This, together with the current debate about the new conditions for sovereignty and the preeminence of the nation-state, refer to the need to take into account the cultural and political aspects linked to globalization.

This secular and multidimensional process is creating a fractured world order because, while it is true that globalization is setting up worldwide networks of exchange both in the economic and the political and cultural spheres, these networks are also being built on the basis of enormous asymmetries and tensions. The United Nations Program for Development (UNPD) recognizes that, "Globalization is one of the most visible tendencies in recent years. Between 1965 and 1990, world trade in goods has tripled and in services it has increased more than 14 fold. Meanwhile, financial flows have taken on unimaginable proportions. More than a U.S.\$1 trillion circulate throughout the world every day."<sup>10</sup> However, it also notes that, "While globalization has contributed in general to the growth of the strong countries, it has marginalized the weak ones."<sup>11</sup> Therefore, if current trends continue, "the result will be a world with monstrous excesses and grotesque human and economic inequalities."<sup>12</sup>

For this reason, it can be said that amidst the process we know as globalization, world exchange is effectively increasing considerably, tendentially reaching a planetary scale, but that this is occurring

in a way very far removed from the image of homogenization often associated with it. In reality, if globalization exists, it is asymmetrical and fragmented.

The processes of regional integration—or regionalization, as they are commonly called—also contribute to this. What we are seeing in world organization at century's end is global exchange networks set up, in effect, by region, in a fragmented form. In globalization, with the possible exception of financial market operations, countries do not directly integrate into the world sphere, but do so through their regions. In this way, we have noted the proliferation of agreements and treaties of regional integration the world over: the same in the Americas as in Europe, Asia, Oceania and Africa.

These agreements or treaties have very different scopes and aims. In general there are five different types, according to the form of regional integration they organize: free trade areas, in which participating countries decide to eliminate barriers to trade in commonly agreed-upon goods and services, but in which each country reserves the right to autonomously decide their trade relations with other countries not included in the area; customs unions, in which, in addition to the stipulations in a free trade area, a common external tariff is adopted; common markets, which add the free circulation of persons and capital among participating nations; single markets, in which in addition to all of the above, a common currency and supranational fiscal and monetary authorities are created; and economic and political unions, which are regional political institutions.

NAFTA is a regional integration agreement which sets up a free trade area. Other



experiences, like that of the Mercosur in South America, the European Union or ASEAN in Southeast Asia, have different aims from NAFTA, but they are all expressions of this regionalized manifestation of globalization.

#### THE NORTH AMERICAN GATEWAY TOWARD GLOBALIZATION

Taking all this into account, it may be pointed out that asymmetries and regionalization are two elements that historically mold the process of globalization. Countries are inserted into this process in this context, and Mexico is no exception. Certainly, the way each country integrates itself into globalization will depend on whether it is developed or underdeveloped, and Mexico is of the latter variety. For that reason, its international incorporation is essentially asymmetrical and occurs through the regionalization that the North American gateway implies, given that three-quarters of its international trade occurs there, as do the most important of its social and political exchanges.

Mexico opened up to the world in the 1980s in the framework of two parallel processes: the spread of globalization and the change in Mexico's development model. It occurs as a slow historical process that suddenly appears, "unleashing a series of changes that succeed[ed] one another with striking speed in full view of everyone," to return to Octavio Paz.

In just a few years, the world made its presence felt in the Mexican economy, society and politics. It changed from a protected to a liberalized economy, open to the outside, with average tariffs lower

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than international standards, a member of the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD) and the signer of agreements on liberalization and trade cooperation with the United States, Canada, Chile, Colombia, Costa Rica, Venezuela, the European Union and the Asian Pacific Economic Cooperation (APEC) mechanism. From a culturally ingrown, nationalist society, it became avid for exchange with those abroad, to receive and send out cultural and artistic goods and services. From a closed political regimen, it changed to one that accepted being exposed internationally, received electoral and human rights observers from other countries and was willing to debate its internal affairs with foreigners. Even though all these transformations have not happened with the same intensity and depth, the fact is that they are happening and have been very swift in recent years.

In the economy, the change has been notable, as Graphs 1 and 2, made with data covering the years 1970 to 1996, clearly demonstrate. Graph 1 shows the weight that exports and imports have acquired vis-à-vis the gross domestic product (GDP). Starting from around 10 percent of GDP in 1970, exports and

imports rose to approximately 30 percent in 1996.

In only 16 years, the importance of foreign trade in national output has tripled. It is clear that the more or less constant tendency in the 1970s changed in the 1980s with an upward trend that consolidated in the 1990s, the decade when NAFTA was negotiated, signed and went into effect. Today, practically one-third of Mexico's output comes from foreign trade.

Graph 2 shows this opening tendency very clearly, focusing on trade within North America, particularly the United States. If in 1970 total Mexican exports were U.S.\$1.3 billion, by 1996 they reached U.S.\$95.9 billion, an increase of almost a hundred fold!

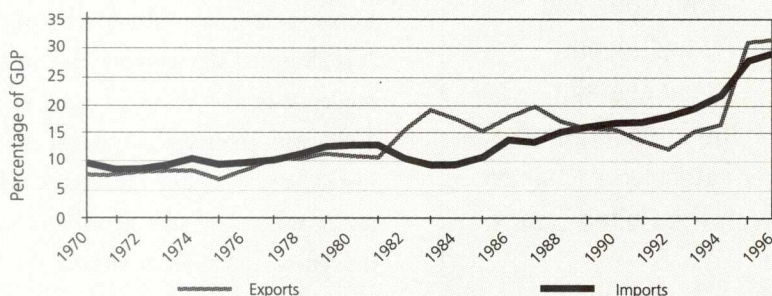
In that same period, exports to the United States went from U.S.\$0.7 billion to U.S.\$80.6 billion. The graph repeats the same pattern: certain stability during the 1970s, an increase in the 1980s and rapid, sustained growth in the 1990s.

This second graph also shows that Mexico's trade opening has meant above all the intensification of extensive exchange with the United States. While in 1970, 57 percent of Mexican exports went to the U.S. market, by 1996, they were up to 84 percent. But, this is nothing new: according to *Estadísticas Históricas* (Historical Statistics) published by Mexico's National Institute of Geography and Data Processing (INEGI), by 1890, a century ago, 56 percent of Mexican imports and 69 percent of its exports already came from and went to its northern neighbor.

These figures allow us to see how Mexican foreign trade is highly concentrated with the United States. This becomes frankly asymmetrical when we take



**Graph 1**  
Exports and Imports as a Percentage of GDP  
Mexico 1970-1996



Source: The author processed the data and created the graph based on International Monetary Fund figures, *IFS Yearbook*, 1997.

into account that while more than 80 percent of Mexican exports go to the United States, Mexico receives only about 8 percent of U.S. exports, even though it is one of its three main trade partners.

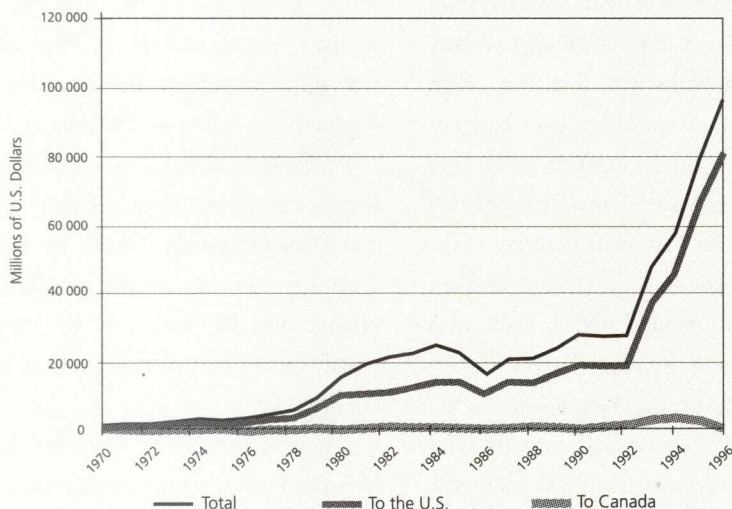
IN CONCLUSION

On the basis of these arguments, we can conclude that, in effect, Mexico is becoming part of the globalization process and is

doing so by entering into regionalization in asymmetrical conditions, above all through the North American gateway.

This incorporation has been accomplished through stunningly swift changes, which have actually been due to the slow, underground work of time. Today, Mexico has a very different profile abroad than it had throughout almost the entire century. It seems clear that now it needs to fully assume its new condition as a country open to the world and govern without

**Graph 2**  
Total Exports/Exports to the U.S. and Canada  
Mexico 1970-1996



Source: The author processed the data and created the graph based on International Monetary Fund figures, *IFS*, for several years.

reservation, decidedly, according to the opportunities and challenges imposed by globalization. Perhaps the central one is strengthening its regional presence by seeking to lessen the notable asymmetries that both join it and separate it from the United States. Hopefully, we will be able to do that before "suddenly, violently, the subterranean labors of time manifest themselves unleashing a series of changes that succeed one another with striking speed." **MM**

NOTES

- <sup>1</sup> The author wishes to express his gratitude to Juan Aníbal Rivera for his support in compiling the statistics for the graphs that accompany this article.
- <sup>2</sup> Octavio Paz, *Pequeña crónica de grandes días* (Mexico City: Fondo de Cultura Económica, 1990), p. 17.
- <sup>3</sup> The Mexican magazine *Este País* has frequently published polls documenting this change; the *Este País* web page address is [www.infolatina.com.mx](http://www.infolatina.com.mx). Another source on this topic is the book by Ronald Inglehart, Miguel Basáñez and Neil Nevitte, published by Siglo XXI, *Convergencia en Norteamérica. Comercio, política y cultura* (Mexico City: 1994).
- <sup>4</sup> Kenichi Ohmae, *The End of the Nation State: The Rise of Regional Economies* (London: Free Press, 1996).
- <sup>5</sup> Paul Hirst and Grahame Thompson, *Globalization in Question. The International Economy and the Possibilities of Governance* (Cambridge, Mass.: Polity Press, 1996).
- <sup>6</sup> Octavio Ianni, *Teorías de la globalización* (Mexico City: Siglo XXI-UNAM, 1996).
- <sup>7</sup> Samir Amin, *Los desafíos de la mundialización* (Mexico City: Siglo XXI-UNAM, 1997).
- <sup>8</sup> Marshall McLuhan and Bruce R. Powers, *La aldea global. Transformaciones en la vida y los medios de comunicación mundiales en el siglo XXI* (Mexico City: Editorial Gedisa, 1991).
- <sup>9</sup> Samuel P. Huntington, "The Clash of Civilizations," *Foreign Affairs* 72, no. 3 (summer 1993).
- <sup>10</sup> UNDP, *Informe sobre el desarrollo humano* (New York: UN, 1997), p. 10.
- <sup>11</sup> The UNDP report itself indicates that "of the world gross domestic product, U.S.\$23 trillion in 1993, U.S.\$18 trillion corresponded to industrialized countries and only U.S.\$5 trillion to developing countries, although the latter account for 80 percent of the world's population." *Ibid.*, p.2.
- <sup>12</sup> *Ibid.*, p. 9.