



Center for Strategic & International Studies
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Lessons of Nafta for U.S. Relations with Mexico

Testimony of M. Delal Baer

Chairman and Senior Fellow, Mexico Project
Center for Strategic & International Studies

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Corps, Narcotics and Terrorism

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Mr. Chairman and Members of the Subcommittee,

I would like to thank you for the kind invitation to testify before you. I am grateful that you have offered this opportunity to look at the role of NAFTA in transforming U.S. - Mexico relations. When the assumptions underlying a relationship shift away from mistrust and hostility to a focus on shared goals and values, a higher spirit animates the entire bilateral relationship.

Let me briefly summarize where we have been so that you can appreciate how far we have come. For many decades, the U.S. had a stunted and quasi-adversarial relationship with Mexico. Five hundred years of history had convinced Mexico that little good would come from outside its borders. This reticence vis a vis the outside world springs from a sense of vulnerability dating from the Spanish Conquest, reinforced by the 19th century French installation of a Hapsburg emperor and U.S. conquest of Mexican territory. Mexico viewed the U.S. as its greatest natural enemy, an attitude summed up in the famous saying, "Poor Mexico, so far from God and so close to the United States." The U.S., from its lofty perch of superpower status, did not do a great deal to alleviate Mexico's concerns. U.S. attitudes ranged from benign neglect to arrogant unilateralism.

This could not fail to affect every aspect of bilateral relations. The principal goal of Mexican diplomacy for much of the 20th century was to keep the U.S. at arm's length and to demonstrate its independence by opposing U.S. objectives. For example, Mexico spent most of the Cold War period making speeches denouncing American intervention and defending Soviet-sponsored guerrilla movements in the name of national sovereignty. What cooperation took place was hidden as if it were something shameful. Common problems were not tackled in an open, joint spirit of friendly cooperation. Rather, meetings with Mexican officials were laden with a thousand reasons why our two countries could not cooperate, spiced with history lessons reminding the U.S. of its perfidy. Mexico's anti-American dogma defined virtually all cooperation as a form of capitulation.

Only recently, with NAFTA, has Mexico begun to revamp its formerly insular and defensive stance vis a vis the outside world. Only recently, with NAFTA, has the U.S. begun to view Mexico with newfound respect and interest. The implications extend far beyond the realm of commerce.

- NAFTA changed the fundamental cost-benefit calculations of bilateral relations. For the first time, Mexico began to see its location next to the largest market in the world as more

of an opportunity than a problem. The U.S. began to see Mexico as a commercial and investment opportunity rather than solely as a source of immigration and drug problems. The dynamic of U.S. - Mexican relations shifted from a zero sum outlook to a win-win outlook.

- NAFTA has contributed to a healthy convergence of values between the U.S. and Mexico regarding free markets and democracy. I believe that this convergence is a driving force in the betterment of bilateral relations.
 - NAFTA consolidated Mexico's commitment to free markets, a precondition for democracy. This is not an insignificant point. We tend to forget that Mexico was home to the first social revolution of the twentieth century in 1910, and that the Institutional Revolutionary Party (PRI) was a product of that revolution. For much of the twentieth century, Mexico had a mixed economy with a marked tendency toward excesses of economic and political statism. NAFTA anchored Mexico more firmly in the free market camp.
 - NAFTA has been a force for democracy in Mexico. NAFTA reinforced the dismantling of Mexico's statist economy, which was essential to undermining the economic basis of Mexican authoritarianism. NAFTA also has contributed to greater decentralization of economic and political power, as Mexican states attempt to capture NAFTA-related investment. Mexican political and human rights practices came under greater international scrutiny as a result of the political battle to pass NAFTA in the U.S. The signs of greater pluralism are everywhere to see. In 1991, the ruling PRI controlled 320 seats in Congress compared to 239 seats in 1997, losing its congressional majority for the first time. Opposition candidates have a greater chance to win Mexico's year 2000 presidential elections than ever before.
- As our values converge, so do our foreign policy objectives. A lot of folk in this town remember the days when Mexico's United Nations voting record coincided around 98 percent of the time with the Soviet Union. Mexico would vote to defend Cuba's abysmal human rights record from scrutiny in the United Nations. Today, Mexico abstains and accompanies that abstention with a call for free elections in Cuba. After years of championing the cause of guerrilla movements in Central America, Mexico played an important role in brokering the peace in the 1990s. These changes may have occurred because Mexico reasoned that it was not worth sacrificing the economic benefits of U.S. goodwill by deliberately alienating the U.S. in international diplomatic venues. But I would like to think that some of this harmonization is a result of the newly shared values motivating our foreign policy.
- Once the historic inhibitions to cooperation were removed in trade, it became harder to justify restricting cooperation in other areas. Law enforcement is one of those areas. Mexico's interest in law enforcement cooperation has intensified in order to create a secure investment environment and to guarantee trade flows created by NAFTA. NAFTA underscores the point that traditional concepts of sovereignty and anti-American nationalism are as outmoded in the face of global organized crime as they are in the economic arena. Although the results of bilateral anti-drug cooperation leave much to be desired, the taboos that once blocked cooperation are giving away.
 - Mexico, which refused to align itself with the U.S. on any issue for years, now openly describes our cooperative anti-drug program as an "alliance".
 - The creation of the High Level Contact Group in 1995 may not have occurred without the fundamental shift in attitudes that accompanied NAFTA.

- It would have been taboo to openly seek and acknowledge the training of Mexican police and armed forces by U.S. counterparts in the pre-NAFTA years. Progress has been made in areas such as extradition, performance measures, training programs, etc. This process has been slow, but I am hopeful that the next two administrations that are elected in Washington and Mexico City will renew bilateral impetus.
- Since NAFTA's passage, bilateral relations have deepened on every imaginable level.
 - The North American Development Bank (Nadbank), a direct creation of NAFTA, today has close to 20 projects in the pipeline or near completion in the area of strengthening water treatment infrastructure along the border.
 - The precursor of the High Level contact Group was the invigoration of the Binational Commission meetings, which bring together the head of our agencies every year. At the federal level, there is probably a closer working relationship between agency heads than at any time in the twentieth century.
 - Even in areas of conflict, like migration, high-level immigration officials meet regularly as a part of the Puebla Process initiative.
 - NAFTA naturally has intensified the contact between our people at the grassroots level, from city to city, state to state and university to university. NAFTA has spawned more contact between non-governmental organizations on both sides of the border, from unions and environmental groups to business associations. I believe that these contacts are beneficial for both countries.

NAFTA has set the tone and example for better bilateral relations, but it is not a panacea. It cannot substitute for strong political leadership and strategic vision. In some quarters, the U.S. has regressed to a "Mexico bashing mode reminiscent of an earlier century. Since the passage of NAFTA, U.S. leadership has at times run away from NAFTA commitments for the sake of political expediency. And some in Mexico yearn for a return to the day when national dignity required chilly relations with the United States. But the close to \$200 billion in trade that currently flows across the U.S. - Mexico border, and the ties of friendship that inevitably accompany that flow, is a permanent foundation on which to build a better bilateral future.