

Mexico and the United States

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The Politics of Partnership

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BOULDER
LONDON

Published in the United States of America in 2013 by
Lynne Rienner Publishers, Inc.
1800 30th Street, Boulder, Colorado 80301
www.rienner.com

and in the United Kingdom by
Lynne Rienner Publishers, Inc.
3 Henrietta Street, Covent Garden, London WC2E 8LU

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Library of Congress Cataloging-in-Publication Data

Mexico and the United States : the politics of partnership / Peter H. Smith
and Andrew Selee, editors.

pages cm

Includes bibliographical references and index.

ISBN 978-1-58826-859-4 (hrdcvr : alk. paper)

ISBN 978-1-58826-893-8 (pbk. : alk. paper)

[1. United States—Foreign relations—Mexico. 2. Mexico—Foreign
relations—United States.] I. Smith, Peter H., editor of compilation.

E183.8.M6M4655 2012

327.73072—dc23

2012031437

British Cataloguing in Publication Data

A Cataloguing in Publication record for this book
is available from the British Library.

Printed and bound in the United States of America



The paper used in this publication meets the requirements
of the American National Standard for Permanence of
Paper for Printed Library Materials Z39.48-1992.

5 4 3 2 1

Contents

<i>Preface</i>	vii
1 Challenges of Partnership <i>Andrew Selee and Peter H. Smith</i>	1
2 Global Scenarios and Bilateral Priorities <i>Peter H. Smith</i>	13
3 The Dynamics of US-Mexican Relations <i>Andrew Selee and Alberto Díaz-Cayeros</i>	37
4 Making and Managing Policy <i>John Bailey and Tonatiuh Guillén-López</i>	61
5 Trade and the Development Gap <i>Robert A. Blecker and Gerardo Esquivel</i>	83
6 Migration: Policies and Politics <i>David FitzGerald and Rafael Alarcón</i>	111
7 Protecting the Environment? <i>Roberto Sánchez-Rodríguez and Stephen P. Mumme</i>	139
8 Drugs, Crime, and Violence <i>Luis Astorga and David A. Shirk</i>	161
9 Prospects for Partnership <i>Peter H. Smith and Andrew Selee</i>	191
<i>List of Acronyms</i>	203
<i>Bibliography</i>	205
<i>The Contributors</i>	225
<i>Index</i>	229
<i>About the Book</i>	243

Preface

This book has been a long time in the making. It started several years ago with animated conversations about the need to update and enrich general understanding of the rapidly changing (and surprisingly continuous) state of US-Mexican relations.

As enthusiasm mounted, we sought advice and ideas from prominent scholars in both Mexico and the United States. Our intent was to provoke dialogue and debate and to ensure balance and perspective. Eventually the scheme engaged collective commitments from four leading institutions: the Center for US-Mexican Studies at the University of California–San Diego, under the direction of Alberto Díaz-Cayeros; the Centro de Estudios Internacionales at El Colegio de México, directed by Gustavo Vega Canovas; El Colegio de la Frontera Norte in Tijuana, under its president Tonatiuh Guillén-López; and the Mexico Institute of the Woodrow Wilson Center in Washington, DC, led by Andrew Selee.

The project took intellectual shape at a scholarly conference attended by more than twenty participants in July 2009 at the University of California–San Diego. We followed up with a panel discussion at the October 2010 Congress of the Latin American Studies Association in Toronto, Canada. The authors have been refining, revising, and winnowing their chapters ever since. We thank them all for their perseverance, dedication, and support. We also thank Lynne Rienner for her patience, wisdom, and encouragement.

This book is the result of all these efforts. And it emerges just in time, as the United States and Mexico prepare to restart policy processes as the result of near-simultaneous presidential elections. As the book goes to press, Enrique Peña Nieto has been inaugurated as the next president of Mexico and Barack Obama has just won reelection as president of the United States.

Whatever the outcome, both administrations will stand ready to engage with each other and chart the forward course of the bilateral rela-

tionship. While the goal of our work has been to examine long-term structural trends rather than advocate short-term policies of the moment, we hope that our contributions will prove useful to those in both countries—policymakers and activists, teachers and students, journalists and average citizens—who aspire to improve the quality, depth, and consequences of the US-Mexico partnership.

—*Peter H. Smith*
Andrew Selee

1

Challenges of Partnership

Andrew Selee and Peter H. Smith

The relationship between the United States and Mexico presents enduring puzzles. It is of great importance to both countries, but it receives lopsided attention—not enough in the United States, sometimes too much in Mexico. Economic cooperation and joint endeavors frequently give rise to mutual suspicion and distrust. Intensive informal exchanges often take place outside the framework of the law. Soothing diplomatic communications mask underlying tensions and occasionally prevent substantive progress in bilateral policy. Issues of inherent complexity are shrouded in oversimplification. We are neighbors but not always friends. What can account for such anomalies?

In this book we seek to unravel such puzzles within a contemporary context of accelerating political and global change. Over the past decade or so, the advent of democracy has dramatically transformed the landscape of Mexican politics. The terrorist attacks of 9/11 have altered geopolitical priorities for the United States. The rise of China and other countries has reshaped the global economy and the prevailing world order. Each of these processes—plus an upsurge in drug-related violence, the polarization of US politics, and the onset of global financial crises—has led to further complications in the bilateral relationship.

How have the two countries responded to these developments? Have they become more adept at working together? Have they developed institutional mechanisms for achieving genuine cooperation? If there exists a binational “partnership,” as public officials are wont to proclaim, how effective has it been? Can it be strengthened?

At the heart of this book is the central question of whether the United States and Mexico can improve their ability to manage shared challenges. On one hand, this is a question about how well the two governments cooperate on issues of mutual concern. On the other hand, it is a question of how the two societies are coming to terms with each other through multiple encounters in the worlds of business, politics, and everyday life. We look for patterns in official policy and public opinion that shed light on the degree to which cooperation and mutual understanding are possible in a highly asymmetrical but deeply interdependent relationship.

We begin with a normative assumption that cooperation is preferable to conflict, especially between democratic neighbors sharing deep economic, social, and cultural ties. At the same time, we recognize that multiple forces within the bilateral relationship can pull in divergent directions. Cooperation could well emerge from the perception of mutual threats from external forces or from a hardheaded calculation that engagement can produce positive-sum benefits for both countries. With respect to some issue areas, however, policymakers and citizens may perceive such broad differences in national interests that engagement would yield a zero-sum or negative-sum result. This has sometimes been the case in debates about migration and economic integration. Understanding the factors that underlie cooperation and conflict is a central goal of this volume.

Beyond concerns about policy *process*, we seek to focus attention on policy *content*. Have the United States and Mexico succeeded in forging optimal policies? Have they established “best practices” or settled instead for lowest-common-denominator forms of compromise? We suspect that the latter is too often the case, and for this reason we present a broad range of policy options at the end of this book. Our intention here is to stimulate constructive debate and, in the best of worlds, to help lay the intellectual foundations for lasting improvements in bilateral policy.

What’s New?

Changing Interpretations of US-Mexico Relations

This volume builds upon a rich tradition of scholarly literature on US-Mexican relations.¹ Over time, academic studies have shifted from an emphasis on asymmetry and dependence to a greater focus on the management of interdependence and the multiple issues, actors, and points of engagement across the border. Yet at present there exists no comprehen-

sive and up-to-date book to account for the impacts of democratization in Mexico, the terrorist attacks of 9/11, and seismic upheavals in the world economy and geopolitical order.²

Debt and Dependency

A generation ago, scholarly concerns about US-Mexican relations reflected two factors: the debt crisis of the 1980s, which inflicted serious socioeconomic costs upon Mexico, and the prevalence of “dependency theory” in social science. These preoccupations often came together in emphases on asymmetries of power and latent societal incompatibilities. A further sense of conflict derived from foreign-policy differences over the socialist regime in Cuba and civil wars in Central America.

Characteristic publications of that era sought to comprehend the paradoxical underpinnings of an increasingly close, but still quite distant, relationship between the two countries.³ Broadly speaking, they reveal a notable difference between Mexican authors, who emphasized asymmetry in the relationship, and US authors, who focused instead on the notion of “interdependence.” Mexico’s then recently discovered oil wealth was seen as a key element in growing ties between the two countries. Only one prominent work at this time, by economist Sidney Weintraub, suggested the desirability of free trade with Mexico; most US analysts saw this as unlikely, and most Mexican analysts saw it as undesirable.⁴

A major interpretive study by Mexican scholars Josefina Vázquez and Lorenzo Meyer sought to explain how history had shaped the bilateral relationship, especially its inequalities, and how this development conditioned attitudes on both sides of the border. As they state at the outset, “Viewed from the north of the Rio Grande, the relationship between Mexico and the United States is one of interdependence. But viewed from the south of the same river—Mexicans call it the Río Bravo—the relationship with the United States is one of dependence.”⁵ Vázquez and Meyer go on to address the internal dynamics within each country that led to the divergence in their economic and political fortunes and the ways that conflicts created markedly different views of the relationship.

Later in the 1980s, the Bilateral Commission on the Future of United States–Mexican Relations produced a book-length policy report plus a five-volume series of background papers by academic experts from both countries. A central premise of this project was that the US-Mexico relationship was becoming increasingly interdependent, with policymaking driven by “intermestic” factors (i.e., simultaneously international and domestic). One of the contributors, the late Carlos Rico, summarized the

relationship as one of “complex interdependent asymmetry.”⁶ This interpretation remains surprisingly pertinent even today.

Tension formed a persistent theme in writings of this time. In his aptly titled book *Distant Neighbors*, journalist Alan Riding sought to explain the “essence” of Mexico through an analysis of politics and social life. And in *Limits to Friendship*, Robert Pastor and Jorge Castañeda exposed everyday obstacles to mutual understanding—ranging from elementary-school curricula to foreign-policy formulations.⁷ Both works concluded that fundamental differences in cultural attitudes and historical experiences would complicate mutual understanding and pose long-term challenges for productive engagement.

Focusing on NAFTA

The 1990s witnessed a remarkable shift in emphasis from conflict to cooperation—in light of partial relief from the debt crisis, the ending of the Cold War, and, especially, the signing of the North American Free Trade Agreement (NAFTA), which joined Mexico together with Canada and the United States. Formally implemented in 1994, the treaty represented a calculated decision by President Carlos Salinas de Gortari that only such an agreement could spark investor confidence and stimulate sustained growth. NAFTA has generated continuing debates about its consequences, economic and political, and has stimulated competing strands in the scholarly literature.⁸

One current, associated mostly with economists, tended to praise the agreement and emphasize its predicted long-term benefits to participating countries. Especially prominent in policymaking circles were the writings of Gary Hufbauer and Jeffrey Schott, who offered econometric projections about the societal benefits of NAFTA.⁹ Mainstream views throughout the 1990s reflected underlying optimism about the conceptual origins and economic consequences of the treaty.¹⁰

There were dissident voices as well. US organized labor denounced what it saw as a loss of American jobs, while Mexican nationalists decried what they saw as a loss of sovereignty. Among social scientists, John Audley and Eduardo Zepeda and their respective associates provided skeptical assessments of NAFTA’s economic impact on Mexico and the United States.¹¹ A thoughtful critique from a Canadian perspective raised concerns with how NAFTA was reshaping the internal workings of the three countries and called for a modified, low-key North American agenda.¹²

Political discussion focused on two central issues, democratization and management of the bilateral relationship. Convivial relations between

national leaders (e.g., Bill Clinton and Ernesto Zedillo) sparked interest in the idea of societal and cultural convergence. Indeed, a multiauthored study of large-scale public opinion surveys suggested that fundamental values in the three societies were trending in a common direction, a so-called North American trajectory in favor of democracy and tolerance.¹³ As both cause and consequence, NAFTA could thus be interpreted as a logical expression of this structural development.¹⁴

Fundamental debates centered on the role of NAFTA in Mexico's democratic transformation. The treaty took effect in the early 1990s and Mexico held a democratic election by the end of the decade: advocates perceived clear and self-evident support for a causal connection between freer trade and freer politics. Other analysts dissected the inherent ambiguity in NAFTA's political orientation and stressed instead the importance of domestic factors behind Mexico's democratization.¹⁵ From the present standpoint, a general consensus appears to regard domestic forces as predominant, while acknowledging that NAFTA had a marginal (but positive) effect on the trend toward democracy.

Additional controversy mounted over NAFTA's impact on the bilateral relationship and, more generally, on Mexican foreign policy. As Ambassador John Negroponte wrote in a now famous cable to the US State Department in the midst of negotiations over NAFTA, "Mexico is in the process of changing the substance and image of its foreign policy. It has switched from an ideological, nationalistic and protectionist approach to a pragmatic, outreaching and competitive view of world affairs. . . . The proposal for an FTA [free trade agreement] is in a way the capstone of these new policy approaches. From a foreign policy perspective, an FTA would institutionalize acceptance of a North American orientation to Mexico's foreign relations."¹⁶ Would NAFTA oblige Mexico to provide unstinting support for US foreign policy?

Not entirely. Guadalupe González González has analyzed Mexico's changing location in the global political order and highlighted the greater pragmatism of Mexican foreign policy, its shift toward economic diplomacy, and the acceptance of international institutional constraints on traditional notions of sovereignty. These changes both drove and resulted from Mexico's greater emphasis on economic ties with the United States. Lorenzo Meyer has looked anew at the origins of Mexico's defensive nationalism and suggested that Mexico may be better off being more proactive in its relationship with the neighbor to the north, as long as it takes into account the underlying power differentials.¹⁷ Sidney Weintraub, meanwhile, has argued that Mexicans have often gained the upper hand in the bilateral relationship by taking advantage of Washington's preoccupa-

tions with distant points on the globe.¹⁸ Notwithstanding significant differences in nuance, these authors suggest that Mexico may hardly be powerless in the face of its large neighbor to the north.

The increased engagement between political leaders, the expansion of trade, and the rhetoric of partnership led analysts to reassess how far apart the two countries really were. Perhaps the most significant study from this era was *The United States and Mexico*, by Jorge Domínguez and Rafael Fernández de Castro, who argued that increasing institutionalization was structuring the US-Mexico relationship in new ways and influencing a broad swath of issues. Alterations in the international context were “differentially mediated through the bilateral institutions that were created in the 1990s,” in their estimation, with conspicuous impacts on economic policy but less on public security and cross-border migration.¹⁹ In a comparable way, Clint Smith observed that the relationship was coming together, notwithstanding the inertia of asymmetrical and highly divergent histories.²⁰

A central theme concerned the ways that a democratic Mexico might reposition itself in the global political order, and in its relationship to the United States. Recent writings have generally assumed that asymmetry matters, but that Mexico is able to hold its own in shaping the course of bilateral decisions. Major studies of foreign policy by Olga Pellicer, Luis Herrera-Lasso, Gustavo Vega, and others have tried to situate the country’s relationship with the United States within a framework of proactive foreign policy.²¹ These analysts share a basic conviction that a more assertive foreign policy vis-à-vis the United States is useful and important, while they also express reservations about Mexico’s capacity to realize this potential in light of existing asymmetries and, in some cases, mismanagement of the foreign-policy agenda.

Aftermaths: NAFTA and 9/11

Since the turn of the century, scholarly efforts have tended to focus not on the relationship in general but on specific issue areas.²² Migration has formed a central axis in the academic literature. Binational studies proposed serious policy options for the two governments in 2001. As a new decade began, a seminal book by Douglas Massey, Jorge Durand, and Nolan Malone helped provide a theoretically based exploration of migration patterns and underlying forces at work.²³ Additional studies analyzed trends in migration at the state level in Mexico.²⁴ Others have looked at US immigration patterns, Mexican migration policy, and the politics of

remittances.²⁵ Journalists have written compelling accounts of the migration process itself and its impacts on communities along the border.

The diversification of participants in bilateral relations (and in Mexican politics) has led to a new focus on nongovernmental organizations and on citizens in general. Sergio Aguayo, in 2005, produced a comprehensive almanac that tracks everything from trade and bilateral aid to Mexican citizens residing in the United States.²⁶ Other recent books have focused on the increasing roles of civil society, immigrant organizations, and cross-border journalism.²⁷

Reflecting these developments, the new millennium has witnessed a surge in studies of public opinion. Andrew Selee has assessed the political impact of citizen perceptions in the two countries.²⁸ Extensive surveys have shed innovative light on evolving attitudes in Mexico toward the United States. According to studies by Guadalupe González González, Alejandro Moreno, and others, Mexican citizens have become remarkably pragmatic in their views of American society and processes of bilateral integration, while expressing suspicion about the motives and actions of the US government.²⁹

There has emerged a burgeoning literature on the US-Mexico border and surrounding areas. Joan Anderson and James Gerber have explored the social and economic challenges faced by border communities, while other work has portrayed the border region as a microcosm of the overall US-Mexico relationship.³⁰ Peter Andreas has challenged the notion that the US government can close the shared border without producing perverse effects for both countries.³¹ Journalists have chronicled day-to-day aspects of border life and underlying conflicts. From the Mexican side, Carlos González Herrera has produced a study of Ciudad Juárez and its links to El Paso.³²

Extensive violence and organized criminal activity have spawned a growing literature on public safety and prospects for bilateral cooperation. John Bailey and his collaborators have analyzed the collapse of traditional means of protecting public security and the challenge of building institutions to uphold the rule of law.³³ Raúl Benítez Manaut and colleagues have focused on the need for US cooperation against arms trafficking and money laundering and in support of law enforcement.³⁴ In a similar vein, another recent study points to significant challenges to the implementation of collaborative bilateral policies against organized criminal violence.³⁵ Various authors have urged the United States to intensify efforts to help Mexico strengthen law enforcement and judicial institutions,³⁶ while a series of articles in *Foreign Affairs* has suggested alternative strategies for curbing drug trafficking and drug-related violence.³⁷

In the meantime, there has been remarkably little attention to the US-led “global war on terror” and its implications for the relationship with Mexico.³⁸ This oversight might stem from the impression that the US-Mexican relationship responds to and reflects its own internal dynamics, apart from transformations and dislocations in a seemingly distant global arena. We think this view is understandable but incorrect. Surely, the tightening of US border policy has arisen in large part as a response to 9/11. Just as surely, the invasion of Iraq evoked a strong and negative reply from civil society in Mexico. Then, too, the US government’s antiterrorist campaign has drawn attention and resources away from Mexico (and Latin America in general). In short, the notion of “security” has come to mean different things on different sides of the border. It is essential to disentangle this concept.

Generally speaking, the quantity and quality of writings on US-Mexican relations have vastly increased in recent years, while the range and variety of empirical research offers eloquent testimony to the depth of interdependence between the two countries. Even so, there is a conspicuous absence of efforts to tie together the different strands of inquiry in such a way as to provide a general assessment of where the relationship stands and is heading. That is where this book comes in.

Why This Book?

Our volume seeks to reevaluate the state of US-Mexico relations in light of recent changes in the global political and economic order and the economy, politics, and society of the two countries. We begin with analyses of thematic patterns affecting the management of the relationship.

In Chapter 2, Peter Smith compares diverse conceptions about the prevailing world order—unipolar, multipolar, flat, or pyramidal—that have determined the relative priority that US governments have (or have not) given to the bilateral relationship. Mexico has in contrast subscribed to a single and consistent view of global power arrangements, although analysts have derived differing recipes for policy alternatives. A central question is whether and how such different perceptions influence policy.

Focusing on the bilateral arena, Andrew Selee and Alberto Díaz-Cayeros in Chapter 3 explore underlying dynamics of the US-Mexican relationship, which they describe as intense, complex, and asymmetrical. Increased trade, migration, security challenges, and demographic concentrations in the border region have amplified the intensity of the relationship. At the same time, the number of participating actors—from federal

agencies to state governments to nongovernmental organizations—has multiplied significantly, making the relationship increasingly complex and multifaceted. Asymmetry persists between the two countries. While US priorities tend to provide the overall framework for what is possible, however, Mexico can often shape the content of specific items on the bilateral agenda.

In Chapter 4, John Bailey and Tonatiuh Guillén-López address policy processes in the two countries by exploring the changing balance between multiple “policy baskets” in bilateral affairs. Each of the baskets has different constituencies within the two governments and different networks within society at large. The authors show how policymaking has become focused on the border region, where all of the baskets come together, and they call for better balance in the relative importance of policy priorities.

The second section of our volume examines specific issue areas that have dominated the bilateral agenda in recent years—economic integration, drug trafficking, cross-border migration, and environmental protection. The intent is to understand how the structural dynamics of the relationship play out in day-to-day interactions in these different areas. In each case, contributors evaluate the effectiveness of existing channels for resolving conflicts and developing creative solutions.

In Chapter 5, Robert Blecker and Gerardo Esquivel examine the causes and consequences of economic integration. Contrary to much conventional wisdom, they find that NAFTA has done little if anything to promote structural development or reduce inequality between the two economies. National governments have failed to adopt complementary policies to promote education, improve infrastructure, or invest in less-developed areas.

David FitzGerald and Rafael Alarcón then provide a detailed analysis of demographic flows between the two countries and argue that prevailing US migration law is out of line with laws of supply and demand for labor. They demonstrate that current US efforts to “seal the border” have not only failed to accomplish their goals but also generated perverse and harmful effects, while Mexico’s recent tendency to overlook the issue has wasted political opportunities for change. Long-term solutions lie in changing US policies and in supporting international agreements that seek a more equitable, fair, and efficient management of the migration process.

On the subject of environmental protection, Roberto Sánchez-Rodríguez and Stephen Mumme describe the growth of a well-developed matrix of binational institutions that seek to harness cooperation across the border—including the North American Development Bank (NADB), the Border Environment Cooperation Commission (BECC), and the Inter-

national Boundary and Water Commission (IBWC). And yet, as the authors show, future problems in border communities will far outpace existing structures and require a rethinking of the current institutional architecture.

Turning to illicit economies in Chapter 8, Luis Astorga and David Shirk trace the rise of organized criminal groups in Mexico that are linked to the trafficking of drugs to the United States. They highlight shifts in the US market, resulting from changing policies and consumption patterns, and shifts in Mexican politics, within the context of democratization. The authors emphasize the need for more robust law enforcement, stronger institutions, and imaginative reconception of the idea of “war on drugs.”

In conclusion, Smith and Selee distill and present a range of policy alternatives derived from chapters in the book. The goals are twofold: to outline the intellectual foundations of current debates, and to offer productive suggestions to policymaking communities in the two countries.

In sum, our book purports to make a variety of contributions to current understanding of US-Mexican relations:

- by placing the relationship within the context of a rapidly changing world order
- by identifying underlying dynamics that drive the relationship and its policy processes
- by taking a comprehensive view of issues and themes and thus enabling a focus on interconnections between them
- by identifying strengths and weaknesses in the management of the relationship
- and by offering realistic policy recommendations for both the US and Mexican governments that could provide a new framework for future management of the relationship.

We are looking for ways to improve the content of bilateral cooperation. We believe that partnership can be consistent with the preservation of sovereignty and national identity. We advocate practical policies that can meet outside threats, produce positive-sum outcomes, and enhance the security and welfare of citizens in both societies.

Notes

1. References to scholarly literature in this section are illustrative, and by no means comprehensive. See the bibliography at the end of this volume for an extensive listing of relevant works.

2. A partial exception is the second edition of Domínguez and Fernández de Castro, *United States and Mexico*, which includes a prologue addressing these shifts. The first edition appeared in 2001.

3. Purcell, ed., *Mexico–United States Relations*; Vásquez and García Griego, eds., *Mexican-U.S. Relations*.

4. Weintraub, *Free Trade Between Mexico and the U.S.*

5. Vásquez and Meyer, *United States and Mexico*, p. 2 for quote.

6. Rico, “Making of U.S. Policy Towards Mexico.”

7. Riding, *Distant Neighbors*; Pastor and Castañeda, *Limits to Friendship*.

8. On the origins of NAFTA see Mayer, *Interpreting NAFTA*; Chambers and Smith, eds., *NAFTA in the New Millennium*; and Mexico Institute, *NAFTA at Ten*.

9. Hufbauer and Schott, *North American Free Trade*; Hufbauer and Schott, *NAFTA: An Assessment*; Hufbauer and Schott, *North American Economic Integration*; and Hufbauer and Schott, *NAFTA Revisited*.

10. Weintraub, *NAFTA’s Impact on North America*; Gambrill, *Diez años del TLCAN en México*.

11. Audley et al., *NAFTA’s Promise and Reality*; Zepeda et al., *Future of North American Trade Policy*. See also Bacon, *Children of NAFTA*; and Faux, *Global Class War*.

12. Clarkson, *Does North America Exist?*

13. Inglehart, Nevitte, and Basáñez, *North American Trajectory*.

14. Hard-headed political analysis argues that the United States was willing to withdraw support from the Institutional Revolutionary Party (PRI) and embrace bilateral integration on the ground that it would promote the long-standing goal of stability in Mexico. See Aguayo, *Myths and [Mis]Perceptions*; and Mazza, *Don’t Disturb the Neighbors*.

15. Peter H. Smith, “Political Impact of Free Trade on Mexico”; and Cameron and Wise, “Political Impact of NAFTA on Mexico.”

16. Quoted in Peter H. Smith, *Talons of the Eagle*, 216.

17. González González, “Foreign Policy Strategies in a Globalized World”; Meyer, “Estados Unidos y la evolución del nacionalismo defensivo mexicano.”

18. Weintraub, *Unequal Partners*.

19. Domínguez and Fernández de Castro, *United States and Mexico*.

20. Clint Smith, *Inevitable Partnership*.

21. Pellicer, *México y el mundo*; Herrera-Lasso, *México ante el mundo*; Vega, ed., *Alcances y límites de la política exterior de México*.

22. Within the policymaking community, the Center for Strategic and International Studies and the Woodrow Wilson Center (both in Washington, DC) have produced numerous reports recommending greater cooperation across a range of issues.

23. Massey, Durand, and Malone, *Beyond Smoke and Mirrors*.

24. Cornelius, FitzGerald, Fischer, and Muse-Orlinoff, eds., *Mexican Migration and the U.S. Economic Crisis*. See also Escobar and Martin, *La gestión de la migración México–Estados Unidos*.

25. Bean and Stevens, *America's Newcomers and the Dynamics of Diversity*; Rosenblum, *Transnational Politics of U.S. Immigration Policy*; Merz, *New Patterns for Mexico*.

26. Aguayo, *Almanaque México-Estados Unidos*.

27. Brooks and Fox, eds., *Cross-Border Dialogues*; Bada, Fox, and Selee, eds., *Invisible No More*; Fuentes-Berain, Selee, and Servin-Baez, eds., *Writing Beyond Boundaries*.

28. Selee, *Perceptions and Misconceptions in U.S.-Mexico Relations*.

29. González González, Schiavon, Crow, and Maldonado, *México, las Américas y el mundo 2010*. See also Moreno, "Mexican Public Opinion Towards NAFTA and FTAA."

30. Anderson and Gerber, *Fifty Years of Change on the U.S.-Mexico Border*.

31. Lorey, *U.S.-Mexican Border in the Twentieth Century*; Papademetriou and Meyers, eds., *Caught in the Middle*; Andreas, *Border Games*.

32. González Herrera, *La frontera que vino del norte*. See also Ramos, *La gestión de la cooperación transfronteriza México-Estados Unidos en un marco de inseguridad global*.

33. Bailey and Chabat, eds., *Transnational Crime and Public Security*; Bailey and Dammert, eds., *Public Security and Police Reform in the Americas*.

34. Benítez Manaut, ed., *Crimen organizado e Iniciativa Mérida en las relaciones México-Estados Unidos*.

35. Olson, Shirk, and Selee, eds., *Shared Responsibility*.

36. Elizondo and Magaloni, "Rule of Law in Mexico."

37. O'Neil, "The Real War in Mexico"; Bonner, "New Cocaine Cowboys"; Kleiman, "Surgical Strikes in the Drug Wars."

38. Private communication to Peter Smith from Mariano Bertucci, University of Southern California.

2

Global Scenarios and Bilateral Priorities

Peter H. Smith

Foreign policies derive from perceptions of power. As nations design long-term approaches toward the world—“grand strategies,” in the argot of international relations—they continually assess and reassess the positions of adversaries and allies alike. The key question concerns the distribution (or stratification) of power: who’s at the top, who’s at the bottom, and who is in between. Stronger nations concentrate upon the interests and postures of their rivals; weaker nations look for ways to protect their sovereignty and maximize room for maneuver, often (but not always) through networks of alliances. Depending upon the structure of power, some situations invite assertive unilateralism; others promote tactical balancing or multilateral cooperation. At bottom, these perceptions involve views not only of each other, but also of the self and of the world at large.

As the United States and Mexico confront the post-9/11 world, questions arise regarding their bilateral relationship: How do they see each other? How do Americans and Mexicans understand the world order? What importance do they attach to the bilateral relationship? In blunt language, what do they want from each other and why?

This chapter addresses such questions by analyzing contemporary views and debates within the United States and Mexico. I take a qualitative approach: the goal is to understand the substantive content of prevailing interpretations, rather than to quantify trends in public opinion. This is not a review of academic literature. On the contrary, my intent is to examine prevalent ideas within the public domains (or “public spheres”)

in both nations. The chapter thus seeks to explore predominant outlooks of “political classes” and policymaking communities (including the media and business circles as well as academia and officialdom). I am casting broad nets.

The discussion unfolds on two levels. One refers to what is *really* taking place—what we, as scholars and social scientists, see as the actual structure of the world order. For want of a better term, this might be called an “objective” assessment. The second level refers to judgments made by political actors—what they *think* is happening, regardless of the accuracy of their outlook. We might classify such opinions as “subjective.” (This vocabulary might well seem biased and self-serving; with due and appropriate caveats, it is presented here as a kind of shorthand.) Whether or not the views of political actors comply with empirical reality, they furnish the foundations and frameworks for practical policy decisions.

Indeed, one of my central arguments is that US assessments of Mexico—and Mexican assessments of the United States—emerge from their respective views about the world at large. A key question therefore concerns the extent to which the bilateral relationship is seen to serve national interests of the two countries and how it might fit within their overall grand strategies. In a basic sense, this is a matter of “framing.” How do US and Mexican analysts understand the binational relationship? What are the predominant prisms at work?

This approach contains a corollary thesis: the stronger the conceptual frame, the more coherent the practical policy. Decisions taken within a widely shared and intellectually consistent worldview are likely to be mutually compatible and reinforcing; decisions taken without a common framework are likely to be based on narrow interests, ad hoc considerations, or bureaucratic imperatives. Grand strategies give shape and purpose to substantive policies. Otherwise, inconsistency reigns.

Dimensions of Power

Views of the world order reflect perceptions of the distribution of power—which brings up the question of power itself. We might begin with the still-classic formulation of Robert Dahl, who defined power as a relationship: “A has power over B to the extent that he can get B to do something that B would not otherwise do.”¹ This involves not only the use or threat of force but rational calculation of self-interest. Power is relational, situational, and changeable. Classic resources include demographic size, economic wealth, military prowess, and technological achievement.

In scholarly work on international relations, power is commonly understood to have two basic dimensions—*geopolitical* (ultimately based on military strength) and *geo-economic* (derived from economic capacity). These broad categories often interact and overlap. Security interests are typically advanced by governmental bureaucracies; in capitalist societies, economic interests usually represent the goals of private sectors, which usually have direct or indirect representation within the apparatus of the state. While national interests are often cloaked in the uplifting idiom of moral purpose, it is the quest for geopolitical and geo-economic advantage—not idealism—that provides the driving force behind foreign policy and international behavior.

The study of power has produced a proliferation of undefined terms. Among them is the concept of *hegemony*, which means different things to different people. It has been used to indicate a virtual monopoly of power. It can refer to a self-appointed right to rule.² And borrowing from the work of Antonio Gramsci, it can mean acceptance by actor B of the right to rule by actor A. In this sense, A's power over B is seen as right and proper, as a suitable expression of values and realities. Domination and subordination thus become legitimate. Widespread acceptance of reality thus justifies asymmetry.³

Variations on this theme have crystallized in the notion of *soft power*. As framed by Joseph Nye, soft power represents the ability to achieve objectives not through threats, payments, or force, but through co-optation and attraction. Attraction, in turn, can lead to acquiescence. “When you can get others to admire your ideals and to want what you want, you do not have to spend as much on sticks and carrots to move them in your direction.”⁴ Or, in Dahlian terms, if you are A and you can narrow the gap between your objectives and what B “would otherwise do,” then you don't have to work so hard. Such benefits come from appreciation and admiration for the society as a whole—for its culture (“from Harvard to Hollywood” plus Michael Jordan), its political values (if it lives up to them), and its foreign policy (if seen as legitimate). The underlying proposition seems self-evident: the more positive the evaluation of a society, the more effective are its claims to leadership.

The Current Context

What about the present time? Are we moving toward a new world order? How might it affect US diplomacy—and policies toward Mexico

and the rest of Latin America? Despite awesome displays of military power in response to 9/11, the US antiterrorist campaign has produced ambiguous results—leaving the nation to confront an uncertain and perplexing future. Scholars, officials, and pundits have in this context produced competing interpretations of the shifting tectonics of international power. Here I focus on four prominent scenarios, taken (more or less) in chronological order of appearance—conceptions of the world as unipolar, multipolar, flat, or pyramidal.

What does this have to do with Mexico? It could be argued that sweeping generalizations of this sort have little if any impact on the conduct of bilateral affairs. After all, it is often said, the US-Mexican connection is utterly unique. It obeys its own dynamics and is consequently divorced from grandiose global schemes. As explained in the volume introduction and in Chapter 3, the relationship has several distinctive features: interdependence, complexity, and asymmetry. The United States is bigger, stronger, and richer than Mexico—and is likely to remain so for the foreseeable future. Bargaining is thus an unequal process.

Asymmetry also means that the United States might give relatively low priority to Mexico, imagining that it could always get (or take) what it wants, while Mexico gives high priority to the United States. But it does not mean that the United States always gets what it wants. Undue pressure can be counterproductive, and US officials sometimes yield ground in some areas in order to protect advantages in others.

Even so, I contend that US policy toward Mexico unfolds within the context of global frameworks and perceived power relationships. During the Cold War, the United States was engaged in worldwide struggle against Soviet expansionism and international communism. Decisionmakers in Washington wanted two things from Mexico: political stability, so as not to require supervision or intervention, and reliable collaboration in the anticommunist crusade. This was part and parcel of a global grand strategy. In exchange for Mexican cooperation, US authorities essentially agreed to overlook antidemocratic features of the PRI regime and, more explicitly, to tolerate independent and anti-US stances in selected areas of foreign policy—such as diplomatic recognition of communist Cuba. If nationalist rhetoric was required to keep a fundamentally pro-US regime in power, that was part and parcel of a grand political bargain. The United States was getting what it wanted.

What about the contemporary era? Are we moving toward a new world order? We now turn to global scenarios in the United States.

The World as Unipolar

The ending of the Cold War led to the widespread view that the United States was and would remain a singular global hegemon.⁵ Often propounded by neoconservative thinkers, this interpretation of US primacy usually stresses three elements. One is the strength of the US economy, which, despite recent crises, remains the largest in the world. Second is the unmatched military power of the United States, derived from high-tech weaponry and massive military spending. Third is its presumed moral superiority, in light of the national commitment to such high-minded values as individual initiative, human rights, and democratic politics. The United States dominates the planet because it has the means and right to do so. The world is unipolar, and so it ought to be.

This idea took explicit shape in 1990, when Charles Krauthammer proclaimed the arrival of a “unipolar moment.” Echoing US triumphalism over the defeat of the Soviet Union, Krauthammer’s opinion seemed almost self-evident: as the victor in the Cold War, the United States stood unchallenged and alone. Who could argue with such a proposition?

The vagaries of the 1990s eventually prompted vigorous debate about the meaning of unipolarity. Suggesting that the world was moving from a hybrid “uni-multipolar” system toward a multipolar one, Samuel P. Huntington propounded a stringent definition: “A unipolar system would have one superpower, no significant major powers, and many minor powers. As a result, the superpower could effectively resolve important international issues alone, and no combination of other states would have the power to prevent it from doing so.” Since the United States was unable to resolve key international issues by itself, Huntington argued, the prevailing system could not be regarded as truly unipolar.⁶

Krauthammer returned to the subject in the aftermath of 9/11, arguing that US primacy represented “the dominance of a single power unlike anything ever seen.” This became all the more apparent in the wake of September 11—through awesome displays of US military power, the recuperative powers and resilience of American society, and the subsequent alignment of all major powers on the side of the United States. Serious threats came only from rogue states with weapons of mass destruction (WMDs), not from other great powers. “The new unilateralism defines American interests far beyond narrow self-defense,” Krauthammer observed. “In particular, it identifies two other major interests, both global: extending the peace by advancing democracy and

preserving the peace by acting as a balancer of last resort.” Overall, the conclusion was inescapable: “The unipolar moment has become the unipolar era.”⁷

Indeed, the hegemonic presumption came to permeate George W. Bush’s foreign policy. Asserting unilateral power, ignoring the United Nations, and relying on a “coalition of the willing,” the president’s team decided to invade Iraq—on ultimately false pretenses—and unleashed years of bloodshed and violence. The Washington community became impervious to protests around the world. Poll after poll of citizens in other countries showed increasing disapproval of US policy and, eventually, disdain for the hypocrisy and imperfections of American society. Wanton displays of “hard power” were leading to sharp declines in “soft power.”⁸

And Mexico?

Such thinking paid scant attention to Mexico. For the most part, unipolar interpretations have focused on US relations with other great powers, especially Russia and China. Mexico appears mainly as an afterthought.

A recent example has come from Robert Kagan, who argues that the United States has exerted an essentially benevolent influence on the world since the end of World War II—promoting democracy, liberal economics, and international peace. A central component of the standing of the United States has been “international acceptance of its power,” a factor leading to de facto hegemony.⁹

Notwithstanding the financial crises that erupted in 2008, the United States remains the most powerful nation in the world, still producing about one-quarter of global gross domestic product (GDP) and outspending the rest of the world on defense. And since other countries have encountered difficulties too, the United States has managed to retain its relative superiority.¹⁰ The United States can and should still lead the world. “In the end,” Kagan writes, “the decision is in the hands of the Americans. Decline, as Charles Krauthammer has observed, is a choice. It is not an inevitable fate—at least not yet.”¹¹

Kagan never once refers to Mexico, and he barely mentions Latin America. Politics seems to be reserved for the big boys only. Emerging nations, developing nations, third-world nations—whatever you want to call them—do not shape the world order. They are policy takers not makers. They have to accept the outcomes of higher-level struggles and maneuverings.

There is an implicit corollary here. As the weaker neighbor of a hegemonic power, Mexico would have to abide by the dictates of the Colossus of the North—or pay an exorbitant price. This became apparent in the months after the terrorist attacks on New York and Washington and prior to the invasion of Iraq, as the Bush administration abruptly dropped its plans for migration reform, took umbrage with what was perceived as Vicente Fox’s tardy expression of sympathy over 9/11, and demanded the removal of Mexico’s ambassador to the United Nations. As though by a law of nature, US preferences could and should prevail.

A more nuanced interpretation of unipolarity emerges from the recent work of Zbigniew Brzezinski, a widely respected academic and former national security adviser. Despite a visible shift of power from the West toward the East, from the Atlantic to the Pacific, Brzezinski asserts that “America’s role in the world will continue to be essential in the years to come. Indeed, the ongoing changes in the distribution of global power and mounting global strife make it all the more imperative that America not retreat into an ignorant garrison-state mentality or wallow in self-righteous cultural hedonism.” “America is still peerless,” he says, although it must rise to meet a range of challenges, domestic and international. Like Kagan, he concludes that it is a matter of national will: “The key to America’s future is thus in the hands of the American people.”¹²

In contrast to Kagan and others, Brzezinski stresses the importance of geographic location as a major asset for the United States. By this he means not only its “splendid isolation” from turbulence on other continents, but also the presence of a “good neighborhood”—marked by peaceful and cooperative relations with Canada and Mexico. Tranquility within the neighborhood thus enables the United States to project and sustain its power in other parts of the world.¹³

This insight provokes an extended meditation by Brzezinski on US relations with Mexico. With evident concern, he focuses on the likely consequences for Mexico of a serious decline in US power:

A waning partnership between America and Mexico could precipitate regional and even international realignments. A reduction in Mexico’s democratic values, its economic power, and its political stability coupled with the dangers of drug cartel expansion would limit Mexico’s ability to become a regional leader with a proactive and positive agenda. This, in the end, could be the ultimate impact of American decline: a weaker, less stable, less economically viable and more anti-American Mexico unable to constructively compete with Brazil for cooperative regional leadership or to help promote stability in Central America.¹⁴

Alternatively, one might have speculated on reverse cause and effect: the impact on the United States of Mexican decline, especially a descent into state failure. Even so, Brzezinski makes a fundamental point: Mexico provides a significant pillar for US power and it therefore deserves concomitant attention from policymakers.

Mexico Beware!

Debates about US “decline” and the changing world order have provoked a hyperbolic response from Thomas Barnett, a shrill and voluble voice in the America-first contingent of the national security community. Referring to skeptics of both left and right, he presents his thesis in colloquial terms: “Lately, we are being told that this is no longer our world. America is in decline, and the rest of the world has caught up to us. Wars may be won, but the peace belongs to others—we just have to get used to it. . . . [Yet] this is *still* America’s world, and if we have the will to step up to the plate, we can make things right—right now.” Indeed, the process of globalization testifies to the political and moral virtuosity of the United States. “This is a world of our making,” he declares; it is “fundamentally our design—a template of networks spreading, economies integrating, and states uniting. It’s so damn competitive merely because that’s our natural habitat; we don’t know how to make it any other way.” In effect, the rest of the world is finally beginning to emulate and incorporate the successful US model. “The United States isn’t coming to a bad end but a good beginning—our American System successfully projected upon the world.”¹⁵

Throughout most of the analysis, Barnett makes only passing reference to Mexico (as, for example, a lower-tier member of the G20, and as a source of petroleum). But as he contemplates the future, Barnett makes an absolutely stunning assertion: the United States should expand its territorial domain to include “fifteen to twenty” more states, mostly at the expense of Mexico. While the European Union continually expands its membership, the United States stands still:

That the EU can add stars while our flag remains fixed at fifty is a sad reflection of our continued Cold War tendency to favor the status quo over system expansion, and to presume our world order is defined in political-military terms instead of economic liberty. Mexico has provided us with numerous new states in the past and it should do so in the future. The economic merger was forged with NAFTA; we simply refuse to admit the logic of complete acquisition. Would the price be too steep? If you want to keep the “old” America from becoming too

Hispanic, you'd better think about extending the "new" America farther southward, because global warming is going to exacerbate the northward flow beyond past expectations of sustainability, so we either pay soon or pay later.¹⁶

The facts and the logic of Barnett's position seem utterly preposterous. The EU is an association of sovereign states, not a single nation; NAFTA does not provide any sort of blueprint for acquisition; it is unclear why or how the "old" America would protect itself from Hispanic influence by extending its borders southward; the reference to global warming (as a cause of northward migration?) is completely baffling; and he provides no plausible comparison of costs to be paid sooner rather than "later."

Still, the proposal stands in all its clarity. In the long run, Mexico as a sovereign nation does little to serve US national interests; as an opportunity for territorial and demographic expansion, however, Mexico provides a potential means for US empowerment. If this is what he means by "the American System," let Mexicans beware!¹⁷

The World as Multipolar

An alternative scenario posits the emergence of a multipolar world, an arrangement based on the existence (and coexistence) of independent and competitive bastions of power. Widely discussed during the 1990s, this view was temporarily eclipsed by the unilateralist tone of US policy after 9/11. Recent developments have testified to its continuing relevance, however, especially in light of shifting power alignments in the wake of the Bush administration's "global war on terror."

The most articulate expression of this scenario has come from none other than Henry Kissinger, in his magisterial (and controversial) book *Diplomacy*. Writing in the early 1990s, just as other pundits were triumphantly proclaiming "the end of history" and near-permanent hegemony for the United States, Kissinger took note of emerging challenges to US economic supremacy and predicted an eventual decline in US military preeminence:

The international system of the twenty-first century will be marked by a seeming contradiction: on the one hand, fragmentation; on the other, growing globalization. On the level of relations among states, the new order will be more like the European state system of the eighteenth and nineteenth centuries than the rigid patterns of the Cold War. It will con-

sist of at least six major powers—the United States, Europe, China, Japan, Russia, and probably India—as well as a multiplicity of medium-sized and smaller countries.¹⁸

One senses here a trace of nostalgia: not only a prediction that multipolarity would in fact emerge, but also an underlying hope that this would come about.

Ever the realist, Kissinger explained the workings of a multipolar system with dispassionate clarity. Its principal goal was to preserve an acceptable distribution of power among competing states; its method was not the prevention of conflict or war but the preservation of balance, stability, and moderation. The system prevailed in Europe prior to World War I and was subsequently displaced by the bipolar US-Soviet competition of the Cold War. By the 1990s, however, it was poised to make a comeback.

As Kissinger made clear, multipolarity would pose a significant challenge to American society and its political establishment. “What *is* new about the emerging world order is that, for the first time, the United States can neither withdraw from the world nor dominate it. . . . One of the new necessities is that a world comprising several states of comparable strength must base its order on some concept of equilibrium—an idea with which the United States has never felt comfortable.”¹⁹ The forging of US foreign policy in a multipolar world would require unusual acumen, flexibility, understanding, and, ultimately, a revision of national mythology.

The Mexican Connection

Never regarded as a champion of third-world interests, Kissinger offered a remarkably upbeat prediction for Latin America, Mexico, and the hemispheric future. Together with NAFTA, the Enterprise Initiative for the Americas of George H. W. Bush represented to Kissinger

the most innovative American policy toward Latin America in history. After a series of ups and downs, the Western Hemisphere seems on the verge of turning into a key element of a new and humane global order. A group of democratic nations has pledged itself to popular governments, market economies, and hemisphere-wide free trade [except Cuba]. . . . Emphasizing reciprocal obligations and cooperative action, the ultimate and dramatic goal is the creation of a free-trade area from Alaska to Cape Horn—a concept that, a short time ago, would have been considered hopelessly utopian.

Kissinger went on to spell out the geopolitical advantages of hemispheric solidarity in a multipolar world:

A Western Hemisphere free-trade system—with NAFTA as the initial step—would give the Americas a commanding role no matter what happens. If the principles of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiated in 1993 in fact prevail, the Western Hemisphere will be a major participant in global economic growth. If discriminatory regional groupings predominate, the Western Hemisphere, with its vast market, will be able to compete effectively with other regional trading blocs; indeed, *NAFTA is the most effective means to forestall such a contest or to prevail in it should it occur*. By offering associate membership to nations outside the Western Hemisphere that are prepared to observe its principles, an expanded NAFTA could create incentives to abide by free trade and penalize nations insisting on more restrictive rules. In a world where America is often obliged to strike a balance between its values and its necessities, it has discovered that its ideals and its geopolitical objectives mesh substantially in the Western Hemisphere, where its aspirations originated and its first major foreign policy initiatives were conducted [emphasis added].²⁰

As a founding member of NAFTA, Mexico would naturally become a key partner for the United States. In particular, its willingness to expand NAFTA to include other countries—even from outside the hemisphere—would provide a critical element in the creation and expansion of an economic and political bloc under US leadership. And this, in turn, would strengthen the US hand in dealing with competing power blocs around the globe.

The multipolar vision thus gives considerable priority and place to Mexico. If, and as, the United States confronted rival blocs throughout the world—especially in Europe and Asia—Mexico would become an indispensable regional partner. It would strengthen the US hand in dealing with other blocs and could help pave the way toward the creation of a hemispheric grouping. In a multipolar world, Mexico would offer a key component of US grand strategy.

But as Robert Kagan has argued, multipolarity might not prove to be a garden party. If the competition were purely geoeconomic, it might be peaceful enough; but if it were geopolitical, it might lead to violent conflict between powerful blocs. At least two of the great powers, China and Russia, have autocratic leadership—and expansionist tendencies. Control of the seas (and of space) could become theaters of war. Observing the contemporary presence of peace, Kagan notes: “The

great powers today act in a restrained fashion not because they are inherently restrained but because their ambitions are checked by a still-dominant United States.” Parity is not a guarantor of peace. The key is US hegemony. “International order is not an evolution,” in Kagan’s words; “it is an imposition.”²¹

The World as Flat

A currently popular view, most cogently presented by Thomas Friedman of the *New York Times*, is that the world is becoming “flat.” In other words, the forces of globalization have tended to level the playing field, especially in the economic arena, and this has revised prevailing structures of competition and power. In Friedman’s words,

It is now possible for more people than ever to collaborate and compete in real time with more other people on more different kinds of work from more different corners of the planet and on a more equal footing than at any previous time in the history of the world—using computers, e-mail, fiber-optic networks, teleconferencing, and dynamic new software. . . . The playing field is not being leveled only in ways that draw in and superempower a whole new group of innovators. It’s being leveled in a way that draws in and superempowers a whole new group of angry, frustrated, and humiliated men and women.²²

This is essentially a geoeconomic argument.

This process has come about as a result of forces ranging from the end of the Cold War to the emergence of the Internet to economic outsourcing, offshoring, and the creation of transnational supply chains. Around the turn of the twenty-first century, Friedman writes, this collection of factors “started to converge and work together in ways that created a new, flatter, global playing field. . . . The merger of this new playing field for doing business with new ways of doing business was the second convergence, and it actually helped to flatten the world even further. Finally . . . a whole new group of people, several billion, in fact, walked out onto the playing field from China, India, and the former Soviet Empire.”²³ In particular, this last development has led to unprecedented empowerment for non-Western, nonwhite peoples.

Despite its inexorable (and ultimately desirable) qualities, geoeconomic globalization has created and accentuated glaring inequalities. While half the world is becoming “flat,” in Friedman’s idiom, the other half is not: this is the world of failed states, failed regions, and failed

A Post-American World?

Still another view of the emerging global arena has come from Fareed Zakaria, the noted author, columnist, and television personality who has posited the idea of a “post-American world.” Following the lead of his mentor, Samuel Huntington, Zakaria described the current system as “uni-multipolarity”—one having multiple significant powers but only one superpower:

The United States remains by far the most powerful country but in a world with several other important great powers and with greater assertiveness and activity from all actors. This hybrid international system—more democratic, more dynamic, more open, more connected—is one we are likely to live with for several decades. It is easier to define what it is not than what it is, easier to describe the era that it is moving away from than the era it is moving toward—hence *the post-American world*.

The United States occupies the top spot in the emerging system, but it is also the country that is most challenged by the new order. Most other powers will see their role in the world expand. That process is already underway. China and India are becoming bigger players in their neighborhoods and beyond. Russia has ended its post-Soviet accommodation and is becoming more forceful, even aggressive. Japan, though not a rising power, is now more willing to voice its views and positions to its neighbors. Europe acts on matters of trade and economics with immense strength and purpose. Brazil and Mexico are becoming more vocal on Latin American issues. South Africa has positioned itself as a leader of the African continent. All these countries are taking up more space in the international arena than they did before.

Source: Fareed Zakaria, *The Post-American World* (New York: W.W. Norton, 2008), 43–44.

economies. Even more dangerous is the borderline area between these two worlds, a zone of excessively “disempowered” and angry people who express their rage through ideological critiques of globalization and, more fatefully, through participation in terrorist movements.²⁴

In consequence, the process of flattening presents a two-part challenge to the United States. One is economic and educational: the United

States must prepare itself (and its workforce) to meet new forms and sources of competition in the global marketplace. Countries like India and China are in fact poised to overcome US superiority in information technology. Second, the disparities resulting from uneven globalization give rise to political threats, especially in the form of antiglobalization ideologies and terrorist movements.

Mexico Passé

Friedman's analysis poses dire implications for Mexico, especially in comparison with China. In the early 1990s, says Friedman, Mexico seemed perfectly positioned to thrive in a flattening world economy. It enjoyed three key advantages: proximity to the United States, membership in NAFTA, and a substantial supply of petroleum. But China had better intangibles, including a more coherent economic policy, a more efficient government bureaucracy, and a more responsive educational system. By 2003 China replaced Mexico as the number two exporter to the United States.

The key issue here was not democracy versus authoritarianism, but the quality of leadership. According to Luis Rubio, "What NAFTA accomplished was to get Mexicans to think forward and outward instead of inward and backward. [But] NAFTA was seen [by its architects] as an end more than a beginning. It was seen as the conclusion of a process of political and economic reforms." Added Friedman, "Mexico got itself on the right track with reform wholesale, but then, for a lot of tangible and intangible reasons, it just sat there and reform retail stalled. The more Mexico just sits there, the more it is going to get run over."²⁵

The implication is self-evident. While Mexico has squandered its advantages, the United States can find more willing and capable economic partners in other regions of the globe. Flattening has diminished the relative importance of territorial proximity. The flatter the world, the less important Mexico becomes to the United States.

The World as Pyramid

A notably nuanced conception of the emerging world order has come from Leslie Gelb, the recently retired president of the Council on Foreign Relations and former columnist for the *New York Times*. The central goal of his book *Power Rules* is "to put power back into American power, to fit it to twenty-first-century realities and thus make it effective again . . . to restore

common sense to the exercise of that power and the making of American foreign policy.” Along the way, Gelb abruptly dismisses competing notions about the world order—the world-is-flat thesis of Thomas Friedman, the triumphalist claims of Thomas Barnett, even the “post-American” viewpoint of Fareed Zakaria. Instead, he says, “Today’s world is neither flat nor nonpolar, but pyramidal: The United States stands alone at the pinnacle, with formidable and unique global powers of leadership, but not the power to dominate. Stacked below are many tiers of states.” A second level includes China, Japan, India, Russia, the United Kingdom, France, Germany, and, “just barely,” Brazil. These states together comprise “the Eight Principals, or simply The Eight. If Washington is the sole leader, they are the principals or managing directors of the global realm. . . . In many respects, they are more regional than global powers. But each possesses enough power to provide essential support to joint efforts by the United States and to block or seriously impede action by Washington.”²⁶

Lower tiers play lesser roles. A third layer includes leading oil-and-gas-producing states (from Saudi Arabia to Venezuela and Nigeria), which Gelb describes as “Enablers, helping to make things happen at home or abroad.” A fourth stratum consists of midlevel states “with mostly localized potential as Regional Players,” including Mexico along with Nigeria, South Africa, Pakistan, South Korea, and Taiwan. Still lower are the “Responsibles”—as many as fifty states (such as Chile) that “can mostly care for themselves and tend to their own needs, but don’t cut a lot of ice with the major powers. They generally neither make nor submit to demands.” Beneath them are “the Bottom Dwellers or Problem States,” perhaps seventy-five nation-states that suffer varying degrees of political and economic disarray. Finally, as a separate category, there are the nonstate actors such as nongovernmental organizations (NGOs), international media, and international business.

Given this situation, Gelb presents a straightforward proposal: governance of the world order should emerge from cooperation between Washington and The Eight. The United States may not be dominant, he says, but it is “indispensable.” With approval, he quotes Madeleine Albright: “We are the indispensable nation. We stand tall. We see further into the future.” The Eight also are indispensable. This condition of mutual indispensability thus requires “creating power coalitions of key countries to solve key problems that could not be solved or managed by any other means.”²⁷

Countries beneath The Eight play subordinate roles. Oil states serve as Enablers, and Regional Players operate effectively only in local arenas. Below them are essentially self-protecting spectator nations or hapless sources of permanent trouble.

Perils of Flattening

The world can become flatter in one of two ways: either weaker countries gain ground on the stronger ones, or the stronger ones lose some of their power. As though to extend his general thesis, Friedman has pondered an imminent decline of US hegemony:

In recent years, I have often said to European friends: So, you didn't like a world of too much American power? See how you like a world of too little American power—because it is coming to a theater near you. Yes, America has gone from being the supreme victor of World War II, with guns and butter for all, to one of two superpowers during the cold war, to the indispensable nation after winning the cold war, to “The Frugal Superpower” of today. Get used to it. That's our new nickname. American pacifists need not worry about any more “wars of choice.” We're not doing that again. We can't afford to invade Grenada today.

The key problem, according to Friedman, is the growing indebtedness of the US economy:

When the world's only superpower gets weighted down with this much debt—to itself and other nations—everyone will feel it. How? Hard to predict. But all I know is that the most unique and important feature of American foreign policy over the past century has been the degree to which American diplomats and naval, air and ground forces provided global public goods—from open seas to open trade and from containment to counterterrorism—that benefited many others besides us. U.S. power has been the key force maintaining global stability, and providing global governance, for the past 70 years. That role will not disappear, but it will almost certainly shrink.

Source: Thomas L. Friedman, “Superbroke, Superfrugal, Superpower?” *New York Times*, September 5, 2010.

Middling Mexico

Gelb thus presents a hierarchical conception of the contemporary world. In our perspective, one detail is telling: Mexico is barely mentioned anywhere. There is no suggestion that Mexico is especially important to the United States, or that the bilateral relationship is somehow “special,” or

that collaboration between Mexico City and Washington could be vital to the hemisphere. Indeed, cooperation with Brazil (one of The Eight) would make more sense than cultivation of a unique alliance with Mexico. Mexico is simply not high enough in the pyramid of power to deserve top-level attention.

In summary, the contemporary array of US worldviews leads to an unexpected conclusion. Among prevailing scenarios, *the multipolar vision gives the greatest emphasis and importance to Mexico and US-Mexican relations*. With the exception of Brzezinski, most of the alternative conceptions—of worlds that are flat, unipolar, or pyramidal—give precious little attention to Mexico and to the bilateral relationship. Implicitly or explicitly, other analyses regard Mexico as insufficiently powerful to serve as a valued ally of the United States; even as a neighbor, Mexico has become increasingly dispensable.

Views from Mexico: A Nationalist Perspective

The world looks different from Mexico. One notably articulate statement of the Mexican outlook has come from Lorenzo Meyer, a distinguished historian and public intellectual with a decidedly progressive stance.²⁸ Areas outside the Western Hemisphere are not matters of central concern, Meyer has written. Instead, the principal focus concentrates on the United States. “From a political, military, economic or demographic perspective, the United States is equivalent to the world for Mexico.” Seen from below the Río Bravo, the world is unipolar.

From this standpoint, US preeminence is likely to continue well into the foreseeable future, “regardless of possible alterations in the U.S. power position in the international system.” The rise or decline of BRIC nations (Brazil, Russia, India, and China) has little meaning for Mexico. The world at large might be changing shape, becoming flat or multipolar or whatever, but that does not affect the US-Mexican relationship.

The dominant factor is asymmetry—that is, differentials in levels of power. Even more grating to Mexicans is the widespread US presumption that this asymmetry reflects moral superiority. “Under these conditions,” Meyer observes, “cooperation between unequal partners is difficult and Mexican attitudes of defensiveness and mistrust are understandable. Conflict and tension between the two neighbors are natural and inevitable.”

This reality shapes Mexican views of the world. According to a recent survey, as Meyer reports, citizens of Mexico “have lost interest in the world. Instead the dominant tendencies are inward focus on the self

(*ensimismamiento*), pessimism, and lack of confidence, especially in regard to the relationship to the United States.” Respondents show approval and admiration for nations of Europe and Asia, but do not see them as a serious counterpoise to the United States. The atmosphere is one of resignation. This lack of interest is regrettable: “[T]he evolution of the global role of the great power should be of great interest to Mexico. In practice, however, this theme attracts little interest from Mexican elites or from the general public.”

Nationalist interpretations rely on history for evidence. Over the past two hundred years, in Meyer’s account, a key question for Mexican leadership has been how to deal with the United States. Early in the nineteenth century, conservatives sought to counterbalance US aggressiveness through ties to Europe (which led them to import a European monarch). Liberals placed their hopes in closer ties to the United States, but with strings attached: in subsequent decades, Porfirio Díaz, originally a liberal, managed to neutralize US power by encouraging British investment. After the Mexican Revolution (1910–1920), what became a “grand strategy” relied on the principle of nonintervention, while revolutionary nationalism exerted pressure to regain control of the national patrimony from foreign interests—land, banking, railroads, and petroleum. By the late 1930s, Mexico had made considerable advances in this area.²⁹

After World War II, Mexican leaders hoped to transform the military alliance with the United States into a permanent relationship based on the Good Neighbor policy, especially the idea of nonintervention, but this proved to be impossible. US insistence on rigid opposition to (sometimes imaginary) threats from international communism or the Soviet Union established the defining framework for the Cold War period. It also led to flashpoints of tension—especially over US attempts to overthrow the Cuban Revolution, as well as interference in Guatemala, the Dominican Republic, and Central America. In keeping with the postrevolutionary ideology of nationalism, continues Meyer, Mexico opposed these actions as blatant violations of the norms of nonintervention. For the sake of self-protection, however, Mexico often made tactical concessions to US demands.³⁰

Subsequent leaders attempted to assert international status for Mexico as a “midlevel power,” largely as the result of large-scale petroleum discoveries in the mid-1970s. (“There are two kinds of countries in the world,” crowed President José López Portillo at one point, “Those that have oil and those that don’t. We have it.”) The petroleum windfall led to massive borrowing, which later provoked a crushing debt crisis in the 1980s. The nation suffered mightily throughout the “lost decade.”

Seeking a path to economic recovery, Carlos Salinas decided to embrace the neoliberal reform program enshrined in the Washington Consensus—opening trade, privatizing state-owned assets, reducing the role of the state. NAFTA formed the capstone of this policy. For Mexico, in Meyer’s words, the agreement represented “a historic, fundamental change in the national project. Internally, it signified abandonment of the remaining shreds of revolutionary nationalism. Externally, it defined Mexico’s national interest not as upholding interdependence and distance from the United States, but as seeking the national future through systematic integration with the American economy.” Given the weight of this transaction, NAFTA became the principal project of the Salinas presidency “and everything else was subordinated to its achievement.”³¹

Mexico’s gradual process of political liberalization eventually led to the democratic election in 2000 of Vicente Fox, a *panista* conservative (representing the National Action Party, or PAN) who sought to strengthen relations with the United States. Partly toward this end, the Fox administration criticized human rights violations in Cuba and distanced itself from the incendiary rhetoric of Hugo Chávez in Venezuela. The hope was that, in return for these gestures, a grateful George W. Bush administration would respond constructively to Mexican proposals for immigration reform. These expectations were dashed in the wake of the 9/11 terrorist attacks, especially since Mexico failed to express the desired degree of international solidarity.³² The once-congenial personal relationship between Bush and Fox suddenly cooled and US foreign policy turned its attention to the “global war on terror.” Things later took a turn for the worse in 2003 when Mexico refused to endorse US demands in the UN Security Council for support for an invasion of Iraq. The relationship then went on hold.

Elected to the presidency in 2006, Felipe Calderón of the PAN took advantage of linkages with Washington, especially in the war against drug trafficking. One hypothetical option might have been a variation on Plan Colombia, permitting a US military presence in exchange for large-scale aid, though in Meyer’s estimation such a policy would have been unacceptable to opposition political parties (both the Institutional Revolutionary Party [PRI] and the Party of the Democratic Revolution [PRD]) and to the Mexican public. Instead the country sought the 2007 Mérida Initiative, a multiyear commitment of US equipment and training for Mexico’s fight against drugs. Essentially his own proposal, Calderón justified the project on the basis of US responsibility for the consumption of illicit drugs and for the sale of weapons to organized criminal groups.

For Lorenzo Meyer, historical perspective thus yields an unmistakable truth: the presence and power of the United States have presented persisting challenges to Mexico's political leadership. For nearly two centuries, the protection of sovereignty, independence, and autonomy has formed a central pillar in the nation's foreign policy—for governments of center, right, and left. While Mexico has been preoccupied with the United States, however, US governments have focused only intermittently on Mexico. Paradoxically enough, as Andrew Selee and Alberto Díaz-Cayeros point out in Chapter 3, this imbalance has given room for maneuver to Mexico, which has managed to offset part of the prevailing "asymmetry of power" with its corresponding "asymmetry of attention." While the United States remains distracted by events around the world, Mexico can seek opportunities to promote its national interests on the bilateral agenda.

Even so, in Meyer's view, Mexican democracy under the PAN did not manage to unify the nation, reform the state, or achieve its long-term goals. In dealings with the United States, the nation has been hampered by political polarization and paralysis. Mexico finds itself in a bind: it needs the United States but also resents the United States. Ingrained distrust stems from bitter memories of US-Mexican conflicts since the attainment of independence.

To forge a viable "grand strategy" toward the United States, according to this analysis, Mexico needs a strong political consensus. In Meyer's view, the prospects are discouraging:

The current inability of Mexico's elites to reach agreement on the rules of the political game and on the means for promoting national development, together with the weakness of the economy and the exponential growth of violence and insecurity, have produced a situation in which Mexican foreign policy does not display the energy, the quality, and the clarity that it had in the past. Mexico today lacks the kind of clear and widely supported ideas that would be necessary for designing a long-term policy toward the United States and the world at large. The most that can be hoped for is to manage the existing relationship in such a way as to avoid crises that might endanger precarious institutional arrangements and obtain Washington's support for dealing with immediate and urgent problems, such as the fight against organized crime.³³

In short, Mexico needs to reinvent itself. It needs to regain strength, confidence, and unity of purpose. Until then, its relationship with the United States will remain ambiguous, contradictory, and beholden to asymmetries of power.

Views from Mexico: Pragmatism and Promise

This is not the only view in Mexico. An upbeat position has been articulated by Héctor Aguilar Camín and Jorge Castañeda, prominent intellectuals who joined forces to write of “a future for Mexico.”³⁴ Looking ahead to the 2012 election, they declared that the time had come for Mexican society to make a choice, to redefine the national narrative, and to forge a new path for development. “Mexico is a prisoner of its past,” they began, despite the onset of democratization and economic change. “It is a country, one might say, with too much past and not enough future.”

In broad-brush terms, the authors stress the need for a social compact with several core goals: the stimulation of economic growth, the promotion of human rights and social equity, the strengthening of democratic institutions, and, finally, for Mexico “to decide what place it wants to occupy in the world.” More specifically, they continued, “it is time to choose between North America and Latin America.” Mexico might have its heart in Latin America, but “its wallet, its head, and nearly one-tenth its population are in North America.” Sympathetic affinity with Latin America reflects sentimental attachments to language, culture, and history—rather than economic interests or demographic realities, what they call “the human density of the relationship.”

Aguilar Camín and Castañeda propose a bold solution: “an economic union with North America, one that includes everything left out of NAFTA—migration, energy, infrastructure, supranational institutions, funds for social cohesion, economic convergence—in the long run, a common currency—and the indispensable issue of the present era, regional security.” The presumptive model, of course, would be the European Union.³⁵ Whether or not such a plan is adopted, it should become a central theme in national debates. Mexicans should have used the 2012 campaign not only to select its leaders but also to define its future.

As of this writing, the proposal faces harsh realities. One is the disenchantment and disarray that has besieged the European Union over the past year or two, as economic crises in Greece and Italy (and Portugal and Spain) threaten to unravel the entire scheme. Another is the economic predicament of the United States, which seems unlikely to embrace large-scale experiments.

Ultimately, prospects for formal regional integration would depend very largely on US perceptions of the world—and in particular, on *the extent to which US leaders see the world as multipolar*. As sketched out earlier, most of the other conceptions of global power—unipolar, flat, or pyramidal—do not accord special attention to Mexico. One might argue

that Mexico deserves higher standing in a pyramidal world order than it receives from Leslie Gelb, but that does not change the fundamental points: (1) the feasibility of a North American union depends on the worldview that prevails in the United States, (2) the idea of a multipolar distribution of power is the most propitious to this kind of an enterprise, and (3) the American public and US leaders are far from being in agreement on the nature of the world order. Mexico might choose to debate such a plan, but that does not mean that the United States will be willing to accept it.³⁶

Conclusion

This study yields several conclusions. The first, and most obvious, is that the United States and Mexico hold strikingly different views of the world order. US debates cover a range of alternative notions—unipolar, flat, multipolar, and pyramidal—while the prevailing opinion in Mexico inclines toward a *de facto* unipolar vision. Most US interpretations of the world ascribe very modest, if any, geopolitical roles to Mexico, while Mexico sees the United States as an unchallenged superpower. As a result, Mexico generally occupies a midlevel position in the US scale of priorities, while the United States stands at the pinnacle of Mexican priorities. Understandably enough, this contrast has frequently led to misunderstanding, miscommunication, and wringing of hands. It does not derive, however, from relative levels of wisdom, benevolence, or nobility of spirit; it stems from differential positions in and views of the world. It is a reflection of asymmetry.

Second, these differences have led to lost opportunities. On many occasions, the United States might have achieved more than it did if it had paid more attention to Mexico—listened respectfully to Mexican concerns, pondered alternative policies, and searched for positive-sum solutions. And ironically, Mexico might have achieved more on occasion if it had paid less attention to the United States—that is, if it had paid more attention to the rest of the world (not only Latin America, but other areas as well). The recent emergence of China and Brazil poses delicate problems for Mexico, and the nation can ill afford to ignore that new reality. Mexico has significant roles and responsibilities in the international arena, notwithstanding its middling position, and it is important to discharge them to maximum advantage.

Third, uncertainty prevails in both Mexico and the United States. In a highly polarized political environment, US officials and opinion-makers

have yet to forge a shared vision of the world order. And Mexico, still in the early stages of its experience with democracy, has yet to rebuild a strategic sense of national purpose. Internally as well as externally, both societies find themselves in states of flux. Neither nation now seems prepared to forge a “grand strategy” for foreign policy in general or for the bilateral relationship.

Until such questions are resolved, the bilateral relationship will be governed by inconsistency and fragmentation. In the United States, bureaucratic inertia, political demands, and subnational interests will likely prevail in differing domains of policy. As intermestic issues arise, they will provoke narrow-minded responses and reactions.³⁷ And so long as foreign policy remains a presidential prerogative in Mexico, as explained in Chapter 4, its policy toward the United States will be subject to significant alteration with every change of *sexenio* (the six-year presidential term of office). In democratic settings, effective and durable foreign policy requires the support of citizens and their representatives. In the meantime, the best that can be hoped for is that Mexico and the United States will muddle through. It is hard to get where you want to go without a road map.

Notes

1. Dahl, “Concept of Power.”
2. Lowenthal, “United States and Latin America.”
3. See my *Talons of the Eagle*, introduction.
4. Nye, *Soft Power*, x. Nye first coined the term in 1990.
5. See Fukuyama, “The End of History?”
6. Huntington, “The Lonely Superpower.” In a forceful rejoinder to Huntington, Stephen G. Brooks and William C. Wohlforth maintained, in “American Primacy in Perspective,” that “if today’s primacy does not constitute unipolarity, then nothing ever will.”
7. Krauthammer, “Unipolar Moment Revisited.”
8. See Nye, *Soft Power*.
9. Kagan, *World America Made*, 44–68.
10. For an upbeat view of the US economic recovery, see Daniel Gross, “Listen, the U.S. Is Better, Stronger, and Faster Than Anywhere Else in the World,” *Newsweek*, May 7, 2012, 22–27. “The U.S. is losing primacy in geopolitics,” according to Gross, “but it remains the indispensable economic nation.”
11. Kagan, *World America Made*, 134.
12. Brzezinski, *Strategic Vision*, 2, 21, 121.
13. *Ibid.*, 102–109.

14. *Ibid.*, 108.
15. Barnett, *Great Powers*, 1, 4.
16. *Ibid.*, 374.
17. Amazingly enough, Barnett is not alone in this view. Forecasts of military conflict that could conclude with Mexico's absorption into the United States include George Friedman, *Next 100 Years*, chap. 13, and Weinberger and Schweizer, *Next War*, pt. 3, 163–213.
18. Kissinger, *Diplomacy*, 23–24.
19. *Ibid.*, 19.
20. *Ibid.*, 832.
21. Kagan, *World America Made*, 85, 97.
22. Thomas L. Friedman, *World Is Flat*, 8.
23. *Ibid.*, 200–232.
24. *Ibid.*, 547–555.
25. *Ibid.*, 33.
26. Gelb, *Power Rules*, xiii, xiv, 76. A somewhat similar picture of upper echelons of the international hierarchy appears in Brzezinski, *Strategic Vision*, 23–24.
27. Gelb, *Power Rules*, 113–114, 117.
28. This section is drawn from Lorenzo Meyer, "México–Estados Unidos: Vecinos ya no distantes pero sí recelosos" (paper presented at the July 2009 workshop on US-Mexican relations, University of California–San Diego). See also his essay "La desvanecida ruta de la ambición nacional," chap. 1, 45–62.
29. Meyer, *Las raíces del nacionalismo petrolero en México*, 255–260.
30. On the Cold War, see Mario Ojeda, *Alcances y límites de la política exterior de México; México y Cuba revolucionaria; México: El surgimiento de una política exterior activa*; and, coauthored with René Herrera, *La política de México hacia Centroamérica*.
31. Ojeda, *México y Cuba revolucionaria*, 160.
32. Davidow, *U.S. and Mexico*, published in Spanish by Grijalbo in 2003.
33. Meyer, "México–Estados Unidos: Vecinos ya no distantes pero sí recelosos."
34. Aguilar Camín and Castañeda, "Un futuro para México." See also a book-length version with the same title.
35. For a more modest (and long-term) proposal, see Pastor, *North American Idea*.
36. Implicitly, the Castañeda–Aguilar Camín thesis appears to endorse, or at least accept, Lorenzo Meyer's notion that the world is essentially unipolar from a Mexican point of view, since the fact of US primacy would be the principal justification for pursuing closer integration.
37. Drezner, "Does Obama Have a Grand Strategy?"

3

The Dynamics of US-Mexican Relations

Andrew Selee and Alberto Díaz-Cayeros

In 2009 the largest US-based automobile company, General Motors, went bankrupt. Ripples were felt in Mexico as thousands of workers were laid off in the car and part industries. This sector, a symbol of successful integration into North American markets, was the hardest hit by the global recession, precisely for reasons related to the profound connection of Mexican manufacturing with US firms. US and Mexican financial officials consulted on how to handle GM, and the presidents touched on this twice when they met. The final decisions were made by the US government, which eventually opted to take majority ownership. However, the remarkable feature is that the restructuring took place without recriminations from Mexico and with a degree of cooperative dialogue between the two countries that would have been unimaginable twenty years ago. The restructured GM eventually paid the US and Canadian governments more than \$2 billion from their bailout, far in advance of the due date, and reinvested in assembly plants in Detroit and Kansas. The Mexican car industry suffered a slump, but it gradually recovered employment and activity.

This incident points to three underlying truths about the US-Mexico relationship. First, this is one of the most *interdependent* international relationships in the world. The automobile industry is almost seamlessly integrated between the two countries and Canada. Such integration is characteristic of several other industries. Trade between Mexico and the United States has quintupled since 1990, reaching \$305 billion per year and accounting for 12 percent of US exports, second only to Canada, and comprising 81 percent of Mexico's exports.¹ Such trade intensity is clearly pre-

dicted by gravity models of international trade, where geographic proximity provides a good measure of the potential for commercial exchange between countries. Yet this increase obscures the truly surprising fact that there used to be so little trade between the two nations, notwithstanding their common border. In addition to trade in goods and services, US sources account for over 40 percent of all foreign direct investment in Mexico.² While the inverse is less common, several Mexican companies have recently acquired US businesses and have become industry leaders in the United States in bread, tortillas, and baked goods; milk and dairy production; and cement.

There is also substantial evidence that the two countries are developing a de facto interdependent labor market, even if laws do not formalize this trend. This has built demographic ties far beyond what existed three decades ago and is transforming the cultural character of both societies. Today almost one in ten people in the United States is of Mexican descent, while one in ten Mexicans lives in the United States. In addition, more than 90 million people live in the four US and six Mexican states that comprise the border region, including 15 million in cities and counties along the border itself. Within the border region, common environmental concerns around water, air quality, and wildlife require constant bilateral management. Such intense interaction among people straddling the border has also generated a distinctive and rich cultural manifestation. The almost two-thousand-mile border, the longest between a developed and a developing country anywhere in the world, has also become the preferred crossing point for illegal narcotics from Mexico and South America on their way to consumers in the United States and for billions of dollars heading back south, presenting shared health and public security challenges to both countries.

Not only is the relationship interdependent, but it is highly *complex*. In the case of General Motors, a single business with major suppliers in both countries, not the federal governments, was the central actor in the unfolding drama that affected thousands of workers on both sides of the border. To the extent that public officials tried to manage the fallout, it was the Treasury departments of both countries that took the lead in the policy discussions, rather than the US State Department and Mexico's Secretariat of Foreign Relations (SRE). Labor unions played a prominent role in both countries in the discussion about the restructuring plans. State and municipal governments weighed in on both sides of the border to help workers pick up the pieces after losing their jobs.

This is not a conventional foreign policy relationship but rather a mixture of foreign and domestic policy, what has come to be known as an

“intermestic” relationship.³ The US State Department and Mexico’s SRE, often through their embassies, manage diplomatic encounters between the two countries, but almost every agency of the two federal governments has some policy engagement with the other country, with the shared border, or with migrants.⁴ In addition, state and local governments are increasingly setting a path of engagement with each other on specific, tangible issues within their purview and often demanding policy influence in bilateral affairs. Civil society organizations, private companies, and family and community networks often have dense engagements across the border. And perhaps most crucially, the diplomatic agenda is primarily driven by domestic considerations in each country, related to the way in which US and Mexican citizens are affected in their everyday lives by the terms of the complex interdependence between both countries. Understanding US-Mexico relations requires a conceptual lens that goes well beyond traditional international relations theories, which assume unitary state interests and national-level decisionmaking.

The third truth is that although the relationship between the two countries is extremely interdependent and complex, it is also *asymmetrical*. While the two national governments consulted extensively with regard to the crisis in the automobile industry, the US government took the final decision on how to deal with GM. And in turn, GM workers in the United States worried that the company would eventually restructure, once the economy improved, by expanding operations in Mexico to take advantage of lower labor costs. US workers perceived threats from Mexico in the form of their jobs moving south (what Ross Perot famously called a “giant sucking sound”); but this threat has no comparison to the one felt in Mexico as the sneeze (*un catarrito*) of the recession in the United States became a full-blown illness for the Mexican economy. With the exception of Argentina, no country in Latin America witnessed as deep a contraction of economic activity during 2009, because the engine of Mexico’s economic performance is the US economy. These differences in size and development levels shape every encounter, every policy decision, and every aspect of the relationship in some way.

Economic differences in the endowments of labor and capital determine the kinds of trade complementarities that exist between the two countries. Mexico has an abundant and young labor force, eager to get ahead in life. This means that Mexico is largely a migrant-sending country, where many citizens look for opportunity abroad, while the United States is the world’s largest recipient of immigrants. Regardless of border enforcement efforts and restrictions, the temptation for Mexicans to migrate will remain to the extent that the wage gap between the two

countries remains at high levels. Still, Mexico would be better off exporting *goods* that embody the skills of would-be migrant workers, rather than the people themselves. Mexican migrants would prefer to stay in their hometowns, or return periodically, rather than settling permanently in the United States, if they saw better opportunities at home.

One specific export product from Mexico to the United States has shaped much of the relationship in the last few years—not oil, cement, vegetables, or glass, but illicit drugs. Not surprisingly, perhaps, the wealthy United States is the world’s largest consumer of illegal narcotics. Mexico’s underdeveloped law enforcement and judicial system has allowed the country to become a major producer and transit route for drugs. And from an economic standpoint, Mexico turns out to have a comparative advantage in this illicit activity, especially since other trafficking corridors to the United States via the Caribbean have been disrupted. Beyond the challenges drug trafficking poses to health and security on both sides of the border, a blunt economic logic prevails: so long as it remains an incredibly profitable venture, fueled by relatively easy access to guns and financial services in the United States, and an avenue for the advancement of ambitious young men with relatively limited alternatives of productive employment, it will be very difficult to eradicate.

This asymmetry in economic and social conditions is also reflected in foreign policy. The United States remains the world’s principal superpower, notwithstanding recent developments, while Mexico seeks at most regional or subregional influence. It is hard for the Mexican government to get issues on Washington’s agenda if they do not fit into US priorities. Overall, Mexico does not figure prominently in the geopolitical considerations shaping US foreign policy. Nevertheless, Mexican policymakers have become increasingly successful at driving the bilateral agenda by finding openings within the US policy system to get traction on specific issues. Both the North American Free Trade Agreement (NAFTA) and the Mérida Initiative on security cooperation were Mexican ideas that were eventually adopted by the US government.⁵ Even something as unthinkable as comprehensive immigration reform was making much progress as a consequence of Mexican initiatives before 9/11 shifted the attention and perceptions of risk among lawmakers and US public opinion. While US interests often set the broad boundaries of what is possible, the specific content of policy agendas often reflects the initiative of Mexican actors.

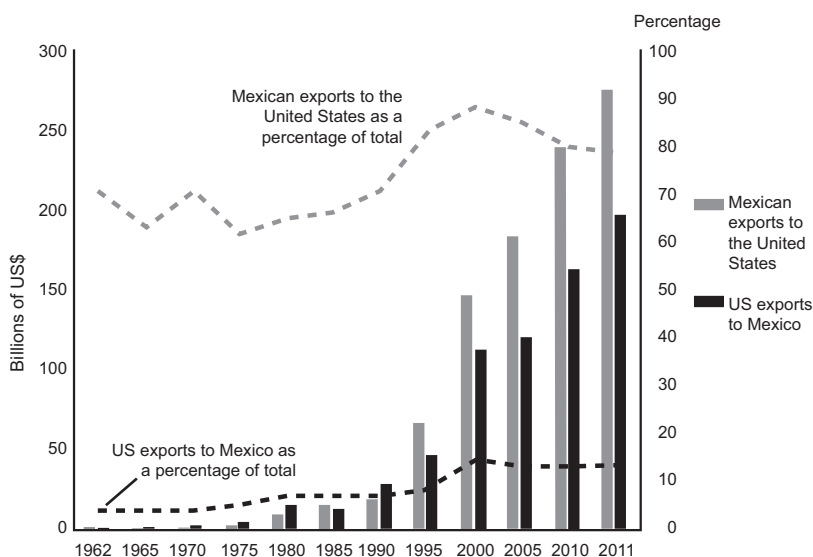
More than three decades ago, a prescient study by the late Carlos Rico noted that the US-Mexico relationship was characterized by “complex interdependent asymmetry.”⁶ This characterization remains as accurate today—indeed, far more accurate today—as it was then. Given the

degree to which the two countries are interdependent on issues that matter in the day-to-day lives of their citizens, it is increasingly important to manage these issues in ways that produce the most benefit to people on both sides of the border and that take advantage of existing complementarities. Doing so, in turn, requires engaging the range of stakeholders involved in each issue to build new paradigms of cooperation around shared goals. Given the real asymmetries, this is hardly an easy task and is likely to remain a challenging one for the foreseeable future. The growing interdependence between the two countries makes this challenge more urgent, however, and the growing number of stakeholders might make creative thinking more possible.

Increasing Interdependence

Interdependence has always existed between Mexico and the United States. It is hard to imagine that it could be otherwise between two large countries that share a two-thousand-mile border. However, changes within the global economies of the two countries and in the world economy have led to exponential increases in trade, migration, and drug trafficking and have focused attention on the shared border over the last twenty years. Increasing integration has helped reshape the political management of the relationship and led to a degree of institutionalization of binational affairs.⁷

Sometimes geography is destiny. Mexico has long depended on the United States as the principal market for its exports, but the economy was largely inwardly focused. However, the severe economic crisis that affected Mexico in the 1980s led to a reorientation of Mexico's economic policy away from a reliance on import-substitution industrialization (ISI) and toward greater emphasis on trade and foreign direct investment. After deciding to stay out of the General Agreement on Tariffs and Trade (GATT) in 1980, Mexico finally joined in 1986 in hopes of spurring domestic industrial production and foreign investment. As the economy continued to falter, Mexican political leaders turned to the United States and Canada to negotiate a free trade agreement. NAFTA, which went into effect in 1994, was as much an attempt to spur confidence and generate investment as to enhance trade. Total trade for Mexico (imports plus exports divided by GDP) was only 20 percent in 1986, but it dramatically increased to the point that it has hovered close to two-thirds since the year 2000. As shown by Figure 3.1, about 80 percent of exports go to the United States, creating unprecedented economic ties with the neighbor to the north.

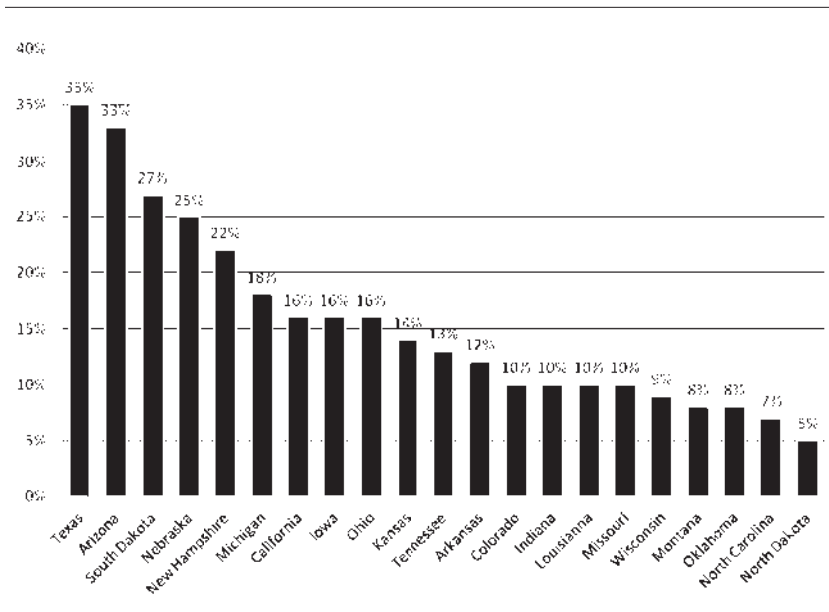
Figure 3.1 Trends in US-Mexico Trade, 1962–2011

Source: United Nations (UN), UN Commodity Trade Statistics Database, <http://comtrade.un.org>.

Similarly, US exports to Mexico expanded dramatically after 1990 reaching roughly 12 percent of all US exports, second only to Canada. With roughly a quarter of the US economy tied to trade, approximately 800,000 US jobs came to depend directly on the commercial relationship with Mexico, and millions more did so indirectly.⁸ The mutual dependence of the two countries on each other was clearly asymmetrical, with Mexico experiencing a far greater impact of the trade opening. But as revealed in Figure 3.2, twenty-one US states had Mexico as their principal or second destination of exports, including Texas, Arizona, New Hampshire, and Nebraska.

Such commercial openings reshaped the nature of US-Mexican interdependence. They also appear to have tied Mexico closely to the US business cycle, helping Mexico avoid shocks from other developing-country financial crises but making it subject to US downturns.⁹ Mexico also remained the second-largest source of oil for the United States, tied with Saudi Arabia most years and behind Canada, despite a gradual decline in Mexican production.

**Figure 3.2 Exports to Mexico for Selected US States, 2011
(as percentage of total exports)**

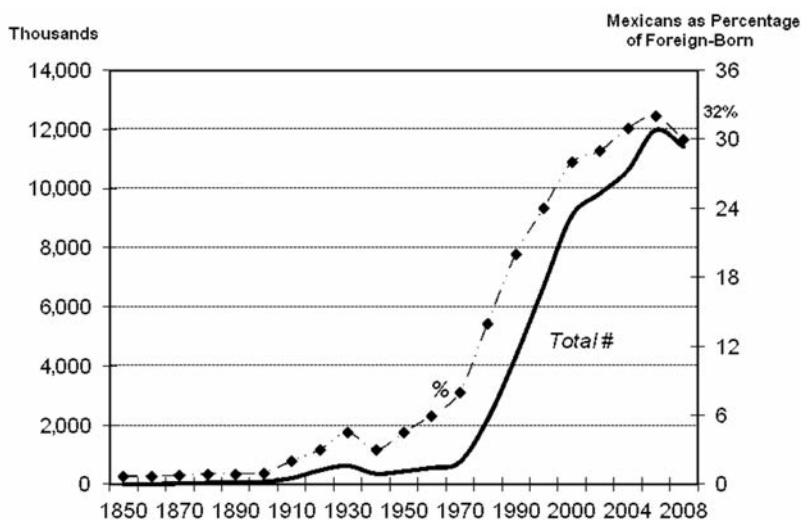


Source: US Census Bureau, Foreign Trade Statistics, <http://www.census.gov/foreign-trade/statistics/state>.

A series of factors related to these economic changes also led to a vast expansion of migration from Mexico to the United States. While Mexico suffered through a series of economic crises and saw wages largely stagnate in the 1980s and 1990s, the US economy took off significantly in the 1990s, making movement from one country to the other particularly attractive. Although working-class earnings increased in Mexico in the late 1990s and into the new millennium, the disparity in wage rates has remained very high. As a result, migration from Mexico to the United States took off dramatically in the mid-1990s and expanded steadily until 2005, when it began slowing down.

In addition, more than 2 million Mexicans living in the United States without legal status received amnesty in the late 1980s as a result of the International Control and Reform Act (also known as Simpson-Rodino), which encouraged them to petition for relatives to join them under provisions for family reunification. According to Figure 3.3, the number of Mexican-born people living in the United States rose from only 4.3 million in 1990 to 11.4 million by 2008. This meant that Mexicans com-

Figure 3.3 Mexican-Born Population in the United States, 1850–2008



Source: Passel, *Unauthorized Migrants*, with data from the 2004 Current Population Survey and 2008 American Community Survey.

prised a full 30 percent of all immigrants to the United States in 2010, versus 20 percent in 1990.¹⁰

Yet the rise in migration tells only part of the story. Also important have been changes in origins and destinations. Historically, most migration from Mexico took place from about 100 municipalities, mostly located in the Bajío region in Mexico's center-north, and settling mainly in three US states—California (57 percent in 1980), Texas (23 percent), and Illinois (8 percent). Since the turn of the century Mexican migrants have come from almost every state in the country, including such states as Veracruz, Oaxaca, Guerrero, and Chiapas. Concurrently, almost one-third of all Mexican migrants now settle outside the traditional three US destinations, with particularly large increases in such US states as North Carolina, Georgia, Arizona, Nevada, Utah, and Washington.¹¹ This dispersion of migration on both sides of the border has created significant strains, as Mexican communities struggle to face depleted populations and US towns deal with the influx of newcomers, but it has also greatly expanded contacts between citizens of the two countries. Today there is hardly an

American who does not know someone from Mexico, nor a Mexican who does not have a friend or relative in the United States.

As the two nations became more interdependent in terms of trade and demographics, a third phenomenon, drug trafficking, has also intensified. The United States has long been the world's largest consumer market for illegal narcotics, with well over 20 million people using a banned substance each month—including roughly 2 million cocaine users.¹² Mexico has long been a supplier of marijuana and heroin to the US market, but the 1990s and early 2000s saw a dramatic shift in the hemispheric drug trade as Colombian drug-trafficking organizations (DTOs) were weakened and Caribbean shipment routes were interrupted by US interdiction efforts. The Mexican DTOs, which had begun to transship cocaine for the Colombian DTOs in the 1980s, gradually acquired the capacity to control the trade itself, developing smuggling routes through the US-Mexico border and alliances with US-based gangs and mafia organizations for retail distribution in US markets. In addition, the Mexican DTOs developed the capacity to supply methamphetamines and other synthetic drugs that were increasingly in vogue in the United States.

This shift in the drug trade was, perhaps, inevitable, especially once the cocaine corridors through the Caribbean were mostly shut down in the 1980s and 1990s. In some ways illegal narcotics must be seen as simply one more economic sector in the bilateral relationship. In terms of the theory of comparative advantage, Mexico has a decisive edge in shipping, producing, and marketing drugs into the United States. In the same way that NAFTA made it possible for increased production of auto parts and associated activities, an upsurge in this concentrated, illegal business sector should not have come as a surprise. Mexican cheap agrarian labor and available land provided the necessary elements for the production of prized agricultural commodities for export to the United States. Shipping routes and the enormous rise of trade flows provided effective cover for flows of illegal merchandise. Drug traffickers could use their business acumen and recruit skilled workers that provided them with muscle, influence, and many services that enhanced their competitiveness vis-à-vis rivals from Colombia or inside the United States. Networks of migration and remittance flows allowed retailers to pass unnoticed within thousands of US communities.

In short, continued demand for narcotics in the United States, weak rule of law in Mexico, and heightened trade and migration between the two countries made the US-Mexico border the ideal route for trafficking illicit drugs. The vacuum created by the weakening of the Colombian

DTOs allowed the Mexican DTOs to take leadership in the business. The result, however, has been a frightening rise in violence in Mexico, with over ten thousand drug-related deaths in Mexico in 2009 alone as traffickers fought over control of the border, highways, and ports, and occasionally with the Mexican government. With somewhere in the range of \$9 billion to \$39 billion in US drug sales flowing south into Mexico, the circular trade has become a major focus for the public and for policymakers in both countries.¹³

All of these areas of increasing interdependence—trade, migration, and drug trafficking—come together at the US-Mexico border. The population along the border has climbed to 15.1 million people, with a total of 93.3 million residing in contiguous border states. The region has grown even faster in importance, however, serving as the central point of contact between two economies and two societies in the midst of dramatic processes of integration. The volume of people and goods passing through the border is vast: almost \$760 million worth of goods and more than half a million people each day. Without corresponding investments in infrastructure, though, this expansion has created significant strains in the region, which has been further challenged by the rise in organized crime tied to drug trafficking. Increasing interdependence has also put a strain on the border's natural resources, including water and air, which face challenges from the expanding number of trucks, cars, and factories in the border region. While the challenge of managing the border environment is not itself new, it is increasingly important given the amount of activity taking place that has an impact on the quality of air and water and on delicate ecosystems. While the two economies and societies have become increasingly interdependent, so too has the shared environment in which they operate.

Growing Complexity

As the number of issue areas within the relationship has grown, so too has the number of actors. This is largely an outgrowth of interdependence. It is also a product of Mexico's still-recent process of democratization. The links between these two developments are complex. While it does not appear that the implementation of NAFTA led directly to democratization, as some have claimed, it is nonetheless true that Mexico's growing global engagement has made it harder for political elites to sustain a nondemocratic system, created incentives for at least the appearance of democratic change, and provided political and civic (and international) opposition to

the once-dominant party regime. Separately and together, interdependence and democratization have reinforced the trend toward increasing complexity in the conduct of the bilateral relationship.

Executive Agencies

Several studies of international relations have highlighted the ways that globalization has led to the diversification of national actors involved in foreign policy. A growing emphasis on economic policy and nontraditional security concerns has brought other agencies, beyond foreign ministries, to the fore in foreign policy decisions. This is certainly true between Mexico and the United States. A quick look at each country's embassy in the other country confirms this. The US embassy in Mexico City is the largest in the world and includes representation from every cabinet department and at least thirty-four government agencies. The Mexican embassy in Washington is by far the country's largest anywhere with over two hundred diplomatic personnel from all but three cabinet departments and over twenty agencies.

The US State Department and Mexican Secretariat of Foreign Relations (SRE) play important roles in setting the overall framework for bilateral relations between the two federal governments, but on a day-to-day basis, most issues are managed by other departments and agencies. The high-profile security relationship between the two countries is largely led by the Homeland Security and the Justice departments in the United States and by the Secretariats of Government and Public Security in Mexico, although State and SRE manage funds in the Mérida Initiative and lead bilateral consultations on policy.¹⁴ Within the trade relationship, the two Commerce departments play a vital role, while the two customs services (within the US Department of Homeland Security's Customs and Border Protection and Mexico's Treasury Department) have decisive input, as do agencies within the two Agricultural departments. Border crossings, a vital issue for commerce, are planned in the United States by a task force led by the Transportation Department, granted permits by the State Department, built by the General Services Administration, and staffed by Homeland Security.

It is perhaps in the area of environmental policymaking where the greatest degree of sophisticated bilateral policymaking takes place. The two environmental secretariats, Mexico's Secretariat of the Environment and Natural Resources (SEMARNAT) and the US Environmental Protection Agency (EPA), play a vital role in official policy, but much of actual decisionmaking is made by decentralized binational agencies. The Inter-

national Boundary and Water Commission is the oldest, with roots that reach back more than 100 years, but the creation of newer agencies, notably the Border Environment Cooperation Commission and the North American Development Bank, in 1994, further institutionalized and supported cooperation on environmental issues. Importantly, the new agencies also brought additional funds from both federal governments to address environmental problems. In contrast, migration, perhaps the most emotionally charged issue in the relationship, has virtually no bilateral institutionalization at all, perhaps a sign of the degree to which politicians wish to avoid making hard decisions.

Legislative Roles

The advent of political competition in Mexico over the past two decades has meant that its Congress has greater autonomy, and state and local governments have also grown in independence and influence. This is not just a rebalancing of the federal pact or a different weight of presidential power, but rather the consequence of a genuine process of democratization. As in other Latin American democracies, congressional influence and checks and balances have meant that the president must generate coalitions in order to negotiate the passage of legislation. In the context of multiparty politics, coalitions can be hard to forge because federal deputies and senators find themselves torn between their allegiance to voters at home and the imperatives of party lines and directives. Their careers depend on party loyalty because leaders control nominations, although governors have come to play increasingly prominent roles. To be sure, short terms of service and tenuous links to constituents have limited effective legislative participation in bilateral policymaking, but its role is steadily expanding. Democratic politics is far more complex than old-fashioned *presidencialismo*.¹⁵

Meanwhile the US Congress has emerged as a major influence on US policymaking toward Mexico. Given its permeability to citizen demands, the US Congress has weighed in repeatedly in recent years on issues from NAFTA's effect on the economy and Mexican immigration to border security. The US Congress has driven legislation to build additional fencing at the border, to regularize (and to criminalize) undocumented immigrants, to ban Mexican trucks from entering the United States, and to provide additional funding for Mexico's struggle with organized crime.

In 2009 alone, there were, by our count, at least fifteen hearings explicitly on Mexico convened by at least ten different congressional committees and subcommittees, ranging from the House International

Relations Committee and Senate Foreign Relations Committee to the House Committee on Government Oversight, House Committee on Homeland Security, and Senate Committee on Drugs and Crime. This degree of attention was unusual and largely responded to a series of press reports on border violence in Mexico, as well as the administration's budget request for assistance to Mexico to deal with this. At the same time, these hearings helped focus attention on other areas of cooperation with Mexico, including southbound flows of arms and money from the United States, the security of border communities, and the amount of financial aid under the Mérida Initiative (a counternarcotics and institution-building package first approved in 2008 and renewed in successive years). In addition, at least five congressional trips to Mexico took place, bringing legislators into direct contact with Mexican and US administration officials.

State and Local Governments

Equally striking has been the rise of state and local governments as increasingly important voices in policymaking between the United States and Mexico. The annual meeting of the Border Governors' Conference has become the leading forum for dialogue on border issues in both countries, while the Border Legislative Conference, which brings together state legislators from the ten border states, has become a surprisingly influential voice on border policy.¹⁶ Even the Conference of Western Attorneys General has played an active role in training their Mexican counterparts as they implement far-reaching judicial reform in Mexico. However, perhaps the most important role that state and local elected officials play takes place on a day-to-day basis, as they cooperate with counterparts on basic issues like responding to emergencies, recovering stolen cars, and planning economic development strategies. Arizona and Sonora have long institutionalized these discussions through the Arizona-Mexico Commission, started in 1959, while most other states do this on an ad hoc basis.

Civil Society and Public Opinion

As congressional and intergovernmental politics have become increasingly complex, so too have civil society organizations become more participatory and proactive. This trend has become especially conspicuous in the border region, where citizen groups maintain very active cross-border partnerships for addressing particular issues with binational

dimensions—such as economic planning, workers' rights, health care, and migration.

Outside the border region, perhaps the most important binational organizing is that of Mexican migrant-led organizations in the United States, which have increasingly developed a capacity to influence policy in their communities and states of origin; some of the large migrant-led organizations have increasingly been making strides within US politics as well, often on issues related to immigration reform and local policies toward immigrants.¹⁷ And although there are relatively few binational civil society networks outside of the border region, labor unions, environmental organizations, and other issue-based networks maintain ongoing contact and occasional moments of collaboration on specific efforts.¹⁸

Even more important than these networks, however, is the way that civic organizations influence key policy arenas that affect relations with the other country. The rise of Latino political influence in the United States has influenced many politicians' views on immigration policy. Anti-immigration organizations also play a huge role in this area. The two groups have significant social bases within different communities, and the interplay between their efforts and elected officials' political calculations lies at the heart of the schizophrenic decisionmaking in the US Congress and many states and localities on immigration-related issues. Indirectly, too, the politics of immigration affects politicians' willingness to support other kinds of cooperation with Mexico. The growing weight of Mexican migrants in internal politics within Mexico, often more symbolic than real, also helps explain the frequency of Mexican politicians' trips to the United States and their declarations about US immigration reform.¹⁹

One large unknown question is how, in the long term, the growing Mexican-origin population will influence US-Mexico relations. There is some evidence that US citizens and residents of Mexican origin have continuing interests in bilateral relations between the countries.²⁰ It also appears that many US elected officials with constituents of Mexican origin believe that showing an interest in Mexico is good local politics. This tendency is likely to increase as the number of US citizen voters of Mexican origin grows over time, and this may well shape overall citizen opinions toward Mexico in the future. In Mexico, on the other hand, there are increasing signs that greater interdependence—and perhaps most significantly the number of Mexicans with relatives and close friends abroad—has already changed attitudes toward the United States.

The views of ordinary people have long-term effects on policymaking in democratic societies. Citizens in both countries have significant

perceptions of the binational relationship and of prospects for increased cooperation. US workers are not necessarily wrong to be worried that jobs might be exported to a country where average wages are only one-fifth of those in the United States. Similarly, Mexican agricultural producers are far from crazy when they worry that the introduction of mechanized and highly subsidized US agricultural products into Mexico without tariffs could undermine their livelihood. And while migration almost certainly presents a net benefit to both countries, it creates important local dislocations to both sending and receiving communities, especially in the absence of a legal framework to govern movement between the countries. At the same time, Mexicans are correct to claim that Americans' appetite for illegal narcotics is the root cause of their problems with organized crime, while Americans are no less wrong in assuming that Mexico's weak rule of law has made the country an attractive home for violent DTOs and criminal gangs.

According to a poll carried out by Zogby International and the Centro de Investigación para el Desarrollo (CIDAC), using the same questionnaire on both sides of the border, respondents agree on far more things than is usually assumed.²¹ The overwhelming majority of Mexicans disagree with the construction of a fence along the border (90 percent), but a large majority of Americans also disagreed with the idea (69 percent). Most Mexicans (80 percent) believe the US economy benefits from Mexican migrant labor, but 67 percent of Americans also hold that same view. Both Mexicans and Americans agree that Mexicans in the United States suffer from discrimination (79 percent and 73 percent, respectively). Although Americans embrace free trade more fully than do Mexicans, pluralities in both countries believe that free trade has benefited both countries.

Mexicans feel very proud of their national identity. A poll by the Centro de Investigación y Docencia Económicas (CIDE) shows that 81 percent of the Mexican public feel "very proud" of their nationality, regardless of age, education, or income; and leaders in every sector and from all political affiliations share the same sentiment (except in academia, where only 62 percent feel "very proud"). This leads to a somewhat polarized sentiment toward the United States. Most respondents feel more affinity to being Latin American than North American. Around half agree with the idea of Mexico and the United States "forming a single country if this meant an improvement in your life quality." This willingness to consider the possibility of deeper ties with the United States has increased from around one-third (38 percent) in 2004 and is more consistently shared by Mexicans living in the northern states.

But the biggest difference in attitudes between the two countries stems from the distrust that many Mexicans feel about the United States. Both Mexicans and Americans have a shared impression, according to the Zogby-CIDAC poll, that Mexicans are hardworking people (78 percent and 76 percent, respectively). But strikingly, only 25 percent of Mexicans think that Americans are hardworking. Only 22 percent of Mexicans think Americans are honest. About 70 percent of Americans believe that the wealth of their country is due to it being a free country with work opportunities, while only 22 percent of Mexicans share that opinion. Mexicans believe that US wealth is the result of exploiting other people's wealth (62 percent). In a somewhat paradoxical finding, 84 percent of Americans view Mexicans favorably, while 52 percent of Mexicans have an unfavorable view of Americans.²²

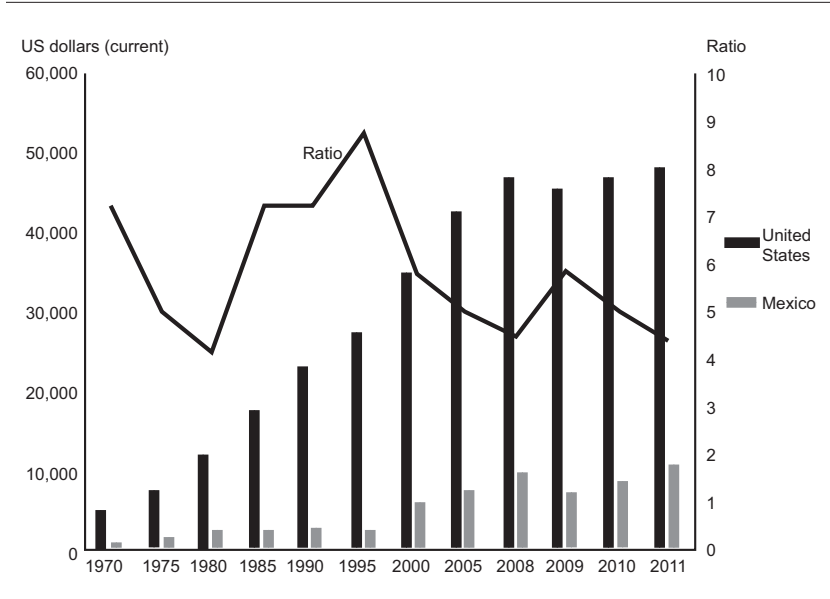
These differences point to many of the historical encounters that have left a profoundly negative impression on Mexicans, while there is scarcely any such collective memory in the United States. While Americans hold generally positive views of Mexico, they see the country as an afterthought. Mexicans, on the other hand, have strong and generally suspicious attitudes toward the United States. There is both a recognition that the United States provides a significant opportunity for Mexico as a partner in trade and a home for millions of Mexicans, and a deep sense of threat that the United States will try to exploit Mexico for its own gain. These attitudes are rooted in history; but they are also rooted in the realities of an asymmetric relationship, and they provide a key constraint to deepening cooperation along the range of issues in the short term.

Even so, yet another CIDE survey suggests that average Mexicans have quite pragmatic ideas about the relationship with the United States, much more so than do political elites.²³ This overwhelmingly practical attitude is likely to increase over time, shaping the attitudes of political elites as well. However, Mexicans' personal engagement with the United States also means that attempts to criminalize immigrants in the United States and incidents involving violence against them can undermine public trust in the relationship with the United States. In short, the growing number of Mexicans and Mexican Americans in the United States is likely to continue to heighten the political salience of US-Mexico relations in both countries far into the future, although its impact on public policy remains uncertain. In the near term, elites in both countries are likely to be more responsive to segments of the population that harbor fears or even negative attitudes about the other country rather than to the vast majority with highly pragmatic and realistic views.

Persisting Asymmetry

Greater interdependence between Mexico and the United States is a fact and is likely to continue to develop over time with the attendant complexity this generates. Nonetheless, the real asymmetries in the development levels of the two countries have remained surprisingly constant over time. According to Figure 3.4, the ratio of GDP per capita has dropped from nearly nine-to-one in the mid-1990s to roughly six-to-one in recent years, with short-term downward oscillations. NAFTA itself does not appear to have led to any greater convergence in average income during its early years of implementation, and it is too early as of this writing to assess potential effects of the 2008–2009 financial crisis on the income gap between the two countries. There are important regional differences, of course, with northern and central parts of Mexico developing more rapidly than other areas, largely because of preexisting linkages to the US economy that allowed these regions to take advantage of greater integra-

Figure 3.4 GDP per Capita in Mexico and the United States: Levels and Ratios, 1970–2011



Source: World Bank, *World Development Indicators 2011*.

tion. Both countries have also seen a general expansion of incomes over the past two decades, which has led to the tenuous growth of a middle class in Mexico and the emergence of national corporations that compete actively on the world stage. Nonetheless, the two countries remain the largest developing and developed country to share a land border in the world, a fact that continues to shape their interactions with each other in multiple ways.

Despite the asymmetrical nature of the relationship, Mexico managed to achieve a degree of autonomy from US policy influence throughout most of the twentieth century due to a highly defensive foreign policy that focused on the principle of nonintervention.²⁴ The regime that emerged from the Mexican Revolution helped consolidate the national state in part by forging unity against the threat of outside interference from the north. The expropriation of oil in the late 1930s served to demonstrate Mexico's ability to curtail the application of US power. During the Cold War, US officials came to realize that the most effective way to keep Mexico out of the Soviet orbit would be to encourage political stability through unconditional support of the one-party dominant system.²⁵ Some would argue that economic changes pursued by the Mexican government in the 1980s and 1990s were the result of pressure from the United States through multilateral financial institutions, but there is considerable evidence that these reforms were largely the choice of Mexican policymakers who saw eye-to-eye with the Washington Consensus policies recommended by those institutions.

This is not to say that the US government never sought to bend Mexico to its will nor that it had no influence whatsoever. US pressure during the Cold War sharply limited Mexico's foreign policy options. In specific commercial disputes, the US government often managed to impose its will to the benefit of US companies. During its wars against drugs, the US government achieved substantial (if limited) success in influencing the Mexican government's policies toward greater effort against narcotics trafficking.

In this area, the dispute over the death of DEA (Drug Enforcement Administration) agent Enrique Camarena in 1985 is illustrative. The Mexican government successfully resisted US demands for extradition of top suspects, eventually provoking the DEA to kidnap a lower-level suspect and take him into the United States illegally. The fallout from this conflict led to a reorganization of Mexico's antinarcotics efforts, partially in line with US wishes; but the Mexican government largely prevailed on the issue of arresting and extraditing anyone suspected of involvement in the Camarena murder. In other words, US pressure led to some policy

changes in Mexico, but the Mexican government successfully resisted heavy US pressures. Robert Pastor noted in the late 1980s that “there is no country in the world which is more sensitive to US efforts to influence it than Mexico, and no country as successful at resisting American influence.”²⁶ While many countries around the world must tread carefully in the way they resist US pressure (think of Cuba), Mexico usually ends up bowing to US wishes in some way but also retaining a very large degree of policy autonomy.

In the post-Cold War world, Mexico began to redefine its foreign policy significantly, pressed by necessity but also taking advantage of the new geopolitical context.²⁷ In four successive administrations, the Mexican government has pushed, respectively, for a free trade agreement, a financial stabilization plan, a migration treaty, and greater cooperation on drug trafficking. In each case, the Mexican government largely set the content of the bilateral agenda by forwarding proposals perceived to be in its national interest.²⁸

At the same time, Mexico has needed to work within the confines of what the US political system was willing to consider. NAFTA would not have been possible if the idea of free trade had not already been an issue on the US agenda at the time and been percolating inside Washington circles for at least a decade.²⁹ The financial rescue package of 1995, after the peso crisis, was sold as a short-term measure to stave off crisis within the two countries, not a major policy initiative. The effort to increase collaboration against organized crime fit squarely within existing US policy on drug trafficking and took advantage of US fears about the border in the post-9/11 world. The only proposal that failed to advance was the attempt to secure a comprehensive migration agreement, perhaps because it overreached the bounds of possibility by trying to make a contentious US domestic issue into a foreign policy question.³⁰ Generally speaking, the Mexican government has been repeatedly successful at defining the principal issues in the bilateral relationship, but success has depended on finding an issue that was already on the US policy agenda.

This points to an underlying pattern in the post-Cold War period in Mexico-US relations. US politics largely sets the outlines of what has been possible in the bilateral relationship, but the Mexican priorities usually set the specific content within those possibilities. The US political system has difficulty focusing on more than one politically salient issue at a time with regard to Mexico. The Mexican government, meanwhile, can focus on several at a political level and can choose which one to put forward for bilateral discussion.³¹ By deploying an *asymmetry of attention* effectively against the *asymmetry of power*, Mexico has become a rule-

maker as much as a rule-taker within the bilateral relationship. This interaction is often repeated in relations between state and local governments across the border and among civil society organizations and private sector companies.

Looking Ahead

As much as the policy process between the two countries appears to have generated more cooperative outcomes in recent years, perhaps even more so than could have been expected in view of the asymmetries, the real issues in the relationship remain hard to tackle and the differences make easy solutions difficult. Among the many obstacles are the relative inattention of US policymakers and public opinion to shared challenges, the comparative weakness of the Mexican state, and the persistent distrust on both sides of the border bred by persisting inequalities.

Yet positive factors favor prospects for more effective partnership and are likely to drive cooperation over time. First among these is the genuine interdependence of interests that underlies integration between the two countries. Everyday issues that need to be resolved—from the GM bailout to drug trafficking to natural disasters and water shortages at the border—create a dynamic of constant engagement around highly concrete topics that policymakers on the two sides of the border need to address. Moreover, the growing complexity of the relationship means that even when disputes arise among the two countries' political leaders, progress continues along a number of other areas, driven by federal agencies, state and local governments, and nongovernmental actors. Increasingly, interactions between the two countries take place simultaneously along a wide number of different points of engagement, which are largely independent of each other and have their own particular dynamics. Progress on one does not necessarily augur progress on another; nor does failure in one area lead to failure in another. Nonetheless, progress in deepening engagement between the two countries will constantly be challenged by the persistent asymmetries that condition the relationship. The difference in geopolitical realities of the two countries, the continuing inequality in average income between them, and the dissimilar capacities of the two states are likely to continue to limit some efforts at greater cooperation.

Recent tendencies have softened the impact of some of these asymmetries. Democratization in Mexico has made the political systems of the two countries more similar. Increased economic and social exchanges have built ties that mitigate some of the most visible asymmetries and

forced the two countries to seek solutions to shared problems. Public opinion studies show how far the two countries have gone in recognizing their mutual interest in working together despite their differences, with ordinary citizens generally far ahead of key political elites.

Over the long term, interdependence will force the two countries closer and complexity will allow the relationship to lay down ever deeper roots along multiple points of engagement. However, asymmetry will continue to create frictions and provide a brake on progress in cooperation. The relationship between the United States and Mexico will continuously deepen, but it will be a process fraught with tension. The countries have ceased to be distant neighbors, but as yet they remain far away from being strategic partners whose relationship is guided by a common vision of mutually beneficial shared outcomes.

Notes

1. US Census Bureau, Foreign Trade Statistics, 2010, <http://www.census.gov/foreign-trade/balance/c2010.html>; and Mexican Ministry of Economy, with data from Banco de Mexico, 2010, http://www.economia-snci.gob.mx/sic_php/pages/pages_portal/estadisticas1/.

2. Organisation for Economic Co-Operation and Development, International Direct Investment Statistics, 2009 (CD-ROM).

3. Manning, "The Congress, the Executive, and Intermestic Affairs."

4. It is worth noting that even between SRE and the State Department, a significant asymmetry exists, in that the US government also has the National Security Council, which convenes interagency processes on foreign policy, while Mexico has no such entity. This difference in internal foreign policy decisionmaking often creates challenges in bilateral engagements.

5. See Weintraub, *Unequal Partners*.

6. Rico, "Making of US Policy Towards Mexico."

7. Domínguez and Fernández de Castro *United States and Mexico*.

8. Calculated by the authors from 2008 data. The US Census Bureau's department of Foreign Trade Statistics finds that exports to Mexico accounted for 11.7 percent of all US exports, while the US Department of Commerce's International Trade Administration finds that 6.184 million jobs were linked to manufactured exports in 2008.

9. See Hufbauer and Schott, *NAFTA Revisited*; and Weintraub, *NAFTA's Impact on North America*.

10. Passel, *Unauthorized Migrants*; and US Census Bureau, 2008 American Community Survey.

11. Durand, "¿Nuevas Regiones Migratorias?"; and Massey, Rugh, and Pren, "Geography of Undocumented Mexican Migration."

12. *National Survey on Drug Use and Health*.

13. Office of National Drug Control Policy (ONDCP), *National Drug Threat Assessment 2009*.

14. On interagency cooperation, see Eric Olson and Christopher Wilson, "Beyond Mérida," Woodrow Wilson Center, April 2010, available at <http://www.wilsoncenter.org/securitycooperation>.

15. On Mexico's Congress, see Amparo Casar, "Executive-Legislative Relations: Continuity or Change?"

16. The Border Governors' Conference has stagnated somewhat in recent years, but at its height it was a major convening event for discussing border issues and it may someday regain this role. The Border Legislative Conference has less convening power but has been more active at following up on specific proposals.

17. Bada, Fox, and Selee, eds., *Invisible No More*. For local-level impacts within the US, see Fox et al., *Context Matters*.

18. Brooks and Fox, eds., *Cross-Border Dialogues*.

19. See David R. Ayón, "Taming the Diaspora: Migrants and the State, 1986–2006," in Selee and Peschard, eds., *Mexico's Democratic Challenges*.

20. Ayón, "The Politics of Mexican Origin Leaders: Implications for 2008 and Beyond" (paper presented at the Woodrow Wilson Center, July 2008); González Gutiérrez, "Fostering Identities: Mexico's Relationship with Its Diaspora."

21. Encuesta CIDAC-Zogby de Percepciones entre Mexico y Estados Unidos (Mexico: CIDAC, 2006).

22. One should point out, however, that, compared to Americans, Mexicans tend to have a less favorable view of all foreigners. According to the CIDE poll quoted here, 56 percent of Mexicans have a favorable opinion of Americans (almost the same as their opinion of Spaniards), but this favorable feeling is much higher than the opinion they have of Cubans and Argentinians (45 percent) or Guatemalans (35 percent).

23. González González, Martínez i Coma, and Schiavon, *The Americas and the World*.

24. See Meyer, "Estados Unidos y la evolución del nacionalismo defensivo mexicano."

25. A widely circulated memo from then-national security adviser Zbigniew Brzezinski to President Carter in 1977 nicely summed up this approach by arguing that the US government's principal interest in Mexico should be encouraging stability while trying to achieve a more cordial relationship, rather than emphasizing specific interests that the US government might have—including those related to Mexico's growing oil reserves. Cited by Cathryn Thorup in Green and Smith, eds., *Foreign Policy in U.S.-Mexican Relations*.

26. Robert A. Pastor, introduction to Pastor and Castañeda, *Limits to Friendship*, 10–11. His statement has a degree of hyperbole to it—one could think of a few other countries around the world that are far better at resisting

the United States and equally sensitive to its designs—but it still stands as an accurate portrayal of the dynamics of US-Mexico relations.

27. For a more extensive treatment of this point, see González González, “Foreign Policy Strategies in a Globalized World.”

28. All of these issues, except for the migration treaty, were highly contentious within Mexico and did not represent a consensus opinion—or, in some cases, perhaps even a majority opinion—on national priorities within Mexico, but they were all chosen by the Mexican administration at the time as a priority. See Weintraub, *Unequal Partners*.

29. The United States adopted a free trade agreement with Canada in 1988, and US president George H. W. Bush launched the “Enterprise Initiative for the Americas” in June 1990.

30. It is unclear whether a migration agreement would have succeeded if the 9/11 attacks had not occurred. For differing views see Davidow, *The US and Mexico*; and Castañeda, *Ex Mex*.

31. In *The US and Mexico*, Davidow provides an inside look at the US political system’s on-and-off attention to Mexico contrasted with Mexican politicians’ constant preoccupation with the neighbor to the north.

4

Making and Managing Policy

John Bailey and Tonatiuh Guillén-López

Mexico and the United States interact with arguably the broadest and densest set of bilateral relationships of any contemporary pair of nations. This is not a case of two countries coordinating their foreign policies. Instead, domestic politics in both nations shape much of the bilateral interaction. The “intermestic” dynamics of policymaking reach deep into their political, economic, and social systems, creating forces that are difficult for central governments to manage. For a variety of historical reasons, the two neighbors have not adopted a joint strategic framework to guide the diversity of policy interactions. Thus, the shared necessity to promote cooperation in public security, trade and finance, energy, migration, border affairs, and a host of other issues constantly challenges the US and Mexican governments to develop effective coordination mechanisms and processes.

Bilateral Relations as Basket Juggling

In the absence of an overarching strategic framework, we believe it is useful to conceive of the bilateral relationship as made up of a series of “baskets” of policies and programs. Each of these baskets constitutes a policy subsystem that responds to different arrays of institutions and interest groups; the relative priority of the baskets is typically weighed differently by different actors in each system; and the capacity of central governments to exercise influence varies across subsystems as well. The

asymmetric nature of the relationship usually allows the US government to shape the agenda of priorities, but the Mexican government's more intense focus on the bilateral relationship gives it important leverage in negotiating specifics.

In our judgment, three of the policy baskets are "structural" in content, relating to economics, demography, and geography:

- *Trade and finance.* This huge basket runs the gamut from agriculture through manufactures and services to tourism. Between 1993 and 2010, US exports to Mexico quadrupled, from \$41 billion to \$163 billion; imports from Mexico more than quintupled, from \$39 billion to \$229 billion. Mexico is the United States' third largest trade partner (following Canada and China, and ahead of Japan and Germany).¹ Of key importance are the complex and time-sensitive production chains that link the two countries. The essential requirement is that movements of goods and services must be predictable, especially in industries (such as the automotive) that require precise coordination of processes in the two countries to culminate in a single product.² From a long-term perspective, these trade statistics reflect the growing interdependence of the two economies. Asymmetry figures here as well: the trade is relatively more important for Mexico. Of Mexico's total exports in 2008, 80.1 percent was destined for the US market, and 49.1 percent of its imports came from that market.

- *Emigration and immigration.* About 11.8 million Mexican-born residents currently live in the United States, up from about 4.4 million in 1990.³ Significant here is both the integration of labor markets and the ethnic composition of US society. The trends underline social and cultural exchanges with millions of everyday expressions, particularly at the border. For Mexico, this scale of migration implies redefining national public policies and to some extent the government institutions themselves, considering that close to 10 percent of its citizens reside in the United States. The US Census of 2010 reports that 27.3 million people in the national total are of Mexican origin, a fact that palpably increases the social, cultural, and economic interactions between the two countries.

- *Border affairs.* This spans the whole range of issues that arise from the coexistence of more than 14 million residents in a shared geographic space along a two-thousand-mile land border.⁴ As shown by other chapters in this volume, basic issues in the bilateral relationship—social, environmental, and political—assume tangible forms in this region. To an increasing extent, the US-Mexican connection is rooted and represented in border affairs.

Three additional baskets are more “conjunctural” in quality, in the sense that they are shaped by decisionmakers’ reactions to specific events and circumstances rather than being driven by underlying conditions:

- *National and public security.* This includes responses to threats to democracy and state institutions, as well as threats to individual persons and to property caused by terrorism, criminal violence, corruption, natural disaster, disease, and the like. As Chapter 8 in this volume attests, drug trafficking and organized crime have become priority concerns.

- *Law enforcement and justice administration.* Here we have the “normal” array of legal issues that involve citizens of the two countries. Consider only the hundreds of routine criminal (e.g., vehicle theft, burglary) and civil (e.g., divorce, child custody, wills) trials each year that engage the two legal systems.

- *Political affairs.* This refers to the foreign-policy stances of the two governments in the international arena and in multinational organizations.

The basket image obviously distorts and oversimplifies, and one might dedicate separate baskets to particularly pressing issues such as energy or drug trafficking. Issues also spill over from one subsystem to another. Questions about energy and water, for example, relate to concerns about trade, national security, and border affairs. Undocumented workers figure in trade, law enforcement, and—from a US perspective—public security. Educational exchanges might fit in with trade or political affairs. Even so, the imagery conveys the complexity of the individual policy dynamics and their interactions. The metaphor of the baskets illustrates how the networks of interdependence have gradually emerged, each for their own route, following practical needs and less often complying with any broad bilateral agreement (with the notable exception of the North American Free Trade Agreement, NAFTA, in 1994).

The huge scale and diversity of networks in the contemporary relationship between Mexico and the United States operate on solid structural foundations, which influence the content and main lines of the bilateral interaction. We observe at least two such foundations: economic interdependence and social interaction (i.e., migratory flows and social exchanges). Both dynamics are structural precisely because they are based not on political preferences but on large-scale market and demographic processes. These, in turn, pose the need for political-institutional agreements that allow a more rational development for the benefit of both countries.

In the contemporary context, key questions emerge: What are the priority challenges in the ongoing effort to manage the various baskets of policies and programs that make up the bilateral relationship? Are the two political systems developing mechanisms and processes that can successfully manage the baskets? Should success in policy management be measured by a “maximalist” standard, for example, the need “to find strategic ways of building synergies among these multiple, disjointed, and often competing efforts that tie into a broad agenda for collaboration with Mexico around clearly defined objectives that are in the national security interests of both countries”?⁵ Or does success mean something less: muddling through on pressing issues and avoiding unnecessary conflicts and inefficiencies?

Our central argument is that structural axes constitute the fundamental drivers of the US-Mexican relationship but that the national–public security “basket” became preeminent after September 11, 2001. Threat perceptions differ between the countries: the United States gives priority to antiterrorism, while Mexico focuses on the violence and corruption associated with organized crime, especially drug trafficking. The ascendance of security has promoted important new forms of bilateral cooperation, but it has simultaneously complicated the management of other baskets—especially trade and finance, migration, and border affairs. Accordingly the challenge for the future is to create a more positive dynamic between the security imperative and the powerful structural drivers.

The intensity and complexity of the bilateral relationship have led to the formation of an unusually broad “institutional map” in the service of shared needs. Starting with NAFTA in 1994 and running through the Mérida Initiative in 2007, the agencies and instruments of the bilateral relationship have expanded and the pace of interaction has accelerated. Indeed, the relationship can be described and summarized by the long list of institutions, commissions, and agreements, which also include the executive powers, the legislative powers, the border states and the municipal governments of both countries. The list is extensive, from long-standing institutions like the International Water and Boundary Commission (1889) up to the Mérida Initiative of 2007, spanning the North American Free Trade Agreement, the North American Development Bank, the Border Environment Cooperation Commission, the Binational Commission’s legacy of specialized groups, the Security and Prosperity Partnership, specialized binational groups (on health, migration, and border ports of entry), interparliamentary meetings of border governors and legislators, border state commissions, and cross-border municipal agreements.

Despite variations in the effectiveness of agencies and programs, the very existence of this expansive institutional network is remarkable and relevant. Its range and diversity require a comprehensive vision to promote coherence and consistency. It is abundantly clear that specific components of the network have evolved in response to short-term problems in particular policy areas. The segmentation of decisionmaking frequently generates friction inside the chain, instead of purposive joint action.⁶ Taken as a whole, however, the institutional webbing of the relationship reflects the increasing density of the shared issues and the need to manage them bilaterally.

We now trace the path of the bilateral relationship in the contemporary era, with special emphasis on the implications of democratization in Mexico. We then explore the policy and programmatic issues associated with the rise to preeminence of security. Thereafter we examine efforts to “rebalance” security with other issue areas. We conclude with speculation about challenges likely to emerge in the years ahead.

Democracy and Foreign Policy

The broad political-institutional context sets constraints on process management in bilateral relations. Political competition functions in both countries to produce narrow, shifting pluralities. Neither country has a clearly established governing majority party or coalition. US president George W. Bush won a disputed election in 2000, and his party lost control of the Congress in the last two years of his second term (2006–2008). Barack Obama governed initially with a Democratic majority in both houses, but one that was divided, if not opposed, with respect to closer cooperation with Mexico on trade and migration. Republicans gained control of the House in the 2010 midterm election. The Obama administration has focused its foreign policy on crises in Central Asia and the Middle East, not on Mexico, while its leading domestic concerns have centered on financial reform, health care, energy, and education. Moreover, both polities operate with complex federal systems. Policy agreements hammered out between national capitals must therefore be implemented through layers of state and local governments with diverse political leanings and variable administrative capacities. As a further constraint, both governments confront a profound financial-economic crisis that will take years to overcome.

For Mexico, the stunning victory of Vicente Fox in the presidential election of 2000 ushered in a new political regime, a systemic transition

from dominant-party authoritarianism to multiparty democracy. This was much more than a routine presidential succession, as typically occurs in the United States.⁷ As a result, one might expect a shift in vision and a more innovative foreign policy, especially with regard to the relationship with the United States. Indeed, the Fox administration made some attempts in that direction, but these were poorly implemented and caused unnecessary conflicts with Latin American countries and with the United States.

President Fox tried to transform the widespread international recognition that his 2000 election received into international leadership, particularly in Latin America. He attempted this through two paths, both ultimately unsuccessful. First, he sought to establish the historic transition in Mexico as a positive example of democracy, a standard against which the governments of Cuba, Venezuela, and other countries could be held. This strategy led to severe tensions in relations with these countries, accompanied in some cases by memorable diplomatic blunders.⁸ The second path was to dismiss the traditional principle of nonintervention, which he considered anachronistic in the context of globalization, and launch a more assertive Mexican presence in international institutions. The most important action in this direction was to promote the participation of Mexico in the United Nations Security Council, which coincided with the complex aftermath of 9/11 and the subsequent invasion of Iraq. Mexico did not provide support for a UN resolution backing the war in Iraq, a stance that provoked significant hostility from the George W. Bush administration.

In direct relations with the United States, the Fox team outlined an initial strategy of extensive dialogue with the specific purpose of achieving migration and labor agreements to regularize the flow of Mexican workers to the United States and the status of those already there. But the situation after September 11, 2001, changed US priorities in the world and across its borders, starting with its southern neighbor. Mexico's refusal to vote with the United States in the UN on the intervention in Iraq only complicated the bilateral relationship, which cooled significantly until the end of the Fox administration.

Vicente Fox's campaign to assert international leadership was more visible in discourse than in practice, but it still had serious consequences. Despite his basic agreement with the conservative ideology of the Bush administration, his actions revealed underlying differences in national interests (as happened with regard to Iraq). The tensions with various Latin American countries also had negative impacts on Mexico's relationships throughout the hemisphere. After taking office in late 2006, Felipe

Calderón sought to mend these tattered relationships, discarding Fox's assertive stance in favor of improving communication with Latin American governments. In general, the Calderón government was even more receptive to collaboration with Washington, particularly in terms of security, which led to the Mérida Initiative and to a strategy of shared responsibility against organized crime. At the same time, Mexico established closer ties with Cuba, Venezuela, and other countries of the region.

Overall, no new vision for Mexico's foreign policy has arisen from the process of democratization, a vision capable of reconciling new policies with historical traditions and adjusting its content for globalization and contemporary relations with the United States. The gradual reform of key institutions of the Mexican state—including presidentialism (*presidencialismo*), the federal system, and checks and balances among different branches of government—is still under way and at some point will have a greater effect on international relations. Meanwhile, the making of foreign policy has displayed powerful inertia. The executive branch has continued to play a decisive role. The president and his advisers have been pivotal in this area, even as they have had to operate within narrow margins allowed by the Congress of Mexico and other political actors.

In addition, Mexico has had little room for maneuvering in the bilateral arena as a result of two structural constraints. First is the growing economic and social interdependence with the United States, which narrows policy choices. Second is the asymmetry of power, which sets strict limits on the range of issues to be addressed. Although alternative models of collaboration are needed between the two countries, it is impossible to ignore the profound inequalities of development and political power.

The first decade of Mexico's democratic transition (beginning in 2000 with the election of Vicente Fox) has not fundamentally altered the country's foreign policy, nor has foreign policy figured importantly in presidential campaigns or electoral outcomes. The closest encounter between foreign policy and elections took place in 2006. A central component of the National Action Party's (PAN; Partido Acción Nacional) campaign strategy was to damage the public image of the leftist candidate who led in early survey polls, Andrés Manuel López Obrador, of the Party of the Democratic Revolution (PRD; Partido de la Revolución Democrática). A key tactic was to associate him with Venezuela's president, Hugo Chávez, who had public confrontations with Vicente Fox. Most of the Mexican media portrayed Chávez as antidemocratic. Campaign propaganda compared personal roles and styles of government, linking the authoritarianism of Chávez with the potential presidency of López Obrador.

Congress and Parties

There are signs that the Congress of Mexico is playing an increasingly active role in bilateral relations, and this is likely to become more important over time. The Mexican Senate, in particular, has constitutional authority to oversee foreign policy. Even so, the no-reelection rule inhibits the development of issue expertise and leadership; thus the bilateral relationship lacks influential legislative advocates. Further, the Senate lacks specific procedures to enable it to carry out its constitutional role in oversight of foreign policy, and attention to this gap is not a priority on the Senate's agenda. In response to this situation, Senator Rosario Green has proposed that the Senate should have the authority to ratify nominees to serve as secretary of foreign relations, arguing that the lack of such procedures undermined the necessary co-responsibility of the executive and legislative branches in foreign policy making. Her proposal has not yet been adopted.

Moreover, the legislature lacks sufficient staff and related resources to play an effective oversight role, even if it chose to do so. Despite the length of six-year terms in the upper chamber, the Senate still has significant deficiencies for elaborating diagnostics, evaluations, and guidelines for foreign policy with a strategic sense for the medium and long term. For the Chamber of Deputies, with just three-year terms, the constitutional and practical limitations on performing such responsibilities are even greater.

As a result, in recent years, the most important changes in foreign policy have all come from the executive branch, replicating the country's presidentialist tradition. The period of Vicente Fox envisioned a protagonist international leadership, with fragile foundations and many mistakes. In the period of Felipe Calderón, foreign policy focused on the United States and on security issues. Immersed in this dynamic, the Secretariat of Foreign Relations (SRE) appeared to have a secondary role in generating initiatives, devoting its resources mainly to routine functions.

Mexico's party-electoral arrangements put substantial power in the hands of party leaders and increasingly in some state governors, who in turn exercise more influence over their members in the legislature than is the case in the United States. To this point, the Institutional Revolutionary Party (PRI; Partido Revolucionario Institucional) and the PAN have generally formed majority coalitions, and they are relatively close on foreign-policy issues. *Priísta* (PRI) support for *panista* (PAN) positions on international affairs has given the executive considerable latitude in foreign policy. Points of tension between the legislative and executive branches

during the Fox administration were due more to incompetence or diplomatic blunders than to programmatic differences. Here we have in mind Mexico's disputes with Venezuela and Cuba. With this record, President Calderón chose to focus on repairing damage in relations with various Latin American countries and on avoiding conflicts with the legislature.

Even so, the potential exists for significant congressional influence in the future. President Enrique Peña Nieto's PRI lacks a majority in both the Chamber of Deputies and the Senate. Whether his strategy is to attempt a governing coalition or to build ad hoc coalitions around specific issues, the next term is one in which Congress and individual members can exercise more influence over policymaking. Although domestic policy is far more important, negotiations in divided government would include foreign policy as well. In particular, the new PRI government is likely to revise the current strategy for fighting organized crime and seek new terms with the United States in this area (a PRD administration or even a new PAN government would probably have done so as well).

Public Opinion

Democracy is presumed to reflect the climate of public opinion, which also complicates closer cooperation between Mexico and the United States. Between 2004 and 2008 the proportion of Mexicans expressing lack of confidence in the United States increased from 43 percent to 61 percent. Two-thirds of Mexicans interviewed in 2008 thought that NAFTA should be renegotiated. On a ten-point scale of cooperation with the United States (with ten as close cooperation), the majority of Mexicans opted for a six, the minimum passing grade. At the same time, there were strong streaks of pragmatism and nationalism in survey results. Forty-nine percent agreed with having US agents work with Mexican counterparts in airports, ports, and on the border; 58 percent supported the extradition of Mexican criminals to the United States; and 55 percent supported the acceptance of US aid to combat drug trafficking. With regard to nationalism, 67 percent rejected any accord permitting direct US investment in the petroleum sector, and the number remained high even if inducements to permit such investment included economic assistance or access to US employment.⁹

On the US side, a 2008 Chicago Council on Global Affairs survey reported that access to energy had risen to the top of US foreign-policy concerns (on par with protection of jobs), with 80 percent registering concern. Opinion about immigration was generally negative: 61 percent indicated that it is bad for the US economy, and 46 percent supported reduc-

ing legal immigration. A majority (55 percent) viewed NAFTA as bad for the United States, up from 43 percent in 2004.¹⁰

We do not want to infer too much from these scattered data, given the volatility of public opinion across topics and time. However, they would seem to suggest little public backing for major innovation in the overall relationship. The pattern suggests partial support for cooperation in some areas (e.g., public security and law enforcement), while other areas (e.g., energy policy and immigration) remain extremely sensitive. Especially notable is limited popular awareness of growing interdependence between the two countries, which has gradually improved bilateral coordination, despite persisting mistrust and mutual misunderstandings.

Federalism and Borderlands

Meanwhile, Mexico's democratic transition has accentuated the growing importance of border relations between the two countries. Democracy has helped to revitalize the federal system, separating more clearly the interests of the states and municipalities from those of the federal government. The traditional chain of political subordination under the PRI regime was broken with the election of Vicente Fox, and states acquired greater strength and authority to exert influence on the intergovernmental map. Their weight in politics and public policy began to coincide much more closely with that of their counterparts in the United States.

Different types of intergovernmental associations, as is the case of the National Conference of Governors and several less-formalized municipal associations, have been shaping new policymaking processes. In this context, organizations such as the Border Governors' Conference (BGC) have assumed growing influence in the bilateral scenario. Comprised of the governors from the six Mexican and four US contiguous states, the conference has become a place for gathering and negotiations. Unencumbered by national-level constraints and issues and generally pragmatic in outlook, the governors have shown imagination and innovation in their approach to addressing common problems. One prime example is the adoption in 2009 of an "Indicative Plan" for cross-border development as a shared strategy for the region as a whole.¹¹ It is likely that the BGC will acquire increasing influence in the bilateral policy arena. Nonetheless the BGC remains a work in progress, subject to the enthusiasm and commitment of participating governors.

Generally speaking, we are seeing rather modest change in the executive-legislative relationship in Mexico's new democracy but significant change in intergovernmental relations between the central

authority and the states. Federalism is being reborn in the northern border, which has contributed to the new set of actors in foreign policy whose potential may be realized more fully in the future as a factor.

How We Got to Where We Are

There remains a residue of historical distrust in Mexico that is the product of US interventions in the nineteenth and twentieth centuries and was promoted as a central theme in the populist legitimacy formula of the Institutional Revolutionary Party over seven decades of hegemonic rule (1929–2000).¹² The tectonic shift toward closer political and economic ties came in the latter 1980s. The severe economic and fiscal crises of that decade in effect forced Mexico to abandon a development model based on a protected market and extensive government involvement in both economic development and welfare. The opening toward the international market began with Mexico's accession to the General Agreement on Tariffs and Trade (GATT) in 1986 and was consolidated with the implementation of NAFTA in 1994. These commitments altered the paradigms of economic growth, laying the foundations of formal economic interdependence between Mexico and the United States, despite the obvious asymmetries. From a long-term perspective, beyond its economic contents, NAFTA has a deep historical significance for the bilateral relationship. The same PRI-government regime, which endured for decades with an ideology that held its powerful neighbor at a distance, was forced at the moment of greatest economic weakness to create the foundations of the new economic integration.

We can identify two subperiods in this process: 1987–2000 and 2000–2010. In the 1987–2000 period, we note for the United States the end of the Cold War and the adoption of a “3-D” foreign policy toward Latin America—democracy, drugs, and development (market forces in stabilization and structural adjustment); for Mexico it brought the end of the protectionist ISI (import-substitution industrialization) model and the acceleration of a dual transition (market liberalization and democratic transformation). With respect to democracy promotion, the United States for many years had effectively exempted Mexico. The tacit understanding was that if the PRI could deliver stable governance, the United States would avoid criticism. This momentarily changed under President Ronald Reagan, whose ambassador to Mexico—John Gavin—met with opposition party leaders and criticized electoral fraud. Mexico's accession to the GATT was the prelude to a step-level change in the bilateral relationship,

the negotiation of NAFTA in 1990–1994, which energized the bilateral and North American agenda. By the latter 1990s, however, we sense drift and neglect within NAFTA, while the search for a “NAFTA-plus” agenda (e.g., a customs union, or immigration reform and labor market integration) was proving to be fruitless.¹³ Even so, several new agencies evolved in the bilateral terrain to deal with environmental issues, labor, and border infrastructure, among others.

During this first period, the annual US-Mexico Binational Commission, created in 1981, served as a useful mechanism for policy coordination. The annual meetings often succeeded in forcing issues up through channels for consideration by the cabinet secretaries. Nominally, the foreign ministries of the countries prepared and managed the meetings, but their bureaucratic influence ebbed with the direct contact among the other ministries. The Mexico-US Interparliamentary Group, begun in 1961, also met regularly, serving more symbolic than substantive purposes. In 1980, the Border Governors’ Conference held its first event, starting a long period of largely symbolic annual meetings; after 2006, the BGC improved its lobbying capabilities and assumed responsibility for seeking coordinated public actions on border affairs. The BGC represents the greatest advance in the decentralization of the bilateral policy between the two countries, as stated earlier, although it has yet to reach its full potential.

The year 2000 began a new period. The election of Vicente Fox ended rule by the PRI, and his administration promptly took the initiative to promote comprehensive immigration reform—“*la enchilada completa*”—and sought a major change in relations with the United States. After 9/11, however, the United States focused on responses to the terrorist attacks, which led to a far-reaching overhaul of security policy and bureaucratic arrangements. The drift in the bilateral relationship deepened, and NAFTA effectively went on the defensive. With declining public and legislative support, efforts to promote integration flowed more through bureaucratic channels. Following contested presidential elections in July 2006, the Calderón administration launched an aggressive campaign against drug-trafficking organizations (DTOs). The March 2007 meeting between Presidents Bush and Calderón in Mérida led to a new language of “co-responsibility” for combating criminal violence and to pledges of financial and logistical support from the United States. The Mérida Initiative of September 2008 suggested a qualitatively greater involvement in public security by the United States with respect to Mexico, Central America, and the Caribbean.

Binational Commission annual meetings came to an end in 2000, without formal announcement. Effectively, policy coordination between the countries had become routinized to the point that policymakers from the various agencies in one country simply telephoned their counterparts in the other to discuss pending issues. The foreign ministries (the US Department of State and the Mexican Secretariat of Foreign Relations) focused on the “political basket” and monitored communications between other federal agencies.

Consequently, after nearly two decades of NAFTA, it appears that Mexico’s new democracy has been unable to promote a new impulse for the development of North America or a different policy of engagement with the United States. The Fox administration unsuccessfully tried to promote an immigration agreement, taking advantage of the “democratic bonus” he enjoyed shortly after his election; however, this policy shift may have overreached the possibilities, and the events of 9/11 put an end to any chance of success by shifting the Bush administration’s focus to security. Calderón privileged a bilateral policy based on security cooperation, in step with the priorities set by the US government, but this focus has limited the margin of maneuver for bilateral or trilateral agreements to enhance the capabilities of NAFTA, or to lead to new horizons of cooperation.

For the time being, Mexico’s political regime confronts the overriding realities of the international context and the priorities of the world’s leading power, which also happens to be its neighbor and principal economic partner. These facts impose real limitations on foreign policy and bilateral relations. The Calderón administration clearly empathized with the US emphasis on security, in contrast to the Fox administration’s apparent indifference to this shift in the immediate aftermath of 9/11 and in subsequent maneuvering in the UN Security Council around the Iraq Resolution. Yet Calderón’s position probably represented not so much an effort to curry US favor but a changing priority for Mexico, where security concerns tied to organized crime came to the fore. This shift allowed the priorities of the two countries to coincide. President Enrique Peña Nieto has sent signals to the effect that he plans to deemphasize his government’s direct confrontation with drug-trafficking organizations because the policy produces unacceptably high levels of violence. At the same time he indicates that he will pursue close cooperation with the United States on shared security concerns. The details of how these preferences will work out in practice remain unclear.

Security as the Preeminent Basket

As policymaking becomes more interdependent between Mexico and the United States, the policy baskets have become the principal venues for real substantive engagement. In recent years, however, the security basket has come to dominate the others noticeably. This shift has its origins in real changes going on in both countries. The Calderón administration focused extensively on national and public security, given the rise in violence generated by drug-trafficking organizations, and the Obama administration continued a strong focus on national security, given fears in the United States about international terrorism in the aftermath of the 9/11 attacks and the country's military engagements in Afghanistan and Iraq.

Both Mexico and the United States face issues that have national security and public security consequences. The Bush administration declared a "global war on terror" that led to extensive US engagement abroad in combating possible terrorist cells, as well as in armed conflicts in Iraq and Afghanistan. The Obama administration sought to eliminate the concept of "war" from its strategy against terrorism, but its efforts still involved substantial military and intelligence engagement abroad, as well as delicate balancing acts to reduce military involvement in the two armed conflicts.

Similarly, the Calderón administration declared a far-reaching "war on drugs" to challenge the DTOs that were wreaking havoc in parts of the country and penetrating public institutions. (See Chapter 8 in this volume.) Given the mixed results of the strategy and Calderón's inability to cultivate public support, it seems likely that the new president of Mexico will quietly eliminate the idea of a "war"—while continuing many of the same combinations of military, law enforcement, and intelligence efforts to degrade the organized criminal groups. A key issue is whether the Peña Nieto administration can overcome interagency conflicts and poor coordination within the central government and across the federal, state, and local levels on security matters. The new political role of the governors has added yet another layer of uncertainty to coordination on migration and security.

In bilateral relations the focus on security has led to a hardening of the shared border, as the United States seeks to limit the possibilities of terrorist infiltration through land, air, and sea borders, and Mexico seeks to curtail the mobility of DTOs. Controversies about illegal immigration in the United States gave a further impulse to hardening the border (see Chapter 6 in this volume). A "smart border agreement" announced in March 2002 by the Bush and Fox administrations tried to harmonize security with trade by employing risk-management techniques. Under this

accord, the governments consult about priorities in the types of threats and vulnerabilities that might affect the shared border and about the types of responses indicated. The Obama and Calderón administrations then created a 21st Century Border Initiative that seeks to expand the risk-management approach. Both countries need to find ways to enhance the efficiency of cross-border exchanges while also strengthening security, with special emphasis on infrastructural development. The recent decline of net migration flows from Mexico to the United States (2008–2010) should help reduce tensions in this area and thus improve the atmosphere for bilateral dialogue.

Since 2006, Mexico's public security crisis has deepened noticeably, with a significant rise in homicides tied to organized crime, and this has, in turn, helped drive the increasing focus on security cooperation. There has been something of a "perfect storm" behind this spiral of violence: the breakdown of the old regime's structure of corporate controls, which had, to some degree, also regulated organized crime; a shift in cocaine trafficking routes from the Caribbean to Mexico; the weakening of Colombian cartels; the steady market for illegal narcotics in the United States, which supplies the money and weaponry to DTOs; an ample supply of combatants drawn from Mexico's poor; pervasive corruption in the police and justice system; ineffective responses by the Fox administration; and a diversification of criminal enterprise into kidnapping, extortion, and penetration into the informal and formal economies. Together these factors have made public security the number-one priority for the Mexican government and for the Mexican public; they have also cast light on the US contribution to the violence and corruption. As a result, security issues have dominated the agenda between the two governments over the past few years.

The Mérida Initiative itself has been the most visible centerpiece of this cooperation, if not always the most important part. The Calderón administration had sufficient confidence in the bilateral relationship to lay out in clear and candid terms the depth of Mexico's public security crisis and to request US assistance. President Bush committed the US government to a prompt and significant response. Unlike Plan Colombia, in which the United States took the initiative in reshaping the Colombian strategy, the Mérida Initiative was designed to respond to Mexico's security strategy. And in addition, the two governments have also ramped up efforts to share intelligence, intercept money and arms flows, and extradite leaders of criminal networks.

There were two immediate problems from the US perspective. First, unlike Colombia or other countries in the region, the United States had never previously administered a large, complex, multiagency program in

Mexico. Second, since the initial request came in the middle of a complicated budget cycle, there was no separate appropriation for Mérida, and the response had to be cobbled together from bits and pieces of agency resources and from a line in an emergency appropriation for defense. Also, there is no direct transfer of funds to Mexico; rather, the assistance is given in goods and services. The result was that the initiative has looked like a complicated “shopping list” of equipment and services rather than a coherent strategy. Each of the items in the list was grounded in statutes that stipulated constraints imposed by various congressional committees and subcommittees. Moreover, US involvement in security matters was much more sensitive politically in Mexico than in other cases. Concerns about involvement of the US Defense Department, the potential for abuse of human rights, and US oversight of Mexico’s uses of equipment and services all had to be managed with utmost care. And in contrast to Plan Colombia, the Mérida Initiative did not initially include funding for development assistance, although this is now starting to change.¹⁴

From the Mexican perspective, Mérida presented significant political and bureaucratic challenges. Overt US involvement on such a grand scale inevitably generated deep suspicion, while the derogatory label “Plan Mérida” implied strong similarity to the US-managed Plan Colombia. Resolving bureaucratic tensions among the defense, justice, and public security ministries presented additional challenges. Interagency relations within Mexico were further complicated by bureaucratic delays in the delivery of US equipment and by the variety of entry-points for US assistance and intelligence.

For the bilateral relationship, the Mérida Initiative formalized a common vision between the two governments for security cooperation and in dealing with drug trafficking. It also meant, at least in theory, a higher level of co-responsibility between the two countries, which is the most relevant aspect for Mexican foreign policy. For the first time, the diagnosis of the problem and its alternatives had a shared recognition in both countries, and substantial resources were tied to this diagnosis.¹⁵ There remain other problems of instrumentation, particularly those associated with arms control at the border and illegal capital transfers (i.e., money laundering). As long as this situation persists, the effect of the Mérida Initiative will be restricted and its implementation will impose high human costs.

Rebalancing the Baskets

In the absence of broad political support for a NAFTA-plus agenda or public backing in the United States for immigration reform, most of the

attention to the border has been driven by US conceptions of security. For example, the strongest point of consensus on immigration was that the border must be secured before other elements of reform (e.g., a guest-worker program or regularization of status of undocumented residents) could be considered. At the same time, there was growing awareness that the NAFTA bloc was facing increasing challenges of competitiveness, particularly from China and India, but the responses were muted and limited by ambivalence in all three countries about free trade. Much of the presidential-level discussion after 2000 led to program adjustments through bureaucratic consultations rather than a deepening of North American integration. Some observers are dismissive of the progress achieved through these channels. Robert Pastor, for example, has written that “no U.S. president has met so frequently with counterparts from Canada and Mexico and achieved so little as George W. Bush.” Between February 2001 and April 2008, Bush met eighteen times with Mexico’s president and twenty-one times with Canada’s prime ministers. The three leaders met jointly on two occasions. With grand irony, Pastor suggests that the meetings generated a game of “North American Scrabble.” Bureaucratic activity produced acronyms instead of results: “If progress is to be measured by the expansion of trade, the reduction of waiting time [at the border] and public support for regional integration, initiatives in all these areas have met with conspicuous failure.”¹⁶

In contrast, we believe that the Security and Prosperity Partnership (SPP) deserves closer examination. Launched in 2005, the SPP was a trilateral initiative designed to increase cooperation and information-sharing for the shared security and prosperity of the United States, Canada, and Mexico. Although it was endorsed by the leaders of the three countries, it was not a formal agreement or treaty and it therefore contained no legally binding commitments or obligations. It could perhaps be best characterized as an endeavor by the three countries to facilitate communication and cooperation across key policy areas of common interest. Building upon existing trade and economic relationships among the NAFTA countries, SPP focused not on trade but rather established a series of working groups to resolve nuts-and-bolts issues that could improve security and economic integration among the three nations.¹⁷

The SPP was largely an initiative by the US executive branch, intended to sustain momentum on economic integration in response to the new priority on security and the reality of NAFTA’s unpopularity in Mexico and the United States. The partnership produced scores of recommendations and dozens of practical adjustments. Over June 2005 through February 2008, the SPP produced three annual reports. Their work led to the designation of five priority areas: (1) enhancement of the

global competitiveness of North America; (2) safe food and products; (3) sustainable energy and the environment; (4) smart and secure borders; and (5) emergency management and preparedness. The bureaucratic-technical arena avoided the problem of asymmetry, as technocrats from the three countries could focus together on specific issues. It also promoted cooperation and shielded the process from the rising tide of anti-integration sentiment.

But its virtues were also its defects. “Flying under the radar” stoked suspicions that the SPP would promote integration by stealth. The US Congress was excluded from the consultations, which reinforced concerns about lack of transparency. Without congressional support, the SPP relied heavily on the commitment of the three chief executives. In the United States, however, Barack Obama came to power in part because of political support from social sectors that were deeply skeptical of NAFTA. Accordingly, the incoming Democratic administration decided not to continue the SPP and it disappeared with little public reaction in any of the three countries.¹⁸

The SPP was the last formal, strategic channel for Mexico-US dialogue about trade and economic integration. With this mechanism gone, there remains no formal mechanism for dealing with issues in the trade-cum-finance basket outside the robust but routine flows of information that exist between the two financial secretariats and the two trade secretariats. Whereas security and law enforcement issues have found a home in the Mérida framework, and border issues have found a home within the 21st Century Border Initiative framework, economic issues lack a clear venue for discussion. Sometimes they bubble up to strategic consideration, as with the cross-border trucking dispute, but most of the time they are dealt with as part of routine interactions between agencies with no clear vision for future progress.

Challenges Ahead

The policy baskets are likely to dominate US-Mexico relations for a long time to come. Each is based on real issues that matter to both countries and they have significant constituencies in both countries, both inside and outside the government. These constituencies overlap and the issues dealt with in each basket sometimes interact with each other, but as often as not the baskets function as separate subsystems of bilateral policymaking.

The one clear exception is, of course, the security and law enforcement baskets, which are now firmly ensconced together within the Mérida

Initiative framework. To a lesser extent, border cooperation has also been tied to this framework, though less tightly. During the Obama and Calderón administrations, the Mérida Initiative has increasingly moved from a vague declaration of “shared responsibility” to a more structured set of four pillars that focus on (1) reducing the strength of organized crime groups, including their supply networks for money and arms; (2) strengthening rule of law, including police, prosecutors, and the courts; (3) improving border management; and (4) supporting resilient communities, especially those under attack by organized crime. The first two are really the centerpieces of bilateral cooperation in security and law enforcement, while border management has a separate logic that is less tied to the Mérida process, and investment in resilient communities is an incipient effort. Despite a wise decision to include border management in the Mérida framework, efforts to create a “21st century border” remain subject to a different set of pressures outside of bilateral agreements, including public pressure in the United States to “secure the border” against illegal immigration and growing lobbying by the private sector and border communities in both countries to facilitate more efficient transportation corridors.

Meanwhile, the trade-and-finance basket remains on autopilot, with little strategic framework but a dense network of agency-to-agency relationships, and the political basket is driven by events in both countries and the desire to show mutual respect through relatively frequent meetings between the heads of state and the secretaries of foreign relations of both countries. In many ways, these two baskets operate on a separate logic from the other three.

It is worth thinking about what drivers in the future might lead to linking the six issue baskets in new ways or even lead to an overarching framework for the relationship that would integrate the various policy baskets. The first place to look, of course, is in the security and law enforcement baskets, which have become fused and have dominated bilateral discussions in recent years. If the current strategy or a revised version produces a drop in violence and a perceived blow to the strength of organized crime groups, it could generate a virtuous cycle of cooperation that extends to other areas. This could include working together with Central American countries, but it might also generate good will to stretch cooperation into the economic realm and produce momentum for more effective border management. If, on the other hand, conditions remain as they are or worsen, the security–law enforcement baskets are likely to remain relatively isolated and to reduce the room for policy innovation in the other baskets.

Second, any move toward comprehensive immigration reform in the United States would create a seismic shift in the Mexico-US relationship that could alter the workings of the policy baskets. The addition of new visas would take significant pressure off the shared border and allow for a more cooperative approach to identifying threats from terrorists and organized crime groups, while intensifying efforts to create effective transportation corridors. Reform would also require the Mexican government to cooperate actively in granting passports and potentially even in helping implement a work-based visa system, which would imply significant logistical challenges for US authorities in Mexican territory.

Third, but far less likely, either an economic crisis or an economic opportunity could help put a brighter spotlight on the trade-and-finance policy basket. A major energy reform or the discovery of new sources of oil in Mexico; a significant increase in trade and joint production driven by competitive wages in Mexico or the growth of the purchasing power; or any other good economic news would make Mexico again an attractive economic partner for the United States and raise its profile in US international economic policy. Similarly, an economic crisis in one or both of the countries, more severe than that of 2008–2009, would also require greater attention to the trade-and-finance policy basket.

Finally, the growing importance of the border region, including the rising influence of governors, mayors, legislators, and private sector and civic organizations in the ten border states, might also bring greater attention to the interrelationship among the five baskets. Indeed, at the shared border, the five baskets often look far more interdependent than they do in the two national capitals.

Our guess is that, for the next few years, things will remain as they are. The border stakeholders will grow in influence, but it will be a gradual process; Mexico's economy is also likely to expand, but at a gradual pace; immigration reform seems, as of this writing, still far away; and although it is likely that drug-related violence may decline at some point, it is unlikely to be so dramatic as to represent a clear victory for bilateral cooperation in the short term. As a result, the bilateral relationship will continue to evolve, with the occasionally overlapping policy baskets providing fragmented but real movement forward in the relationship. Since little in the policy world seems likely to generate the momentum in the short term to overcome this fragmented decisionmaking approach, perhaps the most probable driver for change will be economic growth in Mexico. Over time, this may increase Mexico's confidence in its relationship with the United States and lead the United States to pay more consistent attention to Mexico. Economics and finance may lead to a more

strategic approach that bridges the fragmentation of the policy baskets, but it is likely to be a long time before this happens.

Notes

1. US Census Bureau, Foreign Trade Statistics, <http://www.census.gov/foreign-trade/balance/c2010.html>.
2. Ibarra-Yúnez, “Fronteras seguras y facilitación de comercio.”
3. US Census Bureau, Current Population Survey, *America’s Families and Living Arrangements: 2007*, <http://www.census.gov/population/www/socdemo/hh-fam/p20-561.pdf>.
4. In 2010, border counties and municipalities of both countries had a population of 14.6 million. If we broaden the scope to include the six Mexican and four US states contiguous to the border, the population in this region is 90.7 million.
5. Mexico Institute, *The United States and Mexico: Towards a Strategic Partnership*, 4.
6. See Robert A. Pastor, “El futuro de América del Norte.”
7. Although the election of Barack Obama as president in 2008 was also an important event, it had a greater impact on culture and political symbolism than on the structure of the regime itself.
8. The famous “*comes y te vas*” (“eat and run”) happened in Monterrey in March 2002, when Vicente Fox asked Fidel Castro to retire early from the International Conference on Financing for Development (UN) in order to avoid the presence of George W. Bush.
9. González González, Martínez i Coma, and Schiavon, *Mexico, las Américas, y el mundo*, 68–72.
10. Chicago Council on Global Affairs, *Anxious Americans Seek a New Direction in United States Foreign Policy*, 19–20.
11. See 27th Conferencia de Gobernadores Fronterizos, Monterrey, NL, http://www.nl.gob.mx/?P=conferencia_gobernadores_fronterizos_2009.
12. Meyer, “Estados Unidos y la evolución del nacionalismo defensivo mexicano.”
13. See Chambers and Smith, eds., *NAFTA in the New Millennium*.
14. Bailey, “Plan Colombia and the Mérida Initiative,” 149–160.
15. Rico, “La Iniciativa Mérida y el combate nacional al crimen organizado.”
16. Pastor, “El futuro de América del Norte,” 154–155.
17. This and the following paragraph draw on Villarreal and Lake, *Security and Prosperity Partnership of North America*, 1, 2.
18. We draw here on the evaluation of SPP by Anderson and Sands, *Negotiating North America*.

5

Trade and the Development Gap

Robert A. Blecker and Gerardo Esquivel

When Mexico, the United States, and Canada joined together to form the North American Free Trade Agreement (NAFTA) in 1994, many observers expected that this would usher in an era of continental integration that would propel Mexican economic growth and lead to its economic convergence with its richer neighbors to the north. At that time, few would have expected that, nearly two decades later, China would have displaced both Canada and Mexico as the largest exporter of goods to the US market, or that Mexico's economy would have grown so sluggishly over the intervening years that it never converged to US or Canadian levels in per capita income or real wages. Although Mexico and the United States did deepen their ties and traded proportionately more with each other during the 1990s, since 2000 both nations have been beset by various global forces that—at least in relative terms—have weakened regional integration and prevented some of the expected gains from US-Mexican trade from materializing. In 2008–2009, Mexico experienced a severe economic recession that, for the first time in the country's recent history, was precipitated by a financial crisis and economic downturn in the United States, rather than by domestic policy failures in Mexico. Since 2010, Mexico has had a modestly strong economic recovery, in which a recuperation of exports to the United States has played an important role.

In spite of these unexpected outcomes and many other difficulties, the potential for a Mexican-US trade partnership to enhance economic performance and welfare in both nations remains, and if anything the Chi-

nese challenge makes it more imperative than ever that policymakers in both countries work to achieve that potential by creating a more competitive economic “space” in North America. Furthermore, the persistence or worsening of certain bilateral issues, such as undocumented migration and drug-related violence (covered elsewhere in this volume—see Chapters 6 and 8), implies that efforts to close the “development gap” between Mexico and the United States are still very much in the national interest of both countries.

In this chapter, we analyze the realities of US-Mexican trade and its impact on Mexico in terms of economic convergence, foreign investment, employment, wages, and income distribution since Mexico began to liberalize its trade in the late 1980s and subsequently joined NAFTA. We show that, up to the present, liberalized trade in general and NAFTA in particular have failed to fulfill the promise of closing the Mexico-US development gap, and we argue that this was partly a result of the lack of deeper forms of regional integration or cooperation between Mexico and the United States. We also explore other factors that could explain this negative outcome, and we briefly discuss the opportunities for both Mexico and the United States to mutually benefit from a further economic integration process.

NAFTA Expectations and Current Realities

Although much has changed since NAFTA went into effect in 1994, a brief retrospective on the expectations it generated and the actual trends since that time is helpful for understanding the present context of US-Mexican trade. The government of Mexican president Carlos Salinas de Gortari (1988–1994) pinned its hopes on NAFTA not merely to boost exports to the US and Canadian markets but also to attract large amounts of foreign direct investment (FDI), create a significant number of new industrial jobs, and give the Mexican economy the growth stimulus it had been lacking since the tepid recovery from the debt crisis of the 1980s.¹ Salinas famously predicted that NAFTA would permit Mexico to “export goods, not people” and to join the ranks of “first-world” nations. NAFTA’s critics in the United States predicted that it would cause a massive relocation of US industries and jobs to Mexico, while fostering greater inequality in both societies by creating a “race to the bottom” in social and labor standards. NAFTA supporters in turn promised that the agreement would stimulate US employment via trade surpluses with a growing Mexican market, as well as the usual con-

sumer gains from trade. Paradoxically, NAFTA's original supporters and opponents seemed to agree that, whatever else it would do, this agreement would give a major impetus to Mexico's industrial development and job creation.²

NAFTA did not go into effect in a vacuum, however, and it is perilously difficult to disentangle the effects of this trade agreement from the impact of other factors in the post-1994 evolution of the two economies. NAFTA built upon the base of the much larger tariff reductions and more far-reaching market-opening measures that Mexico had already adopted unilaterally after it joined the General Agreement on Tariffs and Trade (GATT) in 1986, so not all of the effects of trade liberalization can be attributed to NAFTA.³ In addition, macroeconomic factors such as financial crises, exchange rates, oil prices, and business cycles were important determinants of what actually occurred.⁴ Subsequent trade agreements, both multilateral (the formation of the World Trade Organization) and preferential (the many other FTAs entered into separately by Mexico and the United States), reduced the significance of the tariff preferences contained in NAFTA. China's emergence as a global economic power and the rapid increase in its share of North American markets have also had an enormous impact on the region.

The fact that NAFTA was never supplemented by deeper forms of regional integration, social policies, or economic cooperation probably limited the benefits and exacerbated the costs.⁵ Domestic policies in both nations mattered, as did underlying geographic and demographic realities. US efforts to stem unauthorized immigration, coupled with post-September 11 security measures, have made the border tougher, not easier, to cross, even for legal goods and services. Increased violence associated with drug trafficking and other organized criminal activities along the US-Mexican border, partly as a result of the failed "war on drugs" in both countries, has further complicated the picture in recent years. As a result of all these factors, it is generally safer to analyze what happened *after* NAFTA rather than *because* of NAFTA, but we will try to draw some inferences about causality where the evidence permits.

In fact, the trajectories of the US and Mexican economies since NAFTA bear little resemblance to any of the more exaggerated forecasts on either side of the *ex ante* debate. NAFTA did not solve Mexico's employment problems, raise its average real wages, or reduce migration flows, and it seems to have done little to raise the country's long-run average growth rate. However, NAFTA did contribute to strong recoveries from the 1994–1995 and 2008–2009 crises in Mexico, as well as a short-lived boom in 1996–2000. Mexico did reap gains in exports, FDI,

and other indicators, especially in the late 1990s, but NAFTA did not turn out to be the panacea promised by the Salinas administration.

The United States did not suffer a catastrophic loss of manufacturing employment immediately after NAFTA went into effect, although it began to hemorrhage manufacturing jobs more severely following the Asian financial crisis of 1997–1998 and especially after the surge in Chinese imports beginning around 2001. US workers made significant real wage gains in the late 1990s in spite of increasing US trade with Mexico, while Mexican workers suffered a sharp decline in real wages following the 1994–1995 peso crisis that was only barely reversed by the early 2000s. During the first seven years of NAFTA (1994–2000), North America showed signs of becoming a more integrated and competitive regional market area, but much of the progress on the regional front was reversed in the next ten years (2001–2010), as we shall see below.

The Lack of Economic Convergence

When NAFTA was signed, one of the main objectives of the agreement (at least from the Mexican perspective) was to achieve a reduction in the historical gap of economic development between Mexico and the United States. Despite the anti-American rhetoric traditionally displayed by Mexican politicians, the truth is that many Mexicans have long aimed to benefit from being close to one of the biggest and richest markets in the world.⁶ Of course, this explains not only the large flows of migrants from Mexico to the United States over the past few decades, but also the close trade ties that have been established historically between the two countries. In that sense, when NAFTA was signed there were huge expectations that increased trade and FDI could help to reduce the Mexico-US economic gap. From the perspectives of both countries, this could bring about multiple benefits for everyone involved in the agreement: for Mexican workers, this would imply higher wages and a better standard of living; for Americans and Canadians, this would imply having a more stable and economically sound neighbor that would become a good customer for their products. Under this scenario, Mexican workers would have lower incentives to migrate and, since migration has always generated a heated debate in some segments of the US population, this could also help to ease tensions in the Mexico-US relationship. All in all, it was hoped that enacting NAFTA would be a win-win policy for all concerned.

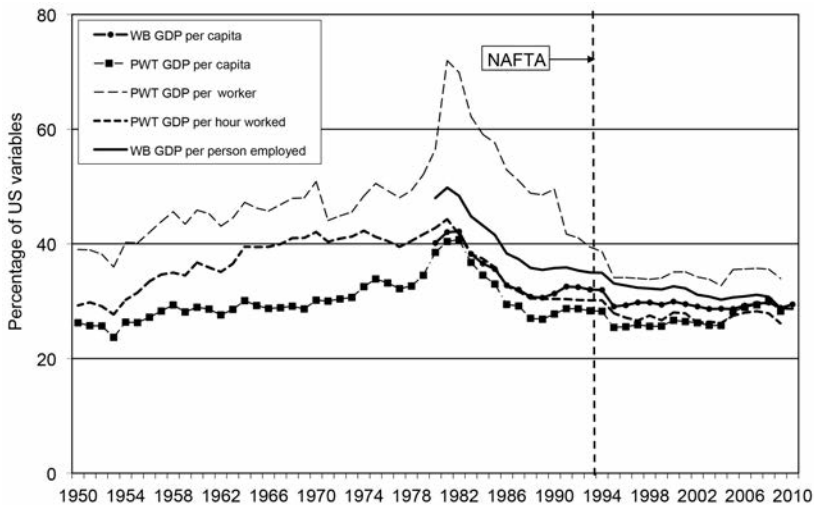
The relevant question, then, is what has happened to the historical Mexico-US economic development gap since (or as a result of) NAFTA?

Has there been economic convergence between Mexico and the United States since (or as a result of) NAFTA?⁷

Figure 5.1 provides an answer to these questions. The graph shows alternative long-term measures of income per capita or income per worker in Mexico as percentages of the corresponding measures in the United States. The data are shown in relative terms to better capture the idea of *economic convergence*: if income per capita (or per worker) in Mexico increases relative to that in the United States, the relative variables will rise and we would therefore conclude that there was a process of economic convergence between the two countries. Otherwise, we would say that there was no convergence. Indeed, if the relative variables decline, we would then say that there was a process of *economic divergence* between the countries.

The figure shows data from two different sources—the World Bank (WB) and the Penn World Tables Version 7.0 (PWT)—and includes different indicators from each source. From the WB we use the series for gross domestic product (GDP) per capita, which adjusts for price differentials across countries (this is the series WB GDP per capita), as well as

Figure 5.1 Mexico's Economic Performance Relative to the United States, 1950–2010 (Mexican variables as percentages of US variables)



Sources: Heston, Summers, and Aten, *Penn World Tables (PWT), Version 7.0*; World Bank, *World Development Indicators*; and authors' calculations.

the series for GDP per person employed (WB GDP per person employed). Both variables are measured as ratios of data in constant prices, expressed in terms of purchasing power parity (PPP). From the PWT we use three series: the Mexico-US ratio of real income per capita (PWT GDP per capita); the ratio of real GDP per worker (PWT GDP per worker); and the ratio of real GDP per hour worked (PWT GDP per hour worked).

All five series show essentially the same result: the level of economic development in Mexico relative to the United States has been remarkably stable since 1995 (with the exception of GDP per person employed, which has declined steadily since then), which means that there has been no economic convergence between these two countries as a result of (or associated with) NAFTA. Notice that, even long after the recovery from the 1994–1995 crisis, the level of economic development in Mexico relative to the United States (in either per capita or per worker terms) remained slightly below what it was before the passage of NAFTA. The data in Figure 5.1 show that Mexico's per capita income has remained relatively stable since 1994 at around 30 percent of US per capita income, regardless of which source we use. The figure also shows that output per person employed (WB), per worker (PWT), and per hour worked (PWT) have all declined steadily since 1981, and that these are now just between one-fourth and one-third relative to the same US indicators, depending on which source and variable we use. For comparison purposes, note that some of these ratios were closer to 40 percent in 1993, just before NAFTA went into effect.

In sum, the data show that there has been no economic convergence whatsoever between Mexico and the United States since NAFTA's enactment. As a result, the historical Mexico-US economic gap in percentage terms had not declined after nearly two decades of free trade, and the income gap in absolute terms had actually expanded during that time. Furthermore, since the international financial crisis of 2008–2009 affected Mexico more negatively than any other country in the Western Hemisphere, the Mexico-US gap has increased even further in recent years.⁸

Trade and Investment Flows

This lack of convergence did not occur because of a failure of trade to grow faster after NAFTA went into effect. On the contrary, Table 5.1 shows that US nonpetroleum imports from Mexico accelerated to an average annual growth rate of 19.5 percent in the first seven years of NAFTA (1993–2000), after growing at an already rapid clip of 13.9 percent in

1987–1993 following Mexico’s unilateral liberalization. As a result of this faster growth, Mexico’s share of US nonpetroleum imports climbed from 6.7 percent in 1993 to 11.4 percent in 2000. The accelerated growth in 1993–2000 should not be attributed entirely to NAFTA, however, but also resulted from two other factors: the “new economy” boom in the United States in the late 1990s, which led to an enormous explosion of US demand for imports generally; and the depreciation of the Mexican peso following the 1994–1995 “tequila” crisis, which left the peso at a more competitive exchange rate for the next several years.

However, US import growth from Mexico slowed considerably after 2000. US nonpetroleum imports from Mexico grew only at a 4.9 percent annual rate in 2000–2010, while US imports from China rose at a faster 13.8 percent annual pace during that decade. To be sure—and this is where both NAFTA and geography may have helped—Mexico did better than most other countries in maintaining its share of the US market in the face of increased Chinese penetration after 2000. The astounding increase in China’s share of US nonpetroleum imports from 9.0 percent in 2000 to 23.2 percent in 2010 came entirely at the expense of other countries, as

Table 5.1 US Nonpetroleum Imports from Mexico, China, and Other Countries

Percentage share in total US nonpetroleum imports				
	1987	1993	2000	2010
Mexico	4.5	6.7	11.4	12.8
China	1.7	5.9	9.0	23.2
Other countries	93.8	87.4	79.6	64.0
Total	100.0	100.0	100.0	100.0
Growth (average annual percentage rates)				
	1987–1993	1993–2000	2000–2010	
Mexico	13.9	19.5	4.9	
China	30.8	17.9	13.8	
Other countries	5.4	9.4	1.4	
Total	6.6	10.9	3.7	

Sources: US Bureau of Economic Analysis, International Transactions Accounts, tables 2 and 2a, release of March 16, 2011, <http://www.bea.gov>; Petróleos Mexicanos (PEMEX), *Anuario Estadístico* (various years), <http://www.pemex.com>; US Census Bureau, *FT900: US International Trade in Goods and Services*, various December issues, <http://www.census.gov>; and authors’ calculations.

Mexico's share actually rose slightly from 11.4 percent in 2000 to 12.8 percent in 2010.

Nevertheless, it seems likely that US imports from Mexico would have grown even faster and increased their share further between 2000 and 2010 in the absence of the huge jump in imports from China.⁹ The disappointing growth of Mexican exports to the United States in 2000–2010 occurred after China joined the World Trade Organization (WTO) and obtained “permanent normal trade relations” (formerly known as “most favored nation”) status from the United States in 2001. However, other factors were also at work. As a side effect of its inflation-targeting monetary policy, the Mexican central bank (Banco de México) kept the value of the peso at an uncompetitively high level during most of the 2000–2010 period, except for allowing a brief depreciation during the 2008–2009 crisis that was subsequently reversed.¹⁰ The end of the Multifibre Arrangement (MFA) in 2005 led other developing countries (largely, but not exclusively, China) to increase their shares of global textile and apparel production, thereby destroying a large part of the vertically integrated North American textile-apparel complex that flourished briefly under NAFTA's rules of origin in the late 1990s. High-tech producers also discovered that they could find lower wages and more supportive government policies in various East Asian countries.¹¹

Mexico's trade data show a similar pattern of regional integration increasing during the 1993–2000 period and then diminishing thereafter (see Table 5.2). On the export side, the largest increase in the US share of Mexican exports occurred in 1987–1993; this suggests the natural pull of geography in stimulating intraregional trade even when Mexico opened up its own economy unilaterally.¹² In spite of efforts by Mexico to diversify its export outlets, especially through the signing of numerous other bilateral FTAs, 80 percent of Mexican exports were still sold in the US market as of 2010.

In contrast, while the US share of Mexican imports remained relatively stable at around 70 percent from 1987 through 2000, it then fell to 48.6 percent in 2010. There were several causes of this sharp reduction in intraregional trade post-2000. First, since both the US dollar and Mexican peso were at relatively high values during the first several years of the 2000s, producers throughout North America had strong incentives to source products (both final and intermediate goods) outside the continent. Second, the penetration of Chinese and other Asian imports into the US market not only displaced Mexican exports to the United States, but also displaced US exports of intermediate goods that would otherwise have been shipped into

**Table 5.2 Country Composition of Mexico's External Trade
(as percentage of total trade)**

	1987 ^a	1993	2000	2010 ^b
Exports: Destination country				
United States	69.2	82.7	88.7	80.0
Canada	1.1	3.0	2.0	3.6
China	n.a.	0.1	0.1	1.4
Rest of world	29.7	14.2	9.1	15.1
Imports: Country of origin				
United States	74.0	69.3	73.1	48.6
Canada	1.7	1.8	2.3	2.9
China	0.2	0.6	1.7	15.3
Other Asia	4.5	10.7	10.0	16.9
Rest of world	19.6	17.6	13.0	16.4

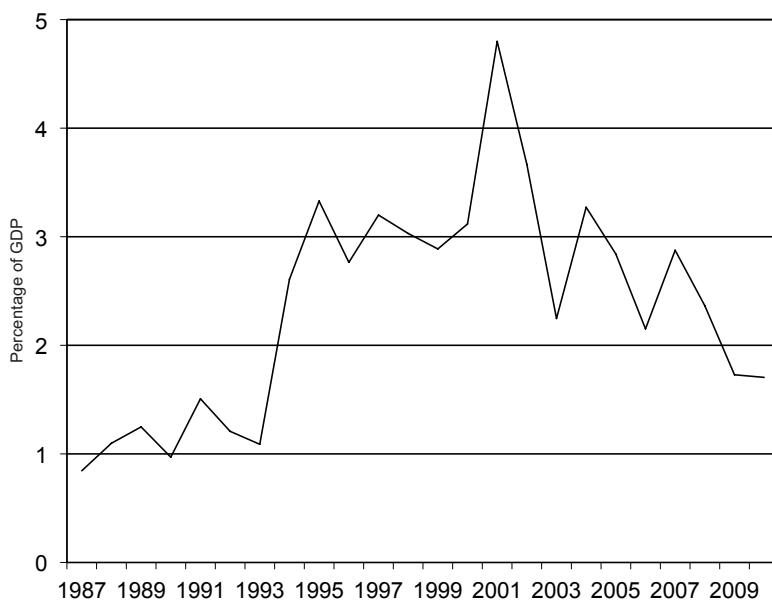
Sources: Instituto Nacional de Estadística, Geografía e Informática (INEGI), <http://www.inegi.org.mx>, except for 1987, and authors' calculations. Total trade includes maquiladora industries and petroleum. Percentages are independently rounded.

Notes: a. The US percentages for 1987 were taken from Hufbauer and Schott, *North American Free Trade*, 48, table 3.1, based on International Monetary Fund (IMF), *Direction of Trade Statistics*; data for other countries for 1987 were estimated using data from INEGI, *Anuario Estadístico*, in combination with Hufbauer and Schott's percentages for the United States.

b. Preliminary figures.

Mexico for assembly. Third, Mexican trade policy actively encouraged imports of intermediate goods from outside the region through the Pitex program of tariff exemptions.

Mexico did succeed in attracting a notably increased level of FDI inflows in the first several years after NAFTA went into effect in 1994 (see Figure 5.2). Mexico's FDI inflows shot up from about 1 percent of GDP before NAFTA to about 3 percent of GDP on average in the late 1990s. However, after FDI inflows reached an unusually high level (nearly 5 percent of GDP) in 2001, when Citibank purchased Banamex, they have mainly drifted downward since then and fell below 2 percent of GDP in 2009–2010 in the aftermath of the Great Recession. Strikingly, the proportion of Mexican FDI inflows coming from the United States was notably lower in 2001–2010 compared with the previous decades.¹³ The falling US share of Mexico's FDI inflows may also have contributed to the falloff in the US share of Mexico's imports after 2000, since US corporations are more likely to source inputs from their US affiliates while corporations from other countries are more likely to source inputs from their home countries or regions.

Figure 5.2 Mexican FDI Inflows as a Percentage of GDP, 1987–2010

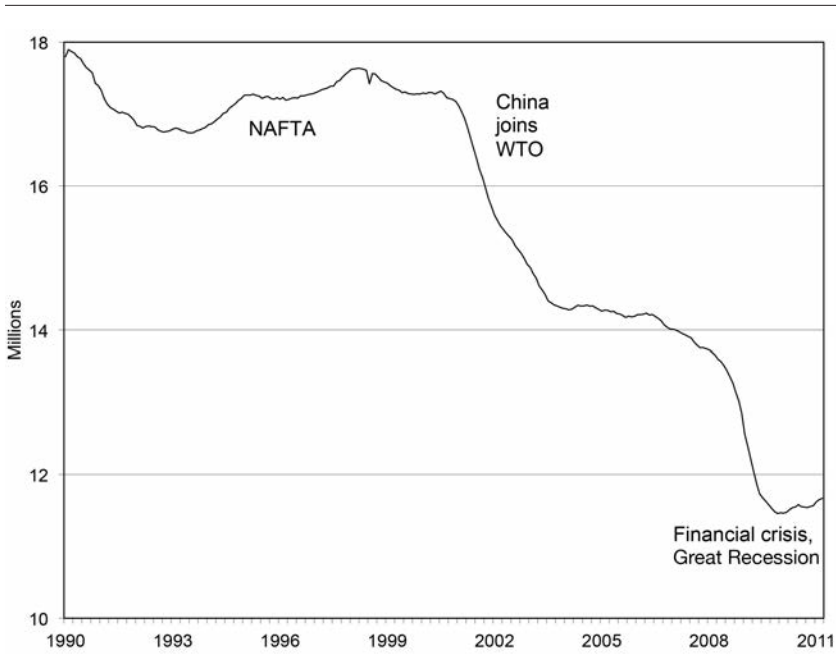
Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), <http://www.inegi.org.mx>; and authors' calculations.

Effects on Manufacturing Employment

US manufacturing employment did fall off a cliff—but not until after 2001, seven years after NAFTA went into effect (see Figure 5.3). Roughly 3 million manufacturing jobs disappeared following the 2001 recession and China's accession to the WTO in that year, and another 2.5 million vanished in the financial crisis and Great Recession of 2008–2009. None of these events had anything to do with NAFTA or Mexico, however, and in fact Mexican manufacturing employment also fell in both periods.

Nevertheless, it does not follow that NAFTA (or US-Mexican trade more broadly) had no negative impact on US manufacturing employment, which might have been expected to have grown more rapidly during the economic boom of 1994–2000 than it actually did. US manufacturing employment rose very little during that period, in spite of GDP growth that averaged 3.9 percent per year at that time. However, the highest credible estimate of the cumulative US manufacturing job losses that can be

Figure 5.3 Total Employment in US Manufacturing, Monthly January 1990 to March 2011 (seasonally adjusted)



Source: US Bureau of Labor Statistics, <http://www.bls.org>. Data for February–March 2011 are preliminary.

attributed to US-Mexican trade during (roughly) the first decade of NAFTA is about 500,000, and other estimates are lower (some even claim net gains).¹⁴ Even taking the high-end estimate of about a half million jobs lost over a decade, it is a relatively small amount in a country where payroll employment totaled 114 million in 1994 and reached 138 million in 2007, and smaller than the monthly job losses during the worst months of the recession of 2008–2009.¹⁵ Moreover, the 500,000 figure is an estimate of job losses due to the increased US trade deficit with Mexico, not effects of NAFTA specifically.

If the US job losses that can credibly be attributed to trade with Mexico (if not to NAFTA per se) are relatively small, by the same token the employment increases that Mexico achieved in its tradable goods industries were much more modest than the optimistic ex ante predictions. According to Mexico's quinquennial economic census, total payroll

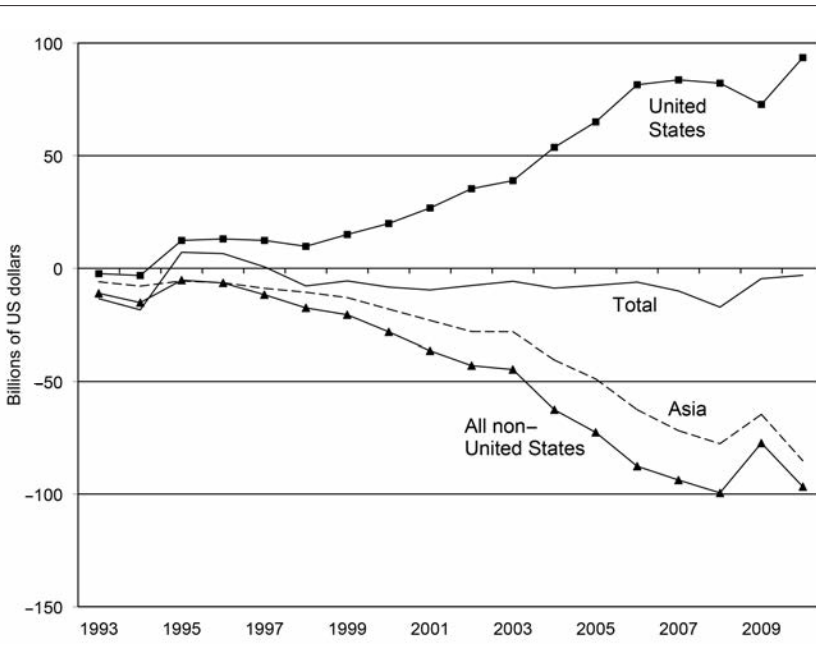
employment in Mexican manufacturing increased from 2.5 million in 1989 to 2.9 million in 1994, and rose further to 3.8 million in 1999, but then declined to 3.4 million in 2004 and 3.3 million in 2009.¹⁶ Overall, the net increase in manufacturing payroll employment in Mexico in the first fifteen years after NAFTA (1994–2009) was roughly 400,000—around the same order of magnitude as the largest estimates of US job losses due to post-NAFTA trade with Mexico. This a far cry from an amount of job creation that could have put a serious dent in Mexico’s employment needs (given that the labor force grows by nearly 700,000 workers annually) or stem the flow of migration (which is estimated to have been in the range of about 350,000 to 580,000 per year in the 1990s and early 2000s).¹⁷

In retrospect, it should have been more obvious that trade liberalization would not have had an enormous impact on total industrial employment in Mexico. Trade liberalization increases imports as well as exports, and increased imports displace domestic jobs just as much as increased exports create them. Thus, an important perspective on the disappointing job gains in Mexico’s manufacturing industries can be obtained by examining the country’s trade balances with the United States and the rest of the world. While for the United States its growing deficit with Mexico was part of a much larger increase in its overall deficit, for Mexico its increasing surplus with the United States was completely offset by rising deficits with other countries, primarily in Asia (see Figure 5.4). Furthermore, many Mexican export industries are essentially assembly operations that rely heavily on imported parts and components, and that lack “backward linkages” to domestic industries.¹⁸ As a result, the increases in the gross value of exports are an exaggerated indicator of value added and employment generation in the export industries.

Income Distribution, Relative Wages, and Inequality

Figure 5.5 shows one of the most widely cited indicators of wage inequality—the skilled-unskilled wage gap—measured by the ratio of salaries of employees (nonproduction workers, in the US terminology) to wages of production workers, from the monthly survey of non-maquiladora industries in Mexico. The sharp rise in this measure of wage inequality in the first decade of trade liberalization (1987–1997) surprised most economists, since they had assumed that trade liberalization would boost the wages of less-skilled workers in Mexico due to a supposed abundance of less-skilled labor. One explanation for the rise in this ratio at that time is that the initial tariffs that were lowered in the trade liberalization of the late 1980s were higher in the industries that

Figure 5.4 Mexico's Trade Balance: Total and with United States, Asia, and All Non-United States, 1993–2010

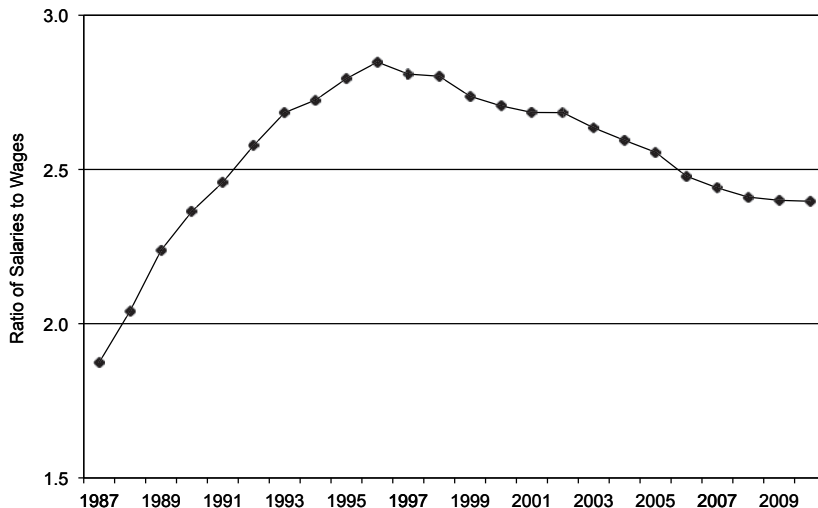


Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), <http://www.inegi.org.mx>, from integrated work group INEGI-BANXICO-SAT (Servicio de Administración Tributaria) and Secretaría de Economía. Data for 2010 are preliminary.

were most intensive in less-skilled labor.¹⁹ Another explanation is that skill-biased technological change during this period boosted demand for more-educated workers—although this shift may have been at least partially an effect of trade liberalization rather than an independent cause.²⁰

Of course, a rise in wage inequality that began several years before NAFTA cannot be attributed to this trade agreement (though it may be attributed in part to the earlier and more drastic trade liberalization of the late 1980s). This measure of wage inequality stopped increasing in 1996 and turned gradually downward from 1997 to 2010, although as of 2010 it was flattening out at around 28 percent above its 1987 level. While there are probably several causes of this reversal, the leading explanation is an increase in the relative supply of more-skilled labor due to the rising levels of education of the Mexican labor force, although the shift toward relatively more maquiladora employment could also have boosted relative demand for less-skilled labor.²¹

Figure 5.5 The Ratio of Hourly Salaries of Employees to Hourly Wages of Production Workers in Mexican Manufacturing Industries, 1987–2010



Sources: INEGI, <http://www.inegi.org.mx>; and authors' calculations. Three different series were spliced together, using data from the old Encuesta Industrial Mensual (EIM) for 1987–1994, the newer EIM for 1994–2005, and the more recent Encuesta Industrial Mensual Ampliada (EIMA) for 2005–2010. Maquiladora industries are not included in these data.

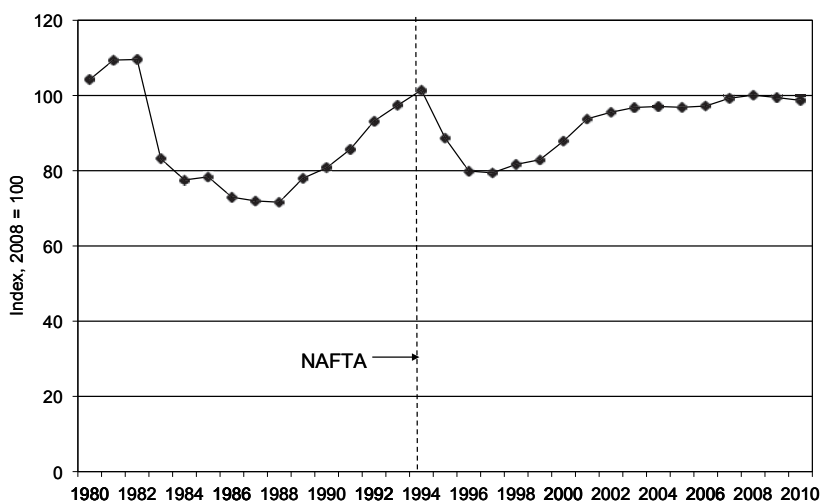
The changes in wage inequality in Mexico also have important regional and gender dimensions.²² Census data reveal that regional inequality between workers in the northern and southern Mexican states increased between 1990 and 2000. For the more recent period, studies have found that the decreases in the skill gap in the late 1990s and early 2000s were concentrated in the northern border states, which have the highest degree of “globalization,” according to various indicators of exports and FDI. Furthermore, the decrease in the skill gap in the last decade occurred mostly among women workers in those states. In the rest of the country, where the effects of imports are likely to dominate the effects of exports and where there has been relatively less FDI, less-skilled workers (of either gender) do not appear to have benefited as much from trade liberalization either pre- or post-NAFTA. Thus, it is difficult to generalize about the effects of trade liberalization or NAFTA on Mexico’s wage structure, as there were many effects that went in different directions for different groups of workers and regions of the country at different times (and not all of the distri-

butional changes were caused by trade policy). If anything, the evidence seems clearer that the initial liberalization contributed to the rise in wage inequality from 1987 to 1997, while NAFTA's effects are more muted and mixed. This is not surprising, since the earlier liberalization involved a more drastic opening of Mexico's economy compared to NAFTA.²³

However, there are other dimensions of income distribution that can be affected by trade policy beyond the relative wages of more- and less-skilled workers, which have received perhaps disproportionate attention from economists. What Mexico hoped for when it opened its economy and joined NAFTA was not merely a reduction in inequality among different groups of workers, but more importantly a significant increase in the average wage level for all Mexican workers. This, in turn, could have contributed to a rising standard of living for most citizens and a diminution of outward migration. This simply has not come to pass, especially in terms of wages in the tradable goods industries that are most impacted by trade, even if migration flows were subsequently reduced for other reasons (that is, tougher border controls and high unemployment rates in the United States since 2008).

Figure 5.6 shows an index of Mexico's average real compensation per person in manufacturing since 1980.²⁴ Evidently, this index has followed the cycles in the Mexican economy, as real compensation collapsed during the debt crisis of the early 1980s, partially recovered in 1988–1994, collapsed again following the peso crisis in 1995–1996, and recovered once more in about 1998–2003. However, average real compensation stagnated in the last seven years shown (2003–2010), and at the end of this period was barely back to its precrisis level of 1994. In the long run, average real labor compensation in Mexican manufacturing has not increased since the debt crisis of the early 1980s. Since average US wages have risen since that time, the wage gap with the United States has increased rather than decreased.

In hindsight, the expectation of significant overall wage gains for Mexican workers as a result of trade liberalization alone was surely unrealistic. The prediction that Mexican workers in general—and less-skilled workers in particular—would benefit from trade liberalization hinged on the assumption that Mexico had a relative abundance of (less-skilled) labor compared with its trading partners. Although this is true in regional terms, that is, in comparison with Canada and the United States, it is not true in global terms—in a world economy that includes the much more labor-abundant countries of South and East Asia. Mexico is close to the world average in terms of labor abundance, in between highly labor-abundant countries like China and India on the one side, and relatively labor-scarce

Figure 5.6 Real Compensation per Worker in Mexico's Non-Maquiladora Manufacturing Industries, 1980–2010

Source: Banco de México, <http://www.banxico.org.mx>. Data shown are chain-linked data obtained using a 1993-based series and a 2008-based series.

countries like the United States and Canada on the other.²⁵ Similarly, although Mexico is the low-wage country in North America, it is a medium-wage country globally.²⁶ Thus, Mexico does not have a global advantage in labor costs and should not have been expected to reap large gains in wages from opening up to trade, except in those sectors where the country can parlay its geographic proximity to the US market into special competitive advantages.

Why Mexico Is Not Converging

In addition to what has already been mentioned, there are a number of domestic factors that explain why Mexico is not converging to US levels in terms of income per capita, income per worker, or average wages.²⁷ Among other aspects, we can mention the following: (1) badly implemented economic reforms, which instead of promoting economic growth have actually been a drag on it; (2) lack of other important economic

reforms in areas such as rule of law, competition, financial sector, education, and infrastructure; (3) lack of a domestic engine of growth that could complement the external one (mainly represented by the US industrial sector and consumer market); and (4) restrictive macroeconomic policies. Let us review each of these aspects in more detail.

Badly Implemented Economic Reforms

In the second half of the 1980s and the early 1990s, Mexico undertook a series of economic reforms (trade opening, financial reform, and privatization of banks, highways, and so on) that were supposed to radically transform the semiclosed, inward-looking Mexican economy into a more modern and export-oriented one. Some of these reforms, however, were badly implemented and led to disastrous outcomes that in some cases were the opposite of what the policies were supposed to achieve.²⁸ The privatization of banks, for example, was done without having a proper institutional and regulatory framework, which then led to an unsustainable credit boom that exacerbated the costs associated with the currency crisis of December 1994. Something similar happened with the privatized highways, which were subsequently bailed out by the Mexican government at an extremely high cost. Other privatizations, such as that of the state telephone company, Telmex, only replaced a public monopoly with a private one, which has since then extracted huge rents from a captive and mostly uncontested domestic market.²⁹

Lack of Other Important Economic Reforms

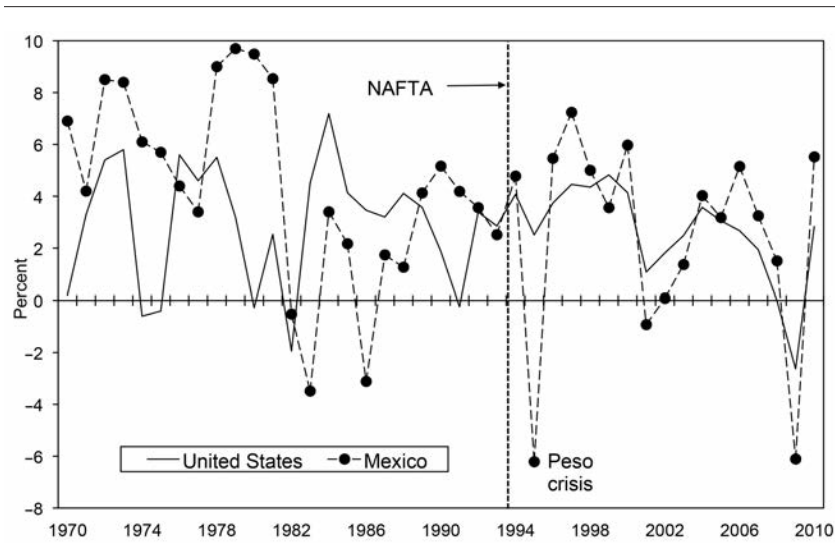
The negative outcomes of some of the previous economic reforms, together with political gridlock in the newly multiparty Congress (since 1997), have led to a reform paralysis in Mexico. In fact, since the mid-1990s there have been no new important economic reforms in the country, despite the fact that everyone acknowledges the importance of undertaking certain changes in the economy. Of course, some of these reforms are highly controversial and there would hardly be a consensus on some of them, as in the case of fiscal or labor reform, where the approaches and proposed solutions of different political parties are completely different. However, there are certain reforms that could be easily approved and implemented and that would not engender ideological confrontation among the different political parties, although they would undoubtedly affect some special-interest groups. So far, these groups have been suc-

cessful in blocking or even avoiding discussion of these reforms, which include the rule of law, competition policy, and financial regulation.

Lack of a Domestic Engine

One thing that has definitely changed since NAFTA is the increasing correlation of Mexican and US business cycles, presumably reflecting greater sensitivity of the Mexican economy to short-run fluctuations in the US economy. Several studies using a variety of statistical methodologies have found large and significant increases in the “synchronization” of Mexican output growth and industrial production with corresponding US variables since NAFTA.³⁰ Figure 5.7 confirms graphically that Mexican GDP growth has been highly correlated with US GDP growth since 1994, except for 1995 when Mexico suffered a steep recession during the peso crisis, while no significant correlation can be seen in the prior years. The large impact of US growth on Mexico benefited the latter during the US boom of the late 1990s, but had a less favorable impact during the slower-growth years of the early 2000s and especially in the financial crisis and Great Recession of 2008–2009.

Figure 5.7 Annual Growth Rates of Real GDP, United States and Mexico, 1970–2010



Sources: International Monetary Fund, *World Economic Outlook Database*, April 2011 edition, <http://www.imf.org/external/pubs/ft/weo/2011/01/weodata/index.aspx>, and earlier editions.

The strong correlation between the Mexican and US economies is partly behind the remarkably steady Mexico-US ratios of income per capita and income per worker shown in Figure 5.1. Indeed, the fact that both economies have been growing at similar rates since 1996 (as shown in Figure 5.7) explains why those ratios look practically unchanged since NAFTA's enactment. Of course, such a strong correlation can only be explained by the lack of a domestic engine of growth in Mexico. This result is rather surprising considering that Mexico is one of the largest economies in the world and presumably would have a relatively large domestic market. However, Mexico's transformation into an outward-looking, export-oriented economy probably went too far and may have reached the point where the domestic market becomes almost irrelevant, thereby aggravating the country's external vulnerability, especially to economic conditions in the US market. This was particularly obvious during the Great Recession of 2008–2009, when the Mexican economy was severely affected (GDP collapsed by 6.1 percent in 2009) as a result of a financial crisis that originated in the United States. There is no doubt that the main channel for this impact was the regionally integrated industrial sector, which contracted by more than 11 percent in the United States in that same year.

Restrictive Macroeconomic Policies

In addition to the reforms already described, there have been two other important reforms in the conduct of macroeconomic policy in Mexico in recent years: on the one hand, the central bank (Banco de México) is now independent and has price stability as its single objective; on the other hand, fiscal policy is conducted according to a highly procyclical rule, which mandates a zero deficit regardless of the state of the business cycle. This combination of policies, together with the strong correlation of the Mexican and US economies, implies a straitjacket for the conduct of macroeconomic policy that severely limits the ability of Mexican policy-makers to respond to external shocks in a countercyclical manner.³¹ This means that the Mexican economy absorbs all the external shocks and has no ability to pursue independent stimulus policies. Furthermore, the institutional design of macroeconomic policy in Mexico may even exacerbate negative shocks by inducing fiscal, monetary, and exchange-rate policies that end up increasing exchange-rate and output volatility.

The profound economic impact of the financial crisis of 2008–2009 on the Mexican economy is a case in point. During this crisis, the Mexican economy was much more volatile than the US economy, despite the fact that the crisis originated in the latter. Indeed, during 2009 Mexican

GDP contracted by 6.1 percent, whereas US GDP declined by only 2.6 percent. During the recovery, the trend was similar since Mexico recovered in 2010 at a pace of 5.5 percent, while US output grew at 2.9 percent. Notice that this performance implies that by the end of 2010 the US economy had already returned to its precrisis level of output, whereas Mexico was still below its previous peak. This higher volatility pattern for the Mexican economy is precisely what we would expect considering not only the synchronization of both economies, as discussed above, but also taking into account the important macroeconomic policy restrictions imposed upon the Mexican economic authorities, since these restrictions do not allow them to use either monetary or fiscal policy tools in a countercyclical manner. For that reason, the Mexican economy heavily depends on the ability of US policy responses to mitigate the amplitude of the business cycle.

The only factor that actually reduced the magnitude of the negative shock for the Mexican economy was the exchange rate, which depreciated substantially in both nominal and real terms in late 2008 and early 2009. This had a positive effect on exports during the second half of 2009 and throughout 2010, which helped to compensate for the negative demand shock due to the lower level of economic activity in the US economy during this period. However, the peso subsequently appreciated again, reaching a level (11.65 per US dollar) in May 2011 not seen in nearly three years (since early October 2008).

New Opportunities and US Interests

After the recovery from the financial crisis and global recession of 2008–2009, Mexico and the United States are likely to enjoy certain opportunities for renewing their economic cooperation in their mutual interest. One positive development on the Mexican side is that the crisis left the peso at a somewhat more competitive exchange rate than it had been at for most of the previous decade. Although the peso has recovered from its lowest value during the crisis (nearly 15 per US dollar in March 2009), as of September 2012 it was (at around 13 per dollar) about 20 percent lower in value compared to the precrisis period. If the peso is allowed to remain at such a competitive level going forward, Mexican industries can get a leg up in attracting FDI and exporting to the US market and elsewhere.

Some press reports indicate that existing foreign investment in Mexico has been remarkably resilient in spite of the increased violence

resulting from the government's crackdown on drug trafficking; success in the latter effort could help the country attract yet more FDI inflows.³² A recent report by the American Chamber of Commerce of Mexico concludes that it "can attest to the fact that Mexico remains a country where it is safe to invest and where there are very good business opportunities. Mexico is in fact *a highly stable country both economically and socially*."³³ However, FDI inflows into Mexico were less than 2 percent of GDP in 2010, below the post-NAFTA average of about 3 percent (see Figure 5.2), and it remains to be seen whether drug-related violence will hold those inflows below the levels that would otherwise be expected as the US and Mexican economies recover further in the next few years.

Just before the financial crisis worsened in September 2008, the business press was noting a trend toward the return of some manufacturing production from Asia to both the United States and Mexico, as a result of the high energy prices and transportation costs that had emerged at that time coupled with the then-lower value of the dollar and concerns over quality control in China.³⁴ The financial crisis and recession temporarily interrupted this process, as energy prices tanked, transportation costs fell, and the dollar temporarily recovered (not only against the peso, but against most currencies) in the fall and winter of 2008–2009. However, as the global economy began to revive in the second half of 2009, energy and commodity prices started to recover and the dollar resumed its previous downward course against the major currencies such as the euro. By mid-2011, the dollar was at historical lows relative to the currencies of the other major industrialized nations, while global energy prices and transportation costs remained relatively high. If these trends continue and the peso also stays low, the long-run potential for a revival of both Mexican and US manufacturing is enormous. This revival, however, could only have a limited effect on employment creation in Mexico unless there were massive increases in both domestic and foreign investment, specifically directed to labor-intensive sectors.

The automobile industry has long been one of the most important sectors for bilateral US-Mexican trade, and although it took a big hit, in both countries from the combined effects of high oil prices and a recession in 2008–2009, there is significant potential for a recovery of regional trade in automobiles and auto parts as the auto companies are now focusing on making smaller and more fuel-efficient cars for the US market. Signs of this potential for recovery being realized are seen in the recent announcements by Ford and General Motors (GM) of new investments in Mexico for producing new (low-cost, fuel-efficient) models in their plants in Mexico.³⁵

The Ford and GM examples remind us of why US-Mexican trade relations can be fraught with conflict, since the jobs that will be supported at the Mexican plants are jobs that will not be found in Detroit or elsewhere in the United States. Indeed, the likelihood of US auto companies increasing their outsourcing was a major point of controversy in regard to the US government bailout of two large automakers (GM and Chrysler) in early 2009. Nevertheless, there are many reasons why expanded trade with Mexico and efforts to promote Mexican convergence are in the US interest.

First, trade with Mexico is more of a two-way street for the United States than trade with most Asian countries. Although the United States has a large overall trade deficit, its deficit with Mexico is *relatively* smaller in proportional terms. The average ratio of US imports to US exports in 2010 was 1.5:1; this ratio was only 1.4:1 for US trade with Mexico but 3.9:1 for US trade with China.³⁶ Thus, even though some Mexican production displaces some US jobs, Mexico is a better customer for US exports than most other countries, and hence trade with Mexico also supports relatively more US jobs. Hence, a growing Mexican economy would be an opportunity for, not a threat to, the United States.

Second, the primary economic driver of migration from Mexico to the United States is the persistently large wage gap between the two countries, that is, the lack of convergence in wages.³⁷ Although high US unemployment rates along with tightened border controls have put a temporary damper on migration flows, it is to be expected that flows will revive if and when the United States achieves a more robust recovery and job opportunities become more abundant north of the border. In the long run, policies that could foster convergence between the two countries via increased wages in Mexico are the surest way to stem the tide of Mexican workers seeking to cross the US border. Instead of building walls or deporting people, regional efforts to promote Mexican growth and convergence would be the best way to alleviate migration pressures.

Third, there are special opportunities for mutual gains from US-Mexican cooperation in the areas of health care and elder care services. Given the aging of the US population and the high and rising costs of medical and elder care in the United States, it would make sense to allow US Medicare benefits and private insurance payments to flow to Mexican providers of medical care and elder services (e.g., assisted living or nursing homes), who can provide those services at a significantly lower cost. In fact, some US senior citizens are already taking advantage of the lower cost of retiring and seeking medical treatments in Mexico, but their numbers could be vastly expanded if Medicare and insurance benefits were allowed to be spent there (subject, of course, to adequate quality con-

trols). This could also provide enormous numbers of jobs for Mexicans not only in health and elder care directly but also in various supplier industries. Given that the manufacturing sector does not seem capable of supplying adequate numbers of jobs in Mexico, for the reasons discussed earlier, Mexico needs to focus on other sectors, such as services and construction, to solve its employment problems. Since rising health care costs are threatening both the private and public sectors of the US economy, both countries could reap enormous gains from such an arrangement.

This area of opportunity, however, will not be permanent since demographic complementarities between Mexico and the United States will eventually disappear. To convey an idea of how important Mexico-US demographic complementarities are and how long they are likely to last, we can examine the old-age dependency ratios for both countries for the 2005–2050 period. This ratio is defined as the number of people aged sixty-five and over as a percentage of the number aged fifteen to sixty-four, where the latter are considered to be the productive segment of the population. These data reveal two important elements: first, the old-age dependency ratio in the United States is currently twice as high as it is in Mexico, and it will be greater than the Mexican ratio at least for the next forty years; second, the gap in old-age dependency ratios will steadily increase until the mid-2020s, when the gap will start to decline gradually until it disappears around 2050. This means that the next ten or fifteen years will be the best time for exploiting the demographic complementarities between Mexico and the United States. For that reason, this area of opportunity is one that needs to be explored soon in order to reap the largest possible benefits for both countries.

Conclusions

The decision to convert North America into a free trade area with the adoption of NAFTA concealed a deeper clash of visions over what kind of economic integration was intended. On the one hand, some economists supported it reluctantly because of its preferential nature. These economists wanted a NAFTA that would keep North America wide open to trade with other global regions and that, in effect, would be little but a way station on the road to multilateral trade liberalization. On the other hand, some advocates of “industrial policy” sought a NAFTA that would function as a true trading bloc, transforming North America into a more internally integrated and externally competitive region. The industrial policy advocates were concerned mostly about competition from Japan,

the four Asian tigers, and the European Union (EU) in the early 1990s; China was not yet on their radar screens.

In reality, NAFTA—in spite of its many exceptions to pure free trade—ended up functioning more like a globally open regional market than a self-contained trading bloc, and this had a profound impact on what the agreement did and did not accomplish for the Mexican and US economies in the long run. NAFTA was neither the panacea promised by the Mexican government nor the disaster predicted by some US opponents. Although the agreement did have a significant impact on trade and investment flows, it had at most a modest impact on the variables that matter most, such as employment, income distribution, and growth. The biggest problem is not what NAFTA did, but what it did not do, namely, to foster a regional integration process that could have lifted up the Mexican economy and produced a convergence in Mexican per capita income or average wages toward US levels.

The point is not that NAFTA should have been an economic “fortress” defended by high protectionist barriers. Rather, the problem was that neither Mexico nor the United States ever adopted the complementary policies that could have promoted a more successful regional integration effort. These policies would have included promulgating adequate education and industrial policies, making the necessary infrastructure investments, and maintaining competitive exchange rates. Furthermore, the NAFTA countries did not adopt policies to promote convergence of the less-developed regions of the sort used in the EU, such as its regional and social cohesion funds.³⁸ Although the United States extended some additional Trade Adjustment Assistance (TAA) for US workers displaced by trade with Canada or Mexico, overall the NAFTA countries did not implement adequate social safety nets for groups adversely impacted by the agreement’s adjustment costs. Mexico eventually adopted certain redistributive policies, such as the Procampo and Progresá (later renamed Oportunidades) programs, but Procampo was poorly designed and all these programs came too late or were implemented on too small a scale to assist during the initial liberalization of trade or the first few years of NAFTA.

Although NAFTA did promote increasing regional integration in the late 1990s, in the early 2000s this trend was partially reversed as the lower trade barriers within North America were overwhelmed by other developments, including the lowering of global trade barriers under the WTO, the tightening of US border restrictions, and the emergence of China as an economic powerhouse. In effect, the vision of NAFTA as a

globally open trading region, rather than a more competitive trade bloc, won out, but the goal of promoting economic convergence of Mexico to US and Canadian levels of per capita income lost out. The challenge for the US and Mexican governments going forward is to see if they can find a way to rejuvenate the process of regional integration that can move toward that goal while serving the mutual interests of the US and Mexican economies.

Notes

This chapter draws from Blecker and Esquivel, “NAFTA, Trade and Development.”

1. See Lustig, *Mexico: The Remaking of an Economy*, 134.
2. For a discussion of the US debate about NAFTA around the time of its passage, see Cohen, Blecker, and Whitney, *Fundamentals of U.S. Foreign Trade Policy*, 286–301.
3. Furthermore, NAFTA contained many provisions that went beyond trade liberalization, such as guarantees of property rights for foreign investors, and was also intended to “lock-in” Mexico’s previous market reforms. In this sense, NAFTA may have had consequences beyond the direct effects of reductions in trade barriers.
4. For an analysis of the impact of these macroeconomic factors on Mexico, see Blecker, “External Shocks, Structural Change, and Economic Growth in Mexico.”
5. See Pastor, *Toward a North American Community*; and Studer and Wise, eds., *Requiem or Revival?*
6. Remember, for example, the famous expression attributed to Mexican dictator Porfirio Díaz: “Poor Mexico, so far from God, and so close to the United States!”
7. Note that the term “economic convergence” as used in this chapter is different from how the term has been used in some other studies, particularly Lederman, Mahoney, and Servén, *Lessons from NAFTA for Latin America and the Caribbean*; and Haber et al., *Mexico Since 1980*. These studies utilize a counterfactual analysis of the type: Is Mexico better off with NAFTA than without it? Or, could the Mexico-US gap have been greater in the absence of NAFTA? The former study includes a time-series analysis that investigates whether Mexico is converging toward a constant per capita income differential with the United States (i.e., 50 percent of the US level). These questions, although interesting by themselves, are not what is normally meant by convergence. For us, economic convergence means a reduction in the absolute Mexico-US gap in terms of the variables that affect economic well-being, such as income per capita, average wages, and labor productivity, and the eventual approach of Mexico to US levels of these variables.

8. Mexico's per capita GDP fell by about 8 percent in 2009, whereas US per capita GDP fell by about 3.5 percent. This effect was partly reversed in 2010, when Mexico's per capita GDP grew at a faster rate (4 percent) than its US counterpart (2 percent). Overall, however, the effect of the crisis was a widening of the gap between the two countries. For an analysis of the severity of the crisis in Mexico, see Blecker, "Más allá de la crisis actual en México."

9. For evidence of significant displacement of Mexican exports by Chinese exports, see, among others: Gallagher, Moreno-Brid, and Porzecanski, "Dynamism of Mexican Exports"; and Hanson and Robertson, "China and the Recent Evolution of Latin America's Manufacturing Exports," and Feenstra and Hiau Looi Kee, "Trade Liberalization and Export Variety," both in Lederman, Olarreaga, and Perry, eds., *China's and India's Challenge to Latin America*, 145–178 and 245–263.

10. For evidence that the Banco de México's monetary policy was biased toward permitting the peso to appreciate in the early 2000s, see Galindo and Ros, "Alternatives to Inflation Targeting in Mexico."

11. See Gallagher and Zarsky, *Enclave Economy*.

12. It may seem paradoxical that Mexico's liberalization of *imports* made its *exports* to the United States grow so rapidly, but this seeming paradox is readily explained by the fact that the export products were very intensive in imported intermediate goods, and also because restrictions on FDI were liberalized around the same time.

13. According to our calculations, based on data from the Mexican Instituto Nacional de Estadística, Geografía e Informática (INEGI), <http://www.inegi.org.mx>, the US share of Mexican FDI inflows went from about 61 percent between 1987 and 2000 to only 48.5 percent between 2001 and 2010.

14. The high-end estimate comes from Scott, Salas, and Campbell, "Revisiting NAFTA," 10, Table 1-1b, which calculates a net loss of 559,564 US jobs between 1993 and 2004 as a result of the increased US trade deficit with Mexico. In contrast, by comparing "jobs supported by exports" with NAFTA-related job losses as certified under the NAFTA Trade Adjustment Assistance (TAA) program between 1994 and 2002, Hufbauer and Schott, *NAFTA Revisited*, 40, Table 1.8, find that NAFTA had a net positive effect of 42,000 jobs annually in the US economy between 1994 and 2002. However, the latter study (which includes trade with Canada as well as Mexico) does not use a consistent methodology to estimate jobs gained due to exports and jobs lost due to imports, and neither study isolates effects of NAFTA as opposed to other determinants of trade flows.

15. Total payroll employment data are from US Council of Economic Advisers, *Economic Report of the President 2009* (Washington, DC: Government Printing Office, 2009), Table B-46, <http://www.gpoaccess.gov/eop/tables09.html>. The estimated job losses do loom larger relative to manufacturing employment, which was about 17 million in 1994 (see Figure 5.3).

16. Data from the Censos Económicos were obtained from INEGI, <http://www.inegi.org.mx>. Since each census reports data from the previous year, the 2009 data are really for 2008 and therefore do not include the worst effects of

the Great Recession. Other INEGI data, which are available on a monthly basis, show that most of the job creation in manufacturing in the 1990s occurred in the export-oriented maquiladora plants and confirm that manufacturing employment peaked around 2000 and declined thereafter. See Blecker, “Comercio, empleo y distribución.”

17. The migration estimates are from Hanson, “Illegal Migration from Mexico to the United States.” Of course, net flows of undocumented migration were reduced to nearly zero as a result of the US economic crisis of 2008–2009 and the sluggish subsequent recovery and persisting high unemployment rates, along with tougher US border controls and enforcement efforts. As suggested in Chapter 6, flows are likely to resume when the US economy recovers more fully.

18. See, for example, Ruiz-Nápoles, “Exports, Growth, and Employment in Mexico”; and Moreno-Brid, Santamaría, and Rivas Valdivia, “Industrialization and Economic Growth in Mexico After NAFTA.”

19. See Revenga and Montenegro, “North American Integration and Factor Price Equalization.”

20. See Esquivel and Rodríguez-López, “Technology, Trade, and Wage Inequality in Mexico Before and After NAFTA”; and Verhoogen, “Trade, Quality Upgrading, and Wage Inequality in the Mexican Manufacturing Sector.” Robert C. Feenstra argues that trade liberalization “selects” for more efficient industrial firms and plants, resulting in increases in average productivity and decreases in the use of less-skilled labor as less-efficient firms and plants are eliminated and more-efficient ones expand. See Feenstra, “New Evidence on the Gains from Trade.”

21. See Esquivel, Lustig, and Scott, “Decade of Falling Inequality in Mexico”; and Robertson, “Trade and Wages.” In addition, average Mexican tariffs remained higher on goods that were more intensive in less-skilled labor after trade liberalization and NAFTA, according to López-Córdova, “Economic Integration and Manufacturing Performance in Mexico.”

22. This paragraph draws on the following sources: Hanson, “What Has Happened to Wages in Mexico Since NAFTA?”; Borraz and López-Córdova, “Has Globalization Deepened Income Inequality in Mexico?”; and Chiquiar, “Globalization, Regional Wage Differentials and the Stolper-Samuelson Theorem.”

23. The average tariffs in effect at the time NAFTA was adopted were about 3.4 percent for US imports from Mexico and 10 percent for Mexican imports from the United States, according to US International Trade Commission, *Likely Impact on the United States of a Free Trade Agreement with Mexico*, 2-2.

24. Compensation (*remuneraciones* in Spanish) includes fringe benefits in addition to wages or salaries.

25. See Blecker, “Comercio, empleo y distribución.”

26. See Leamer, “In Search of Stolper-Samuelson Linkages Between International Trade and Lower Wages.”

27. Three recent papers discuss why Mexico has not grown at a faster rate in the past decades: Hanson, “Why Isn’t Mexico Rich?”; Kehoe and Ruhl, “Why

Have Economic Reforms in Mexico Not Generated Growth?"; and Arias et al., "Policies to Promote Growth and Economic Efficiency in Mexico." Although some of the factors mentioned by these authors to explain the low rates of economic growth in Mexico are common to our explanation for the lack of convergence between Mexico and the United States, we do not necessarily agree with all their conclusions or with the relevance of some of the aspects that they emphasize. A full discussion of these issues, however, would fall beyond the scope of this chapter.

28. See Esquivel and Hernández-Trillo, "How Can Reforms Help Deliver Growth in Mexico?"

29. See Del Villar, "Competition and Equity in Telecommunications."

30. See, for example, Blecker, "External Shocks, Structural Change, and Economic Growth in Mexico," and the references therein.

31. See Esquivel, "De la inestabilidad macroeconómica al estancamiento estabilizador."

32. Pete Engardio and Geri Smith, "Business Is Standing Its Ground," *Business Week*, April 20, 2009, 34–39.

33. American Chamber of Commerce of Mexico, "Foreign Direct Investment in Mexico: Is Your Investment Safe?" June 2010. Emphasis in original.

34. Regarding the impact of exchange rates and transportation costs, see Ylan Q. Mui, "Ikea Helps a Town Put It Together," *Washington Post*, May 31, 2008; and Jeff Rubin and Benjamin Tal, "Will Soaring Transport Costs Reverse Globalization?" *StrategEcon*, CIBC World Markets, May 27, 2008, 4–7. In regard to quality concerns about Chinese imports, see Engardio and Smith, "Business Is Standing Its Ground."

35. See Roig-Franzia, "Ford's 'Global Car' to Roll Out in Mexico," *Washington Post*, May 31, 2008; and Paul Kieman, "GM to Invest \$500M in Mexico," *Wall Street Journal*, August 4, 2010.

36. Calculated from data in US Bureau of Economic Analysis, International Transactions Accounts, Table 2, release of March 16, 2011, <http://www.bea.gov>.

37. See Hanson, "Illegal Migration from Mexico to the United States," for estimates of wage gaps for particular categories of workers.

38. See Pastor, *Toward a North American Community*.

6

Migration: Policies and Politics

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Migration from Mexico to the United States takes place on a massive scale. The 11.5 million people of Mexican birth living in the United States represent more than the total number of immigrants in any other country in the world.¹ The history of large-scale migration stretches back to the Mexican Revolution, with smaller movements even earlier. Many Mexican towns have developed a dependence on remittances and deep cultural traditions of migration in which young people grow up expecting to go north as a rite of passage.² Mexican migration is deeply rooted on a demographic, historical, economic, and cultural level that policymakers in both countries struggle to reshape.

After a difficult first decade, Mexico and the United States confront the twenty-first century with several unresolved issues regarding this migration. While Mexicans are by far the largest group of legal immigrants in the United States, they are also the largest group of unauthorized migrants. The system in the United States to regulate legal, permanent immigration is primarily based on family reunification and skilled migration. These restrictions make it all but impossible for Mexicans to legally immigrate unless they have special skills or a nuclear family member in the United States who can sponsor them. Consequently, 6.7 million Mexicans work in the United States illegally, and Washington seems incapable of resolving their status through comprehensive immigration reform.

While the US Congress has remained gridlocked on immigration policy, growing anti-immigrant movements at the subnational level have enacted stringent measures against undocumented migrants. Mexicans

and other Latinos are the clear targets of most of these policies, such as Arizona's Senate Bill 1070 signed into law in 2010. Strong tensions have emerged within different levels of US government over the ability of local and state lawmakers to create their own policies. In this disputed and dynamic area of the law, the federal court system is deciding the limits of subnational immigration enforcement in piecemeal fashion. Meanwhile, the administrations of George W. Bush and Barack Obama took executive action to ratchet up dramatically the numbers of deportations from the interior of the United States, again with disproportionate impacts on the Mexican population. Along the border, an increasingly expensive buildup of border enforcement shows little immediate deterrence against those who try to cross illegally, even as it may provide some "remote deterrence" of potential unauthorized migrants from ever leaving their hometowns in the Mexican interior.

For its part, since the inception of the global economic crisis in 2008, Mexico has experienced a decrease in the outward flow of undocumented persons to the United States and a reduction in migrant remittances. At the same time, around sixty thousand Mexicans died in drug-related violence during President Felipe Calderón's tenure from 2006 to 2012. Anecdotal reports suggest this violence has affected migration patterns by creating a new incentive for Mexicans to flee violence to the United States if they can, a phenomenon that especially affects middle- and upper-class people from northern Mexico moving to safer areas in Texas and Southern California. At the same time, the violence in the north creates a disincentive for unauthorized migrants to leave the Mexican interior to cross a border zone, where they fear the predations of gangs and shakedowns by corrupt military and police. In addition, violence has diminished the possibilities of temporary and permanent return of Mexican migrants living in the United States, where they feel safer than in Mexico. The Mexican government is also under international scrutiny for the violence against unauthorized Central American migrants who try to cross the country to reach the United States. Finally, Mexico and the United States face a humanitarian crisis of more than five thousand deaths of persons who have died trying to cross the US border clandestinely since 1994.

US Immigration Law and Current Patterns

More than half of the Mexican-born population in the United States is living there illegally. Commentators and politicians in the United States frequently ask why Mexicans don't simply "get into line" to immigrate

through official channels.³ In practice, many Mexicans do get into line. The 5.7 million Mexicans legally living in the United States in 2008 represented 21 percent of all legal immigrants, far outnumbering any other immigrant nationality of origin.⁴ Yet for the many Mexicans who lack specialized skills or ties to close family members in the United States, the supply of immigrant visas is dramatically lower than the high demand for their labor. For them, the line to become a legal immigrant never moves forward. Efforts to prevent unauthorized Mexicans from entering and working in the United States have proved largely ineffective at the border, though those efforts have unleashed a set of unintended and often harmful social consequences.

Historically, immigration policy in the United States has at times treated Mexicans differently from other nationals, but even where the law is universal, it affects Mexico with particular intensity. The line to work in the United States begins with several temporary-worker programs. Mexicans were issued 94 percent of the 150,000 H-2A temporary agricultural visas granted in 2009 and 66 percent of the 56,000 H-2B and H-2R seasonal nonagricultural worker visas.⁵ Of the 462,000 H-1B and L1 visas issued to skilled workers, 4.2 percent were given to Mexicans, putting Mexico in fourth place ahead of China.⁶ Congress sets visa caps on the programs, with the exception of the H-2A agricultural visas, which do not have a cap but remain unpopular among farmers because of their onerous requirements and the ready supply of unauthorized labor.⁷

Mexican participation in the Treaty National (TN) visa program, created after the signing of the North American Free Trade Agreement (NAFTA) in 1994 to facilitate the temporary movement of qualified professionals between Canada, Mexico, and the United States, increased markedly after 2000. The number of Mexican NAFTA professionals admitted by the United States rose from 1,269 in 2003 to more than 21,000 in 2009. Unlike the H-1B visa, the NAFTA visa does not potentially pave the way to permanent residence in the United States.⁸

The line for long-term or permanent immigration is governed by a separate set of regulations. Immigrant visas authorize a legal permanent resident (LPR) status that is renewable every ten years.⁹ In 2008, 3.3 million Mexicans comprised 26 percent of all LPRs, five and a half times as many as any other national-origin group.¹⁰ A preference system regulates the number of LPR visas issued every year. In 2009, 226,000 annual visas were available for family preferences, broken down into four subcategories for different kinds of family relationships, ranging from unmarried adult sons and daughters of US citizens (first preference) to brothers and sisters of adult US citizens (fourth preference). The employment prefer-

ence system allots 140,000 visas, the vast majority of which are for skilled workers and their families. In a putative attempt to maintain the diversity of new immigrants, and in an effort to keep any one country from dominating flows, each country in the world is limited to receiving 7 percent of the total number of family-sponsored and employment preferences, meaning a cap of 25,620 visas per country under the preference system in 2009. A further 55,000 “diversity” visas were available in 2009 for nationals of countries with low levels of emigration to the United States, a category that does not apply to Mexicans. Spouses and minor children of US citizens and parents of adult citizens are exempt from the caps in the family-preference system, and typically account for more than 40 percent of new LPRs.¹¹

How do Mexicans benefit or suffer discrimination under the current system? Informal discrimination, whether practiced by US Border Patrol agents, immigration officers at points of entry, or immigration courts, is difficult to assess systematically. Within the formal sphere, the same policies can be considered discriminatory or universalistic depending on whether the unit of analysis is the *source country* or the *individual citizen* of the source country. During the national origins quota system from 1921 to 1965 that differentially assigned immigration quotas to different countries based on their ethnic desirability, Mexico and the rest of the countries in the Western Hemisphere were exempt from the quotas. Most policymakers preferred Mexican immigrant workers because they were thought to exhibit a circular migration pattern and reluctance to settle permanently. A limit was first set on immigrants from the Western Hemisphere in 1968. Seven years later, the State Department dropped its opposition to country limits on Mexico and Canada, which it had historically rejected based on the logic that they were neighboring countries. When country limits within the Western Hemisphere were introduced in 1976, legal immigration from Mexico immediately fell by 40 percent. Presidents Gerald Ford and Jimmy Carter unsuccessfully urged a reform that would provide more visas for Mexicans.¹²

All independent countries now receive the same maximum number of immigrant visas under the employment and family preferences. The country quotas are nondiscriminatory where the source country is the unit of analysis. At the same time, provisions for the reunification of the closest family members outside of the country caps have favored Mexico as a country, given its long, sustained, massive migration to the United States. There were 165,000 new Mexican LPRs in 2009, despite the country quota of 25,620, because of the large number of US-born and naturalized citizens of Mexican origin who can sponsor their parents, spouses, and minor children outside of the family-preference caps.¹³ Parents, spouses, and

minor children of adult US citizens only wait a short period to obtain permanent residence, thus providing an important incentive for naturalization.

Where the individual is the unit of analysis, the limit of 25,620 per country discriminates against people from countries where there is a high level of demand to immigrate to the United States. Under the current system, Mexico is treated the same as small countries such as Djibouti, with little history of migration to the United States. Consequently, the waiting period to process an immigrant visa through family-preference categories under the country limits varies widely among national-origin groups. For example, in fiscal year 2011, unmarried adult daughters and sons of US citizens were waiting nineteen years if they were Mexican, fourteen years if they were Filipino, and only five years on average if they were nationals of other countries.¹⁴

Policies vary in the extent to which their discriminatory effects are intended or unintended. Where national origin is not an explicit criterion for selection, discriminatory effects may still be intended in the degree to which policymakers are aware that social attributes are differentially distributed among national populations. A preference for skilled migrants will thus favor the British as a group, for example, because the British are disproportionately highly skilled, and disfavor Mexicans as a group, even if individual Mexicans are treated the same as individual Britons. On the other hand, the large Mexican presence in US agriculture gives Mexicans an advantage relative to other potential agricultural migrants in Central America and the Caribbean. For instance, the 1986 Immigration Reform and Control Act (IRCA) was universalistic in form, but Mexicans were three-quarters of the immigrants that it legalized, and the percentage was even higher in the Special Agricultural Worker program under which legalization requirements were looser.¹⁵

Notwithstanding the large numbers of Mexicans who do benefit from the current US immigration system, it is practically impossible for those who are low-skilled to obtain an immigrant visa under the employment preferences. Given the US demand for Mexican labor and the persistent wage gap between the two countries in a context of massive migration sustained for a century, the current system guarantees that many Mexicans will continue to enter legally when they can under family sponsorships. When they cannot, many will choose to enter illegally.

Illegality and Government Responses

The Department of Homeland Security (DHS) estimates that there were 6.7 million unauthorized immigrants from Mexico in 2009, representing

62 percent of the total unauthorized population.¹⁶ Just over half of all Mexicans living in the United States are unauthorized, and among Mexicans who have been in the country for less than five years, 85 percent are unauthorized.¹⁷ Eight-six percent of the 613,000 foreign nationals apprehended at the border and in the interior of the United States by the DHS in 2009 were Mexican.¹⁸

There are several principal modes of illegality. The most obvious is what the US government terms “entry without inspection”—clandestine entry or entry through an official crossing point with fraudulent documents. Most migrants apprehended when entering clandestinely forego their right to an immigration hearing and are quickly returned to Mexico with little further consequence through the “voluntary departure” process. An estimated 25 to 40 percent of all unauthorized immigrants enter the United States legally and then overstay their visas, a figure that is probably lower for Mexicans than other unauthorized immigrants.¹⁹ Other foreigners are living in the country legally as tourists or students, but are violating the terms of their visa by working. An unknown number temporarily fall out of status due to long bureaucratic delays while adjusting their visas.

Building on the legal fact that Mexicans are disproportionately represented among the unauthorized population, restrictionist politicians have been effective in discursively presenting illegal immigration as a “Mexican” problem. For example, in former California governor Pete Wilson’s 1994 reelection campaign, television advertisements showed surveillance video of scores of migrants running up the freeway past a US border entry point as an announcer ominously intoned, “They keep coming.” Wilson’s campaign used the advertisements to present an image of Mexicans pouring across a border out of control. He won reelection and helped support the passage of Proposition 187, which stripped unauthorized migrants of the right to a wide range of social services, though most of the proposition was subsequently declared unconstitutional in federal court.²⁰

Border Enforcement

Around the same time as Wilson’s reelection campaign, the Clinton administration, following the IRCA’s provisions, began an intensive buildup of agents and control infrastructure along the border with Operations “Hold the Line,” in El Paso in 1993, and “Gatekeeper,” in San Diego in 1994. Similar programs were eventually extended along urbanized sections of the entire border. The number of US Border Patrol

agents grew from 5,900 to 25,500 between 1996 and 2010.²¹ The Border Patrol is part of the US Customs and Border Protection (CBP) while Immigration and Customs Enforcement (ICE) is charged with investigating and apprehending unauthorized migrants in the US interior. In 2003, both agencies were folded into the Department of Homeland Security that was formed in response to the September 11 attacks. The proposed 2010 DHS budget soared to \$11.4 billion for Customs and Border Protection and \$5.7 billion for Immigration and Customs Enforcement.²² New fencing and sophisticated surveillance systems have been added amid enthusiasm for increased enforcement from both Republicans and Democrats in Congress.

Apprehensions by the Border Patrol along the Southwest border increased from roughly 200,000 in 1970 to 1.6 million in 1986, when an economic crisis in Mexico and the prospect of legalization under IRCA sent unprecedented numbers of citizens north. At the beginning of concentrated border enforcement in 1993–1994, annual apprehensions were running around 1 million. They increased to 1.6 million in 2000, before declining to 541,000 in 2009.²³ Total national apprehensions, almost all of which were on the Southwest border, fell to 463,000 in 2010.²⁴ These data measure apprehension events, not the number of persons caught. The Pew Hispanic Center estimates that only 150,000 unauthorized immigrants from Mexico arrived annually during the period from March 2007 to March 2009, down from an annual average of 500,000 earlier in the decade.²⁵ The number of unauthorized arrivals fell to 100,000 in 2010.²⁶

While the DHS claims that the decline in apprehensions at the border since 2000 is attributable to its increased enforcement efforts, there are reasons to be skeptical that enforcement alone is responsible for the downturn. The most notable declines were from 2007 to 2010—likely the result of job losses in US sectors such as construction, in which Mexican immigrants are overrepresented, at least as much as because of increased border enforcement.²⁷ The greatest paradox is that the border policy has bottled up unauthorized migrants in the United States once they have crossed. The Department of Homeland Security estimates that between 2000 and 2008, the number of unauthorized Mexican immigrants living in the United States grew from 4.7 to 7 million.²⁸ Unauthorized migrants are increasingly likely to stay in the United States for long periods to avoid the physical risks and high costs of multiple clandestine crossings. The probability that unauthorized migrants would return to Mexico fell from .25 to .30 per year before the IRCA, in 1986, to .10 by 1998, with most of the decline following the onset of concentrated border enforcement in 1993.²⁹

There are two major ways of assessing the extent to which border-control policies deter unauthorized migration. The first is *immediate deterrence* at the border line that turns back attempts at illegal entry. The second is *remote deterrence* that deters potential migrants from ever deciding to leave their homes in the first place.³⁰ Between 2005 and 2010, the Center for Comparative Immigration Studies at the University of California–San Diego interviewed unauthorized migrants in three small Mexican towns and their US destinations. Depending on the community, between 24 and 47 percent were apprehended on their most recent attempt to cross the US border. Between 92 and 98 percent were able to successfully cross eventually, almost all on their first or second try. Unauthorized migrants from Tlacuitapa, Jalisco, interviewed in 2010, were more likely to be apprehended since 2000 than they had been in the past. Forty percent of unauthorized migrants were apprehended at least once in the 2002–2009 period, up from 25 percent in the late 1980s, but practically all of them succeeded eventually. These studies and others show very little evidence of effective immediate deterrence that prevents unauthorized Mexican migrants from entering the United States if they try.³¹

There is strong evidence that the major effect of enforcement efforts has been to unleash a series of unintended consequences. Usage of *coyotes* (smugglers) has soared. Surveys show that nine out of ten migrants now use coyotes, most of whom are contracted in the sending community to provide guaranteed door-to-door service for a set fee. Coyote fees have increased from several hundred dollars in the early 1990s to about \$2,500 in 2010. Mom-and-pop coyote operations have become sophisticated networks of operatives on both sides of the border using safe houses, tunnels, falsified papers, and other expensive ways to move clients. Journalistic reports in Mexico argue that drug gangs such as Los Zetas are charging coyotes a “*derecho de piso*” (transit tax) to use territory they control.³²

The Border Patrol’s strategy of rechanneling unauthorized migration to wilderness areas has caused the deaths of thousands of clandestine migrants who face an elevated risk of dying from exposure or drowning. Immigration officials have testified that the strategy was a purposeful attempt to use the dangerous geography as a deterrent.³³ A 2009 report defined the death of more than five thousand persons since 1994, an average of one migrant a day, as a humanitarian crisis.³⁴ An unknown number of bodies remain lost in remote regions.

Annual surveys in Mexico and among Mexican migrants in the United States have asked respondents to rank order the factors that have most concerned them about an illegal crossing. Until 2010, natural hazards, such as extreme temperatures and the swift waters of the Rio Grande

and the All-American Canal, were the greatest fear in all three communities. In 2010, fear of gangs on the Mexican side of the border had become the principal concern, reflecting the drug violence in Mexico that has disproportionately affected Mexican border cities. In the 2010 survey, respondents in Mexico were asked if they were planning to migrate to the United States in the coming year. A multivariate regression analysis found that respondents with children and those who said that it is very dangerous to cross the border illegally were significantly less likely to plan to migrate.³⁵ To the extent that border-control policy channels illegal migrants into remote corridors where their lives are at risk—and the fact that the poor state of the US economy makes it more difficult to find family in the United States who can finance coyote fees—border control has some remote deterrent effect, even if it does not keep out those who actually try to cross clandestinely.

We expect that the level of unauthorized migration will rise from its 2010 levels when job growth in the US economy restores demand for immigrant labor and when immigrants already working in the United States are better able to afford paying the coyote fees for their family members living in Mexico. However, unauthorized migration rates are unlikely to return to their highs in the early years after 2000. In addition to the effect of US border enforcement on depressing unauthorized migration, Mexico's declining fertility rates have fallen slightly below replacement levels. Demographers expect relatively fewer young Mexicans to reach working age in the future, thus reducing the potential supply of migrants.

Interior Enforcement

Enforcement of immigration laws has been concentrated at the border since the mid-1990s. However, enforcement in the US interior began to increase again in 2002, when immigration authorities began to put into practice Section 287(g) of the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) of 1996. Section 287(g) made it possible for Immigration and Customs Enforcement to establish accords with state, county, and city police agencies, in which officers are trained to enforce federal immigration law. By June 2010, ICE had established seventy-one accords with police agencies in twenty-six states, certifying more than 1,130 agents. Consequently, many unauthorized migrants have been detained by subnational police after traffic stops and other minor violations, turned over to ICE, and deported. A 2010 report from the Office of the Inspector General of the DHS found that among a random

sample of immigrants arrested and identified through the 287(g) program, only 9 percent had committed the worst “level one” crimes, such as major drug offenses or violent offenses. “These results do not show that 287(g) resources have been focused on aliens who pose the greatest risk to the public,” the report concluded.³⁶ Under the Secure Communities program, ICE tries to identify unauthorized immigrants once they are in jails and prisons for other offenses and then deports them to their countries of origin.³⁷

Since 2003, the National Fugitive Operations Program has sought increased funding from Congress by emphasizing its focus on arresting dangerous illegal aliens with criminal backgrounds. Entry without inspection by itself, in contrast, is a minor criminal violation.³⁸ Yet through fiscal year 2007, nearly three-quarters of the 96,000 migrants the program detained at a cost of \$625 million did not have any criminal convictions. By 2007, only 9 percent of the migrants arrested by the program’s teams had a criminal record, and 40 percent of the detainees were nonfugitives without a deportation order whom agents picked up as “collateral damage” during raids looking for someone else.³⁹

Most unauthorized Mexican immigrants who are detained are returned to Mexico without passing through a formal legal proceeding, but formal deportation carries serious legal and social consequences, including a permanent bar to legal reentry for some felons and up to twenty years for certain other kinds of deportees, and imprisonment for subsequent illegal reentry to the United States. The 1996 Antiterrorism and Effective Death Penalty Act and 1996 Illegal Immigration Reform and Alien Responsibility Act, which were enacted in the wake of the bombing of the Oklahoma City federal building, made it easier to deport noncitizen criminals and mandated their detention until they are deported. These laws subjected noncitizens to mandatory deportation for an expanded list of “aggravated felonies,” applied the harsher new standard retroactively to crimes for which punishment had already been served, and sharply restricted judicial discretion over how the law is applied.

Immigrant advocates, including Scalabrinian missionaries who run the Casa del Migrante in Tijuana that provides shelter to deportees from the United States, have found that many migrants were forced or deceived into signing “stipulated orders of removal.” The US government has increasingly used these orders, in which immigrants waive their rights to a deportation hearing before an immigration judge and are quickly deported. Based on data obtained through a Freedom of Information Act request, legal researchers found that between 2004 and 2008, nearly 100,000 immigrants, 80 percent of which were Mexican, signed stipu-

lated orders of removal. The number of stipulated removal orders increased by 535 percent during that period. Ninety-three percent of the immigrants signing these orders were charged with entry without inspection and had not committed any other crimes. Only 5.5 percent were represented by an attorney.⁴⁰

Deportations are having an increasingly devastating effect on families, both because of the large numbers of deportees and changes in the law that strip away judicial discretion over deportations. Before 1996, federal immigration judges almost always reviewed deportation orders for immigrants living in the United States, and judges had the discretionary authority not to deport immigrants whose removal would pose hardship for a US family member. The 1996 laws sharply curtailed judicial review and raised the standard to avoid deportation to “exceptional and extremely unusual hardship.” Deportations now routinely separate US citizen children from unauthorized parents. According to a 2009 DHS report, more than 100,000 parents of US-born children were deported from the country between 1998 and 2007.⁴¹ Nearly 3.3 million US-born children lived in mixed-immigration-status families with at least one unauthorized parent in 2008. An additional 1.1 million children were themselves unauthorized and thus deportable.⁴² Immigrants brought to the United States as children have increasingly been deported to Mexico and other countries with which they have no substantive social ties.

An estimated half million unauthorized migrants have standing deportation orders and the number of deportations has continued to rise to about 400,000 a year under the Obama administration, even higher than under President George W. Bush. Of migrants who went through a formal removal process in 2009, 72 percent, or 283,000 migrants, were Mexican.⁴³ The Obama administration has trumpeted the work of ICE to defend itself from critics who accuse the federal government of failing to prevent illegal immigration.

Workplace Enforcement

Historically, most attempts to punish US employers for hiring workers without legal authorization have failed as employers have asserted their preferences for cheap, flexible labor. Perhaps most famously, the “Texas Proviso,” cynically inserted by the farm lobby in the 1952 immigration act, explicitly excluded employment as a form of “harboring” illegal immigrants. A 1986 IRCA provision for the first time made knowingly hiring or continuing to employ unauthorized immigrants a federal crime.⁴⁴

Employer sanctions have dropped sharply since the immediate aftermath of IRCA. The number of INS (Immigration and Naturalization Service) audits of employers per fiscal year dropped 77 percent from almost 10,000 in 1990 to less than 2,200 in 2003. Warnings to employers declined from 1,300 to 500 over the same period. The number of fines assessed for illegal hiring dropped 82 percent from nearly 1,000 in 1991 to 124 in 2003.⁴⁵ Changes in government recordkeeping make direct comparisons between years difficult, but despite an uptick at the end of 2010, the chances of an employer being investigated, much less fined, remain extremely small. In 2008, Immigration and Customs Enforcement carried out workplace raids resulting in 1,103 criminal arrests, mostly for harboring or knowingly hiring illegal immigrants. The raids yielded 5,184 administrative arrests of immigrants, mostly for immigration violations.⁴⁶ Given that there are 8.3 million unauthorized immigrants among the 154 million workers in the United States, the statistical chances of being caught in such a raid are extremely slim.⁴⁷

Although the requirement that employers examine workers' legal documents was deliberately written so loosely that it is almost impossible to prosecute employers who make cursory checks, employers can still get a sense from the documents about which workers are unauthorized and thus more easily subject to retaliation. A study of union-organizing campaigns from 1998 to 1999 found that more than half of the campaigns involving unauthorized workers included employers' threats to call the Immigration and Naturalization Service on their own workers. Another study of workplace raids by the New York district office of the INS from 1997 to 1999 found that more than half of the workplaces were subject to federal or state labor agency proceedings.⁴⁸ From the standpoint of immigration authorities, raiding workplaces whose owners ask to be raided has the advantage of avoiding a political backlash from businesses.⁴⁹

The Supreme Court's 2002 decision in *Hoffman Plastic Compounds v. NLRB* (*National Labor Relations Board*) underlines how the law post-IRCA is not deterring unauthorized immigration, but rather is making unauthorized workers more vulnerable to exploitation. The Court ruled five to four that an employer who unlawfully fires a worker for union-organizing activities is immune from ordinary labor-law liability for back pay, if the employee is an illegal immigrant whose unauthorized status was learned by the employer only after the firing. In effect, the decision limits the labor rights of unauthorized immigrants and arbitrarily rules that immigration law trumps labor law.⁵⁰

IRCA also established pilot employee-verification systems in which employers voluntarily check the eligibility of potential employees with a

government database to ensure they are eligible to work legally. The pilots evolved in 2007 into the electronic employment eligibility verification program known as E-Verify. As of 2010, 238,000 private employers had registered for E-Verify, representing about 4 percent of businesses nationwide. The DHS also requires the 170,000 contractors and subcontractors for the federal government to use E-Verify for new hires if their federal contracts are worth at least \$100,000. The databases are riddled with errors, despite improvements following a scathing report by the US Government Accountability Office.⁵¹

Local Enforcement

The US federal system opens up opportunities for an extremely wide variety of responses to immigration at different levels of government. Contradictions develop within overlapping jurisdictions and across jurisdictions as different policymakers attempt to liberalize or restrict immigration. A series of Supreme Court cases settled in the 1880s around the exclusion of Chinese laborers established the “plenary power” of the federal government to have sole authority within the US federal system to control immigration.⁵² Nevertheless, there is significant variation among states, counties, and municipalities in the way that immigrants are treated under certain kinds of law.

In 2007, a total of 1,059 immigration-related bills were proposed in subnational jurisdictions, 16 percent of which passed. Of all the bills passed, sixty expanded the rights of immigrants, twenty-six contracted their rights, twenty-four regulated their employment, thirty regulated law enforcement and criminal justice, and sixty-four served other functions. The top five states that passed immigration-related legislation were Hawaii, Texas, Arizona, California, and Colorado.⁵³ As at the national level, subnational measures are often as much about symbolic politics as practical efforts.

The most restrictive subnational law in effect in 2011 was Arizona’s Senate Bill 1070, which passed in 2010 along party lines. All but one of Arizona’s congressional Republicans and Republican governor Jan Brewer supported the measure in the face of uniform Democratic opposition. SB 1070 required local police to check the immigration status of anyone stopped or arrested on the basis of a “reasonable suspicion” that the person was unauthorized; the law also made it a state crime for immigrants to fail to carry proof of immigration status, and gave law enforcement authority to arrest without a warrant immigrants suspected of violating laws that would make them eligible for deportation. These strictest

parts of SB 1070 were temporarily blocked by the US Court of Appeals for the Ninth Circuit in July 2010 on the grounds that the bill appeared to violate the federal government's plenary power in immigration law.⁵⁴ The US Supreme Court rejected most of SB 1070's provisions in its June 2012 ruling in *Arizona v. United States*. The Court ruled that state law cannot preempt federal immigration law by being stricter, but it upheld the provision that state and local police can check the immigration status of people whom they lawfully detain, provided that in doing so police do not violate federal law.

State legislatures throughout the United States considered copying the Arizona legislation. In the absence of comprehensive immigration reform at the national level, local efforts to restrict immigration became much more common after 2000. None of these measures specifically mentioned Mexicans, but unauthorized Mexican immigrants have clearly been the target of these policies in the public discourse, prompting the Mexican government to protest laws such as SB 1070 through diplomatic channels.

Mexico's Policy Toward Emigrants and Migrants in Transit

Mexico is a country of immigration, return, emigration, and transit migration, though emigration overwhelms all other movement. The nearly half a million foreign-born in Mexico in 2000 represent only 0.51 percent of the total Mexican population. This immigrant population includes many persons who were born in the United States from Mexican migrant parents. The National Migration Institute (Instituto Nacional de Migración; INAMI) has estimated that if children and those born in the United States but who reside in Mexico are deducted, the immigrant population is reduced to 295,000, or 0.3 percent of the total population.⁵⁵

Mexico's emigration policy has shifted dramatically over the course of the last century. From the onset of mass emigration to the United States at the turn of the twentieth century to the beginning of the *Bracero* temporary-worker program in World War II, Mexican officials and intellectuals were generally critical of emigration.⁵⁶ They believed that Mexico's population was insufficient to achieve its full economic potential, particularly in the vast northern provinces. Preventing further emigration of Mexicans to the United States became central to elite understandings of national demographic health. Article 11 of the 1857 constitution, in effect until 1917, established freedom of exit and travel within the country sub-

ject to administrative restrictions in criminal and civil matters. Exit in the 1917 constitution was restricted further by reference to a separate body of migration law and Article 123, specifying that county authorities must ensure that workers emigrating abroad have signed contracts detailing wages, hours, and repatriation costs borne by the employer.⁵⁷

Mexico's wartime alliance with the United States led to bilateral cooperation on migration. In 1942, the US and Mexican governments negotiated a series of agreements that ended in 1964, providing for 4.6 million Bracero contracts for temporary agricultural work in the United States.⁵⁸ Through the early 1970s, the Mexican government unsuccessfully attempted to revive the Bracero agreements. The US government saw little reason to resume the program so long as undocumented immigrants met US labor demand. Both governments tacitly accepted massive illegal migration. From the experience of the Mexican government, emigration appeared practically impossible to regulate. The rapidly increasing Mexican population, which rose from 19.7 million in 1940 to 48.2 million in 1970, meant serious emigration restriction was no longer needed in any case. The demographic deficit had been resolved so well that population growth was becoming a new problem. Whereas the 1947 Law of Population outlined the government's attempt to increase population through natural growth, immigration, and repatriation, its 1974 reform noted that population increases were a growing strain on the economy and state services, and the government began to successfully reduce the national fertility rate.⁵⁹

As part of this effort to slow demographic growth, official policy shifted from taking "measures to prevent and avoid emigration" and fining workers who emigrated without a contract in 1947 to "restrict[ing] the emigration of nationals when the national interest demands it" and removing the penalties for leaving without a contract in 1974. In October 1974, President Luis Echeverría told President Ford that Mexico no longer sought a renewal of the Bracero program. The policy of *laissez-faire* continued through the 1980s, when a series of economic crises sent growing numbers of mostly unauthorized migrants north.⁶⁰ Without enough jobs being created each year for adolescents entering the labor force, Mexican authorities had little incentive to stem the flow. Emigration became an economic escape valve at a national level that had the added benefit of relieving pressure on the political system.

Mexico's policies toward emigrants already abroad shifted in the early 1990s. In addition to the crisis caused by the electoral fraud in the 1988 presidential elections and the Mexican government's attempts to secure passage of NAFTA, three other factors explain the emergence of

Mexico's emigration policy: the rapid growth of the Mexican population in the United States, the favorable public perception in Mexico of migrants due to the large family and collective remittances they send, and the triumph of Proposition 187 in California.⁶¹

Underlying migration patterns changed in large part because of IRCA, which accelerated a trend toward permanent settlement by legalizing 2.3 million Mexicans. The newly legalized then sponsored the immigration of their family members. A pattern of circular, mostly male migration gave way to permanent migration of whole families.⁶² Emigrants and their resources became less accessible within Mexico, prompting the Mexican government to try to embrace them better abroad.

Mexican partisan politics spilling over into the Mexican population in the United States was the proximate cause of the policy reorientation. For the first time since the 1920s, the ruling party and competitive opposition parties vied for the favor of the Mexican population in the United States. Cuauhtémoc Cárdenas, the center-left opposition candidate for president in 1988 who, among others, later founded the Party of the Democratic Revolution (PRD), drew large crowds of Mexican migrants while campaigning in California and Chicago. Cárdenas appealed to Mexican citizens to influence the vote of their family members in Mexico and promised emigrants dual nationality and the right to vote from abroad. Emigrant rights groups, many of which were affiliated with the PRD, formed to demand a voice in Mexican politics.

The ruling Institutional Revolutionary Party (PRI) responded quickly to counter the PRD's overtures toward migrants. Most points of the Mexican political spectrum now agree, at least publicly, that Mexicans outside the country should be included somehow in Mexican political life. In his 1995–2000 National Development Plan, PRI president Ernesto Zedillo declared that “the Mexican nation extends beyond the territory contained within its borders.” These were not irredentist claims, but rather discursive moves seeking the political and economic resources of Mexicans in the United States.

The creation of a Mexican lobby in the United States became one of Mexico's primary foreign policy goals beginning with the 1993 campaign to pass NAFTA in the US Congress. The Mexican consulates also worked with Mexican American political organizations to try to defeat California's 1994 Proposition 187, which would have sharply restricted unauthorized immigrants' access to social services had the proposition not been struck down in federal court after it passed. In general, there has been little to show for the lobbying effort, in part because Mexicans in the United States tend to be quite suspicious of the Mexican government.⁶³

Remittances have proved to be a much richer resource. The Banco de México reported that Mexico received a high of \$25 billion in remittances in 2008, though remittances fell during the ensuing economic crisis to \$21.3 billion in 2010. Remittances tend to be private, household-level transfers that can only be taxed when they circulate in the local economy. Many government agencies have tried to channel remittances toward collective projects. The Mexican government has institutionalized ties with emigrants through the Secretariat of Foreign Relations' Program for Mexican Communities Abroad (PCME) since 1990. The PCME creates formal ties between hometown associations (formed by migrants from the same community of origin) and the Mexican government at the federal, state, and county levels. These relationships are the basis for matching fund programs such as *Tres por Uno* (Three for One), in which migrants and Mexican government agencies jointly develop infrastructure projects in migrants' places of origin. By 2008, the program was spending roughly US\$125 million a year on nearly 2,500 community projects with a quarter of the funding coming directly from migrants.⁶⁴ Levels of collective remittances are modest overall, though they can improve the quality of life in impoverished rural areas. Most importantly, collective remittances strengthen the more diffuse hometown ties that channel the massive volume of household remittances.

Matching fund programs and other emigrant initiatives survived the change in administration from the PRI to the center-right National Action Party (PAN) in 2000. One of President Vicente Fox's first official acts in 2000 was to inaugurate a Presidential Office for Communities Abroad, directed by Juan Hernández, a dual-national literature professor born in Texas. The cabinet-level position was abolished in 2002 after conflicts with Secretary of Foreign Relations Jorge Castañeda over the management of foreign policy. In 2003, the PCME and the presidential office were folded into the new Institute for Mexicans Abroad (IME), which includes an advisory council composed of 105 Mexican community leaders and ten Latino organizations in the United States, ten special advisers, and representatives of each of the thirty-two state governments in Mexico. In 2009, the IME advisory council called for the creation of a new cabinet-level position that would coordinate Mexico's emigration policy.

Emigration control, to the very limited extent that it exists, is now implemented by the Grupo Beta police force, which first formed in Tijuana in 1990 and later expanded across the northern and southern borders. In 2000, the seventy-five Grupo Beta agents stationed on the two-thousand-mile US border arrested around 100 coyotes a month for violating the ban on human smuggling instituted in the 1996 amendments to

the General Law of Population. A debate within the Mexican government arose in June 2001 over whether Grupo Beta could forcibly prevent Mexican emigrants from crossing in the most dangerous areas. The government ultimately decided that migrants could not constitutionally be prevented from leaving, and in August 2001 Grupo Beta gave up its control functions altogether to focus on protecting undocumented migrants from bandits, conducting rescue operations, and supplying information about how to cross safely. The Secretariat of the Interior's National Migration Institute has a multimedia campaign asking citizens to report coyotes to a toll-free telephone number and to avoid crossing into the United States in dangerous wilderness areas in which hundreds of migrants die every year. In 2005, it began distributing over a million copies of an educational comic booklet for undocumented migrants with detailed tips on how to avoid the major risks of undocumented crossings by carrying water, following power lines north, and always keeping the coyote in sight.

A disclaimer on the back of the booklet summarizes the federal government's current stance toward illegal migration:

This consular protection guide does not promote the crossing of the border by Mexicans without the legal documentation required by the government of the United States. Its objective is to publicize the risks that [such crossings] imply, and to inform about the rights of migrants regardless of their legal residence.⁶⁵

The right to exit in the Mexican constitution has always been subject to situational interpretations and tempered by qualifications, however, including the authorization to use coercion in the 1926 migration law. The 1974 General Law of Population requires departing labor migrants to present themselves to Mexican migration authorities, show a work contract authorized by the destination country consulate, and provide proof that they met the entry requirements of the destination country. Clearly, undocumented migrants hiking across the Arizona desert do not meet these criteria. There were no penalties for violating this article in the General Law of Population. However, Article 34 of the new Migration Law clearly states that Mexicans and foreigners can enter and exit the national territory only through the sites designated for the international transit of persons by land, sea, and air. The argument for a constitutional right of exit is a convenient way of legitimating the federal government's minimal efforts to restrict unauthorized emigration.

Since the early 1990s, Mexico has become an important country of transit migration as an increasing number of migrants, especially from

Central America, cross Mexico's southern border with the intention of reaching the United States. Since the mid-1990s, the US government has pressured Mexican authorities to stop transit migrants in Mexico. In the context of national security, after the September 11 attacks of 2001, this pressure has increased and materialized through several agreements such as Mexico's Southern Plan, the Mexico-US Border Partnership Action Plan, and the Mérida Initiative.⁶⁶ It has been difficult to determine the volume of this flow because it includes a significant proportion of undocumented persons. The INAMI reports that 97 percent of the 61,000 deportees from Mexico in 2011 were Central American.⁶⁷

The long journey through Mexico that migrants are forced to take is plagued with human rights violations, perpetrated by criminals and police agents from different agencies including the INAMI. This process culminated in August 2010 with the murder in Tamaulipas of seventy-two migrants in transit who allegedly had been kidnapped by the Zeta drug gang thought to control the northbound smuggling route from Chiapas to the US border. Mexico's Human Rights National Commission charges that 9,758 migrants in transit were kidnapped between September 2008 and February 2009. Government officials from different levels of the administration have questioned the methodology used by the commission. Salvador Beltrán del Río, the INAMI commissioner, has written that the INAMI documented only 222 kidnapping cases in 2010.⁶⁸ The small number of cases documented by the INAMI is probably the result of the disincentives of undocumented persons in Mexico to report a crime, given that until November 2010, the General Law of Population required law enforcement coming into contact with unauthorized migrants for any reason to detain them. The reformed Article 67 of the General Law of Population, after November 2010, stated that attention to complaints in the area of human rights and access to law enforcement on all levels shall not be denied or restricted to foreigners, regardless of their migratory status.

The Mexican government confronts the uneasy position of demanding respect for the rights of their undocumented emigrants in the United States while failing to protect the rights of undocumented migrants who are in transit through Mexico on their way to the United States. In 2008, the Congress of Mexico reformed the General Law of Population, making undocumented migration in Mexico an administrative offense subject to a fine rather than a criminal offense subject to a prison term.

Finally, on May 25, 2011, the Migration Law was published in the *Diario Oficial de la Federación*. This new law reforms the 1974 General Law of Population and regulates the entrance and exit of Mexicans and foreigners, including migrants in transit through Mexico. Before the law

passed, it generated high expectations about the possibility of reducing the vulnerability of unauthorized migrants in transit to the United States. Although the legislation establishes “unrestricted respect for the human rights of migrants, nationals, and foreigners, whatever their origin, nationality, gender, ethnicity, age, or migratory status,” and proposes special measures to care for unauthorized unaccompanied minors, even including the authorization of a temporary humanitarian visa, the current text of the law does not offer any effective legal protection for the vast majority of migrants in transit who are undocumented given that Mexico requires visas for most Central and other Latin Americans.

The Mexican government is currently drafting the regulations to implement the 2011 Migration Law. This law includes a visa allowing international visitors in transit to enter Mexico and stay for up to 180 days—apparently a response to demands from human rights groups demanding transit visas for Central American migrants bound for the United States. However, it remains to be seen whether the new regulations supersede the 1974 General Law of Population, whose regulations deny entry to Mexico for international migrants in transit who do not have permission to enter their country of final destination.

A New Immigration Reform?

Mexican president Vicente Fox made a migration accord with the United States a pillar of his foreign policy. A fundamental philosophical shift took place in the Secretariat of Foreign Relations (SRE) away from the “policy of no policy,” in which Mexican authorities long turned a blind eye to massive unauthorized migration across its northern border, to a more active stance. Mexican officials did not want to repeat their lack of involvement in US legislation like the Immigration Reform and Control Act, whose debate they did not participate in based on the premise that Mexican intervention in sovereign US policymaking would legitimate US interventions in Mexican politics.⁶⁹ High-level bilateral meetings in 2001, including a presidential meeting in Washington, DC, discussed a new temporary-worker program, an increase in the number of visas issued to Mexicans, and regularization of unauthorized migrants in the United States. The Fox administration in Mexico hailed these talks as the outline of a “migration accord” between Mexico and the United States, and consequently, many observers in Mexico mistakenly viewed this period as a time of “shared responsibility” for migration that was derailed only by the September 11 attacks. However, the US ambassador to Mexico at the

time, Jeffrey Davidow, has argued that in fact there was no imminent accord between Mexico and the United States because “there was not sufficient support either in the White House or in Congress for a sweeping program to legalize millions of immigrants who had come illegally to the United States.” He argues that while Mexicans insisted on calling the talks a negotiation, the Americans labeled them “conversations” or “discussions.”⁷⁰ After taking office in 2006, President Felipe Calderón downplayed his predecessor’s vocal expectations of a bilateral migration accord but was clearly interested in the same goal of legalized flows.

President George W. Bush announced a unilateral plan for reforming US immigration policy in 2004. Although the plan was not meant to establish an accord with Mexico, any changes in US law would disproportionately affect Mexicans. The Bush proposal eventually evolved into the Comprehensive Immigration Reform Act of 2007, which fell seven votes short of the sixty votes needed to end a Senate filibuster in June 2007. The bill would have provided a path to legalization for most of the unauthorized already living in the United States; increased spending on border enforcement; made the electronic employee eligibility verification system mandatory; increased the financial penalties on employers who hire unauthorized workers; established a new temporary-worker program; and created a Canadian-style “point system” for selecting immigrants in a way that would favor occupational skills, higher education, and English fluency. As of this writing, President Barack Obama has not been able to advance comprehensive immigration reform in the US Congress.

The politics of immigration in the United States makes for “strange political bedfellows” that cut across partisan cleavages.⁷¹ In broad strokes, within the Republican Party, business interests typically support increased immigration as a source of cheap or scarce labor, while cultural conservatives tend toward restriction based on their sense that unauthorized immigrants are fundamentally lawbreakers, fears that immigrants will not assimilate, and fears that immigrants from Latin America in particular will change the ethnic makeup of the country. Democrats are often split between protectionists trying to prevent immigrant labor from competing with native workers and union leaders trying to organize immigrants already in the country. Within the business sector, interests diverge, as high-tech industries concentrate on making more H-1B visas available, while the agricultural, service, and construction sectors are more concerned with avoiding strict enforcement of immigration laws that would cut off their access to unauthorized labor.

Another split that crosses party lines is between humanitarians, who emphasize family reunification, more welcoming policies toward refugees,

and human rights concerns, versus realists, who emphasize economic concerns. Since the September 11 attacks, the security concerns of the realists, or the use of security as political cover for ideological interests, has tended to trump all other factors in the public debate. Republicans and Democrats are also trying to woo Latino voters through immigration reform as Latinos become an increasingly important sector of the electorate.

Given the ad hoc nature of coalitions on immigration reform and the grand compromises necessary to create even the possibility of a politically viable bill, supporters have tended to tepidly support such measures, whereas opponents of particular features—particularly legalization or “amnesty”—have been adamantly opposed and have effectively harnessed talk radio, the Internet, and television commentary to squelch reform efforts using the many “veto points” of the US political system, such as the Senate filibuster. The complexity of immigration reform is deepened even further by the inherently cross-border nature of international migration in a global system of sovereign states, where migrant source countries like Mexico have struggled to define and advance their own interests.

Final Considerations

We argue that the United States and Mexico should include the following principles and features in their immigration policies:

- A path to legalization and eventual citizenship should be opened for the vast majority of the estimated 11.2 million unauthorized migrants in the United States, beginning with the 1 million unauthorized children.⁷² A clean criminal record, at least one year of residence, and payment of a modest fine for adjustment of status are legitimate requirements. However, requiring unauthorized migrants to physically leave the United States and then reenter legally serves no pragmatic purpose and will create unnecessary expenses and depress participation among migrants otherwise eligible to legalize their status.

- Migration from Mexico to the United States is primarily driven by US labor demand. Therefore, enforcement efforts should focus on fining US employers who knowingly hire unauthorized immigrants. To minimize the risk of discrimination against Latinos or foreigners legally eligible to work, significant funds should be devoted to upgrading the E-Verify database and establishing mechanisms for authorized workers to quickly resolve questions about their legal status without prejudice to their employment.

- The US economy demands a range of high-skilled and low-skilled labor. On the supply side, many potential migrants do not wish to settle permanently in the United States, but do want to work there temporarily. Existing temporary-worker programs should be revamped and dramatically expanded to admit separate quotas of workers within different brackets of educational attainment. The quotas should be adjusted annually to respond to economic conditions in different sectors of the economy. Issuing portable visas to workers, rather than employers, would allow labor markets to allocate labor far more efficiently than the government and prevent unscrupulous employers from exploiting workers legally tied to a single workplace.

- A unilateral US policy embedded in an existing multilateral agreement protecting migrant workers' rights is likely to be more efficient than a bilateral accord between the United States and Mexico. Historical experience suggests it is unlikely that a bilateral treaty with Mexico would lead to effective supervision of migrant workers' rights by the Mexican authorities, and such a policy would indirectly discriminate against potential migrants from other countries. As an alternative, the United States should sign the 1990 International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families and give legal temporary workers the same labor rights as natives. Temporary workers with a history of employment and a clean criminal record should be able to renew their visas and be eligible for legal permanent residency after five years. It must be recognized that many temporary workers will eventually decide to stay permanently, even if a temporary stay was their original intent.

- The 1921–1965 national origins quota system has long been discredited as racist, yet the vestiges of a nationality-specific system remain in the per-country limits for employment and family preferences. Through the 1970s, US presidents supported a continuation of special consideration for Mexico and Canada given their status as friendly neighbors with long migratory and economic ties to the United States. At the same time, Mexico is not alone as a country with some kind of “special relationship” with the United States, or with a much higher demand for immigrant visas than the current supply. The per-country limit of 25,620 immigrant visas for nonimmediate family members and workers should be eliminated and replaced with a global quota that does not have a differential impact on particular nationalities.

- Efforts to fortify the US-Mexico border should be reduced, given the high cost in lives of unauthorized crossers, the tremendous expense of the effort, and its limited efficacy.

- Federal savings from reducing border enforcement should be used to fund the employer sanctions program and reimburse local and state governments that are adversely affected by the fiscal costs of highly concentrated immigration in domains such as health care, education, and criminal justice. Government provision of free English-language education to immigrants would help immigrants better integrate into the United States and more than pay for itself in the long run as immigrants with better English-language skills would earn higher taxable incomes. The deportation of noncitizens who have committed serious crimes is in the legitimate interest of the US government. However, the pre-1996 status quo ante of due process, judicial review, and humanitarian considerations encouraging family unification should be restored to the removal process.

- The governments of the United States and Mexico should put transit migration through Mexico on the bilateral agenda. This is a problem that pertains to both countries. In effect, the US border has been externalized throughout Mexican territory given that the Mexican government is detaining unauthorized migrants bound for the United States. Mexico has the obligation to protect the human rights of transit migrants in spite of the pressure imposed by the United States to stop them in Mexico.

- In addition to being a country of emigration, return, immigration, and transit, Mexico should also be recognized as a country of deportees. The United States is not only deporting a large number of persons who were captured crossing the border, but also undocumented people who have resided in the United States for long periods and who have therefore weakened their ties with their communities of origin. Deportees require a formal government policy in Mexico that offers them opportunities to reintegrate into the home country.

Given the high US demand for Mexican labor, the maturity of the social networks linking particular Mexican communities of origin and US destinations, and a culture of emigration and dependence on remittances in many parts of Mexico, a legal immigration system that does not make significantly more room for Mexican immigrants is almost guaranteed to result in massive, unauthorized migration. Many migrants would prefer to come as temporary workers, and a well-designed program could channel much of that demand into legal temporary migration. Scholars recognize that much temporary migration becomes permanent, and policies should recognize that reality by providing some regular means of status adjustment to avoid creating a large permanent underclass of noncitizens. Governments choose whether to design policies allowing for safe, orderly immigration. Those policies will not end the challenges surrounding

unauthorized migration, but they can manage them more humanely and pragmatically.

Notes

1. Passel and Cohn, *Mexican Immigrants*.
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3. See, for example, <http://blog.thehill.com/2007/05/21/illegal-immigrants-need-to-get-in-line-with-everyone-else-rep-john-culberson>.
4. Passel and Cohn, *Mexican Immigrants*.
5. US Department of Homeland Security (DHS), *Nonimmigrant Admissions to the United States: 2009*.
6. In spite of limited Mexican participation in temporary high-skilled visa programs, the *American Community Survey (ACS)* of 2007 reveals that there were 477,331 Mexican immigrants with at least sixteen years of schooling residing in the United States in that year.
7. Philip Martin, "NAFTA and Mexico-US Migration," 361.
8. Alarcón, "Free Circulation of Skilled Migrants in North America"; US DHS, *Yearbook of Immigration Statistics: 2009*, Supplemental Table 1 (Washington, DC: DHS, 2009).
9. In 2009, 59 percent of "new" LPRs were already living in the United States when they gained LPR status. US Department of Homeland Security (DHS), *U.S. Legal Permanent Residents: 2009*.
10. US DHS, *Estimates of the Legal Permanent Resident Population in 2009*, 3.
11. US DHS, *U.S. Legal Permanent Residents: 2009*.
12. Massey, Durand, and Malone, *Beyond Smoke and Mirrors*, 43; Zolberg, *Nation by Design*, 343–344.
13. US DHS, *U.S. Legal Permanent Residents: 2009*.
14. "Philippines Cut-off Dates," US Department of State, http://www.travel.state.gov/pdf/Cut-off_Dates_Philippines_online.pdf, Feb. 23, 2011; "Mexico Cut-off Dates," US Department of State, http://www.travel.state.gov/pdf/Cut-off_Dates_Mexico_online.pdf, Feb. 23, 2011.
15. Massey, Durand, and Malone, *Beyond Smoke and Mirrors*, 90.
16. US DHS, *Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2009*.
17. Because of its illegal nature, precise figures on the unauthorized population are impossible to obtain, but demographers have created estimates that most scholars believe to be reliable using the "residual method," calculated by subtracting the number of known legal immigrants from the total foreign population known through census and government survey data. Statistical adjustments are made for deaths, emigration, and other factors. The "residue" is the estimated unauthorized population. Passel, *Unauthorized Migrants*, 16.
18. US DHS, *Immigration Enforcement Actions: 2009*.

19. Passel, *Unauthorized Migrants*, 3.
20. Barkan, "Return of the Nativists?"
21. US Customs and Border Protection, <http://www.cbp.gov>.
22. US DHS, *Budget-in-Brief: Fiscal Year 2011*. The "Minutemen" vigilante group has also conducted widely publicized efforts on small stretches of the border since 2005 to make a symbolic stance against illegal migration by reporting unauthorized crossers to the Border Patrol.
23. US DHS, *Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2009*; Orrenius, "Illegal Immigration and Enforcement Along the U.S.-Mexico Border."
24. "Securing America's Borders: CBP Fiscal Year 2010 in Review Fact Sheet," US Customs and Border Patrol, http://www.cbp.gov/xp/cgov/newsroom/fact_sheets/cbp_overview/fy2010_factsheet.xml.
25. Passel and Cohn, *U.S. Unauthorized Immigration Flows Are Down Sharply Since Mid-Decade*.
26. Damien Cave, "Better Lives for Mexicans Cut Allure of Going North," *New York Times*, July 6, 2011.
27. Pew Hispanic Center, *Unemployment Rose Sharply Among Latino Immigrants in 2008*.
28. US DHS, *2009 Yearbook*, Supplemental Table 1, of the Temporary Admissions category.
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30. For a discussion of "remote control" in deterring immigration, see Zolberg, "The Archaeology of 'Remote Control,'" 195–222.
31. Cornelius, FitzGerald, and Fischer, eds., *Mayan Journeys*; Cornelius, FitzGerald, and Borger, eds., *Four Generations of Norteños*; Cornelius et al., eds., *Migration from the Mexican Mixteca*; Cornelius et al., eds., *Mexican Migration and the US Economic Crisis*; FitzGerald, Alarcón, and Muse-Orlinoff, eds., *Recession Without Borders*. See also National Research Council, *Budgeting for Immigration Enforcement*.
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42. Hagan, Eschbach, and Rodríguez, "US Deportation Policy"; Fry and Passel, *Latino Children: A Majority Are U.S.-Born Offspring of Immigrants*.
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54. "Federal Judge Blocks Key Provisions of Arizona Law, Setting Stage for Long Legal Battle," Migration Policy Institute, <http://www.migrationinformation.org/USFocus/display.cfm?ID=792>.
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7

Protecting the Environment?

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The current era of global environmental problems is forcing societies to redefine their relationship with nature. Debate over climate change has raised awareness of these issues at international, national, and subnational levels. Until recently, environmental exploitation has been regarded merely as a consequence of economic, physical, and demographic growth. The resulting problems have mainly been defined as technical, an approach that avoids and evades direct consideration of underlying socioeconomic and political forces. In Mexico and the United States, among other countries, the operational model for environmental analysis favors fragmented perspectives on complex and interrelated problems.

We place our discussion within this broad context. Environmental protection and natural resource management have become significant elements of the bilateral relationship over the past thirty years. Challenges now shaping the agenda for cooperation are formidable, and they engage a rich and diverse set of institutions and stakeholders at multiple levels of government in both societies.

We begin the chapter with an overview of major environmental issues and their potential implications for the US-Mexican relationship in the short and long terms. We then analyze binational efforts to manage environmental issues and provide a critical perspective on their strengths and shortcomings. We conclude with policy recommendations.

Environmental Issues of the Current Era

The international border has dominated the bilateral environmental agenda since the 1980s. Problems in this region essentially result from incomplete urbanization and rapid industrialization on the Mexican side, and in some US areas as well, especially along the eastern reaches of the border. Growth in Mexican border cities has been marked by two important characteristics. First is the inability to keep pace with the demands of accelerating growth, which have spawned widespread patterns of incomplete urbanization—intensive economic and demographic expansion without corresponding investments in social infrastructure (e.g., public housing and utilities). This juxtaposition can create severe social and environmental problems. Second is the process of industrialization, which has diversified urban economies and modified their structure—patterns of daily life—and introduced new sets of problems as well. These elements are paradoxical: The very factors that give rise to opportunities for economic growth also present obstacles to a balanced development. They create fragmented spaces with high spatial segregation that aggravate the process of social exclusion characteristic of Mexican society. Cities along the border thus present a mosaic of contrasts with clear divisions between the formal and informal, the legal and illegal, the rich and poor. Urban growth usually takes place outside planning regulations and in areas risk-prone to natural hazards.

Local governmental authorities have little control over such developments. The major driving forces behind unfettered growth are associated with transnational, national, and local socioeconomic and geopolitical processes (international and domestic migration, the relocation of transnational industry, drug trafficking and violence, expansion of trade, cycles of socioeconomic crisis, the existence of regional disparities, and lack of managerial and technical skills on the part of local authorities). Existing geographies of exclusion will likely continue within the foreseeable future. Moreover, environmental problems deriving from incomplete urbanization along the border and the management of key natural resources will pose significant challenges for at least the next half-century.

The Case of Water

The management of transboundary water resources will remain a major component of the US-Mexican relationship. The importance of water in the border region ensures that water availability and supply will remain a critical priority for the two governments. It is no accident that the chal-

lenge of managing water resources has generated the most contention in the binational environmental affairs of these two countries. The intensification of climate change and the likelihood of prolonged and frequent droughts will continue to test bilateral resolve in what otherwise stands as one of the success stories in US-Mexico relations, the peaceful management of shared rivers. In addition to concerns about availability and distribution, questions about water quality have also mounted, especially in connection with the growing needs of urban border areas.

The most serious obstacles arise from institutional deficiencies associated with the 1944 water treaty, which has been justly praised as one of the finest and most enduring legacies of binational cooperation. The agreement not only secured the water supply on the Colorado River and the Rio Grande, but also established a workable mechanism for the adjustment of related disputes—the International Boundary and Water Commission (IBWC)—thus forging what has come to be known as the “treaty regime.” The IBWC has jurisdiction over all international boundaries, rivers, and streams covered by the treaties and conventions to which the two countries are party and the authority to interpret those treaties subject to the approval of the governments. It also has a mandate to address any binational sanitation and sewage problems along the border. Since 1973 its authority has been extended to groundwater and international salinity and pollution problems.

Nevertheless, the treaty is nearly seventy years old. Its language contains critical ambiguities and its content fails to address crucial problems in an era of water scarcity. Among them are inadequate provisions for persistent drought, failure to protect border ecosystems and biodiversity, lack of procedures for sharing common groundwater, and uncertain determination of institutional responsibilities for sanitation and water pollution.¹ Advances have been made, but much still remains to be done.

Take the case of chronic drought. This has afflicted the border region for the better part of two decades and led national agencies to downscale expectations for precipitation and long-term water supply from both the Rio Grande and the Colorado River. With water resources already overallocated in the two countries, treaty-mandated water deliveries are more critical than ever. Yet there is currently no effective mechanism for jointly managing the binational watersheds in the interest of long-term sustainable use, or for dealing with severe sustained drought.

This problem came to a head on the Rio Grande where, after 2000, the procedure for meeting Mexico’s treaty water obligation proved highly unsatisfactory to the United States.² In this instance, Mexico failed to deliver its obligatory water quota after 1992 because of low precipitation

in the Mexican headwaters of the Rio Grande. When Mexico justified its action on the basis of a reference in the 1944 treaty to “extraordinary drought,” the United States responded by rolling the debt over and then claiming foul. The “extraordinary drought” concept was never defined in the treaty, unfortunately, nor was any provision made for adjusting Mexico’s quota under such conditions. A series of bilateral meetings under the auspices of the IBWC led to partial compensation payments and the development of a binational conservation plan for the Rio Conchos drainage, a plan supported conceptually and financially by the Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) and overseen by the IBWC.³ Mother Nature did the rest, replenishing the Rio Grande’s international storage dams in 2005.⁴

The solution here is indicative of both the problems and possibilities associated with the treaty system and environmental management along the border. On the one hand, the treaty’s provisions for Rio Grande drought management are ambiguous; particularly vague is the concept of “extraordinary drought.” Nor does the treaty stipulate the need for integrated watershed management of the river basins or broad participation of stakeholders in international river management. On the other hand, the treaty does not exclude these possibilities should the federal governments see fit to adopt such practices. Moreover, the Rio Grande deliberations drew on the institutional capacity of the BECC and NADB as well as the IBWC to create a new Water Conservation Investment Fund (WCIF) to improve water conservation in the region, while noting the need to establish a binational watershed board for the Rio Grande to advise the IBWC.⁵

This entire episode sets a precedent that can become critical in light of the potential impact of climate change on the availability of water from the Colorado River and the Rio Grande. These two water basins are considered to be among the most vulnerable to climate change in North America.⁶ As of now the appropriation of water in these two basins exceeds its availability. The two rivers also have complex institutional and legal rules constraining their management. Climate change will therefore be imposed on top of existing non-climate-related sources of stress. The Colorado River and the upper Rio Grande are snowmelt-driven basins, so the availability of water depends on the timing of runoff that results from changes in snowfall and snowmelt. Expected rising temperatures from climate change will impact snow dynamics in both basins. Reliable studies estimate that climate change could reduce runoff in the Colorado River between 10 and 20 percent.⁷ An important analysis of the implications of

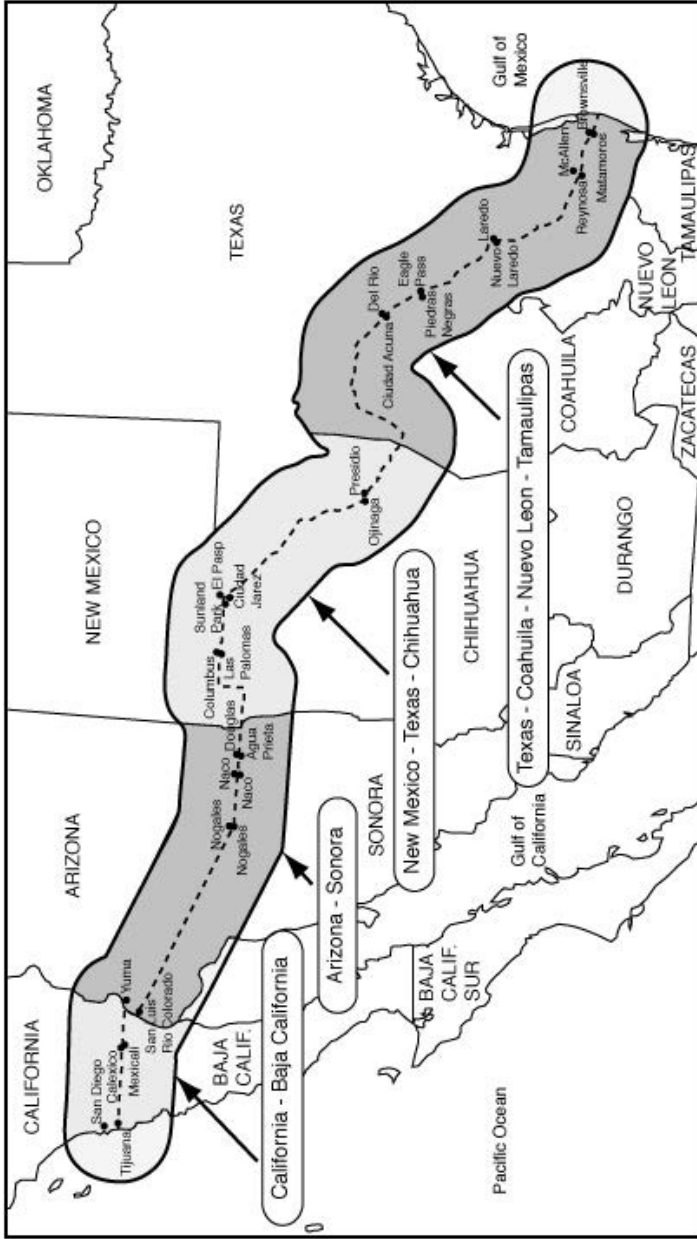
climate change for the international agreement over the Colorado River concludes that climate change will put unanticipated stress on the 1944 treaty and suggests clarification of key provisions regarding shortages, disputes, and salinity.⁸ Additional studies have concluded that climatic changes would, under the current rules known as the “Law of the River,” have dramatic effects on water availability and quality.⁹

This work is prescient. Since 2001, a decade-long drought has rattled stakeholders throughout the basin and has recently brought Mexico and the United States to think about a fundamental revision of existing approaches to management of water scarcity. Driven on the one hand by worries about the health of the Colorado Delta ecosystem, and on the other by declining reservoir levels that threaten hydropower production and water conveyance systems upstream, the two countries intensified bilateral discussions in 2007 and established a binational “core group” of stakeholders to consider water conservation and augmentation measures in the lower Colorado River basin. In 2010, a severe earthquake damaging the Mexicali Valley hydraulic infrastructure became the catalyst for a far-reaching set of linked agreements brokered through the IBWC. Minute 316 authorized a water transfer to the Santa Clara Slough, a key component of the delta ecosystem. Minute 317, signed two months after the earthquake, established a bilateral consultative council, a framework for developing greater cooperation for minimizing shortage impacts, and officially, for the first time, linked consideration of ecological functions of Colorado River water to the 1944 treaty. Minute 318 authorizes storage of Mexican treaty water in US upstream reservoirs and recognizes the “potential adverse impacts of climate change” as an imperative driving further joint action to mitigate water shortage on the river.

The impact of climate change on surface transboundary water resources will undoubtedly increase the pressure on groundwater along the US-Mexico border in decades ahead. Numerous human settlements rely on groundwater beneath the international boundary but this too is one of those lacunae in the 1944 treaty.¹⁰ In 1973, in what is still a controversial decision, the governments linked groundwater to the treaty as part of their solution to a binational crisis over the salinity of treaty water on the Colorado River. Since then, little progress has been made toward reaching a comprehensive agreement on groundwater management along the boundary. At least eighteen known groundwater basins abut or underlie the US-Mexico border, distributed across all four border regions (see Map 7.1).

The absence of an agreement has exacerbated binational disputes at several locations on the border, most notably in the US initiative to line the All-American Canal with impermeable concrete so as to avoid future

Map 7.1 Regions of the US-Mexico Border



Source: US Environmental Protection Agency, *US-Mexico Border 2012*, Border 2012 Map.

seepage. The canal since 1942 has been the conduit for Colorado River water destined for California's Imperial Valley and runs nearly twenty miles just north of the international line. Unfortunately, Mexican farmers depend on this seepage, as do wetland way stations for migratory birds just south of the border. Further west, in the Santa Cruz River basin at Ambos Nogales, Mexican pumping south of the border and efforts to reclaim wastewater that now flows south to the United States threaten wetlands and vegetation. The groundwater problem is most acute at El Paso and Ciudad Juárez, which jointly depend on several aquifers linked to the Rio Grande. Given their dependence on underground supplies, the two cities are presently engaging in what amounts to a dangerous race to the bottom of the aquifers.

While bilateral cooperation on groundwater has been elusive at best, there have been recent (if modest) signs of positive movement. In 2006, the US Transboundary Aquifer Assessment Act was signed into law authorizing up to \$20 million for studies of border aquifers, including those at El Paso–Ciudad Juárez and the Santa Cruz River. In an unusual but promising departure, Mexico was expressly named a partner in these studies, to be completed by 2016. Funding for the first stage of this project is now in place. In other places, local initiatives to conserve groundwater are also beginning to emerge that take advantage of the La Paz process, a framework agreement for binational environmental cooperation signed in 1983.

Concern for the ecological uses of treaty water has surfaced since the mid-1990s in response to growing water scarcity and its adverse impact on ecosystems. The 1944 treaty's prioritization of water uses failed to recognize these claims on shared resources, effectively assigning them to the catchall category of "all other beneficial uses" of treaty water.¹¹ Pressed by environmental groups and other stakeholders, the two governments in 2000 established a joint task force to examine the situation in the Colorado River delta, where US conservation measures upstream threaten the survival of the vital ecosystem.¹² Solutions, if they are to be found, are likely to involve complex energy-environment trades and innovative uses of urban and agricultural wastewater involving BECC and NADB resources and considerable diplomacy at the level of both governments and the IBWC.

In sum, cooperation on water resources constitutes a core component of the US-Mexican environmental agenda. The sustainable management of shared rivers, streams, and transboundary aquifers benefits from a strong treaty system, though much needs to be done in adjusting the treaty mech-

anism to meet present and future needs. Newer institutions, including the BECC and NADB, now enhance binational capacity to craft solutions to pressing border water problems. Generation of the political will for reform on water management is still an uphill battle—particularly in the United States, where water policy is dominated by state and local interests.

Border Problems

The rapid growth of urban settlements drives most contemporary environmental initiatives along the border. Population growth on both sides has long exceeded national averages, with the population of Mexican *municipios* expanding at an annual rate of 3.9 percent and the US population at 2.9 percent for the period 1950–2000. More than 12 million people reside along the border, with numbers nearly equally divided between the two countries.¹³ As scholars rightly note, much of this demographic growth is attributable to industrialization along the Mexican side of the border, particularly the assembly manufacturing factories or maquiladoras.¹⁴

The stresses of rapid development were very much in evidence prior to 1994 when the NAFTA agreement took effect and have amplified since then. The environmental dimension of rapid growth has meant rising threats from hazardous and toxic substances, particularly in the form of industrial wastes; contamination of water supplies arising from unregulated industrial discharge and poor public sanitation; degradation of air sheds; and the deterioration of landscapes and ecosystems supporting vegetation and wildlife. Urban growth also means greater risks, whether from the transportation and storage of toxic products, from industrial accidents, or from natural hazards.¹⁵ Not all of those problems directly affect bilateral relations. At the same time, those problems with consequences across the international border will continue to aggravate US-Mexican tensions.

The case of sewage as a source of transboundary pollution illustrates the dynamics of this situation. Spills of uncollected raw sewage have flowed across the international border for years, threatening communities with bacterial pollution. Efforts to control the sources and flows of sewage have figured prominently in recent binational cooperation. Major investments have been made during the last two decades. Although current capacity to collect and treat raw sewage from Mexican border communities lags behind the demand created by urban and population growth, its importance as a major source of transboundary conflict will likely decline in the coming decades due to two factors: first, sewage is and will become a major resource to expand scarce water resources along the bor-

der;¹⁶ and second, urban growth in the Mexican border communities is shifting southward where land is still available.

In contrast, air quality will likely gain importance as a source of transboundary pollution. Although air quality was one of the initial problems that triggered negotiations leading to a binational agreement in 1983, it has received significantly less attention and investment than has wastewater control. Despite some early success in the control of “point sources”—identifiable source-sites of contamination—nonpoint sources and new point sources will continue to generate transboundary pollution.¹⁷ Moreover, the tendency to relocate energy facilities (power plants and gas plants) on the Mexican side of the border will no doubt spark controversy in the years ahead.

Hazardous substances and waste pose substantial threats to public health throughout the region. As a result of rapid expansion in the maquiladora sector, industrial pollution presents especially serious challenges. Mexico’s very limited capacity for hazardous waste disposal is a major bottleneck to effective environmental protection. Although most of these problems originate on the Mexican side of the border, they have transboundary consequences—such as the illegal dumping of hazardous waste in shared drainage and sewage systems, the contamination of groundwater, the emissions of organic compounds, and environmental contingencies caused by industrial hazards. The illegal exportation of hazardous waste remains a source of tension and concern.¹⁸

Other environmental risks associated with hazardous substances arise from ineffective controls on the use of pesticides in the agricultural areas (around Mexicali, Nogales, Ciudad Juárez, and the Lower Rio Grande/Río Bravo). Although there are no detailed studies of the environmental problems created by the use of pesticides, health problems have been associated with the indiscriminate use of these compounds.

Municipal solid waste in Mexican border cities is one of the most visible environmental problems with transboundary implications (e.g., the burning of solid waste and breeding grounds for vector-borne diseases). Vigorous controversy also results from the location of landfills close to the border, particularly on the US side. US cities will continue to struggle to reduce the volume of waste generated and dispose of it appropriately. The well-known NIMBY (not in my backyard) syndrome encourages the location of those facilities along the border area. This problem has sparked public outcries in the past and will continue to do so in the foreseeable future.

Natural hazards present still other concerns. A significant number of border communities on both sides of the border are vulnerable to the neg-

ative impacts of climate variability and climate change. Disasters resulting from climate-related events or other natural hazards (as seen in the 2010 Calxico-Mexicali earthquake and flooding in Mexican cities) will increase due to the difficulty of improving and balancing the growth trajectory of border communities. Effective responses to these challenges depend in large part on bilateral collaboration.

Health concerns are often neglected within the analysis of environmental issues. But many such problems derive from environmental hazards. Health consequences result from patterns of incomplete or deficient urbanization (water-borne diseases, respiratory diseases, and pests), climate variability and climate change (vector-borne diseases, heat stress, respiratory diseases, and water-borne diseases), natural hazards, and the social dynamics of border communities (infectious diseases). All these problems have transboundary consequences and require binational attention and coordination. Efforts to construct integrated and multidimensional perspectives on border environmental problems must fully recognize the importance of public health issues.

Finally, the US-Mexican border area contains widely divergent ecological zones and habitats, ranging from salt- and freshwater marshes to volcanic deserts and mountain peaks. The ecological services provided by these areas underpin the regional economy—as in the case of the Gulf of California and the Laguna Madre of Tamaulipas, which serve as important breeding grounds for commercial species of fish and shrimp. A number of protected areas on the Mexican side of the border are contiguous with protected areas on the US side.¹⁹ Conservation of such bio-resources has historically been a source of collaboration rather than conflict in the bilateral relationship. The importance of these resources should promote further binational cooperation.

Critical in this regard is the development of an integrated perspective on the relationship between bio-conservation and other elements of the bilateral agenda. The unilateral US decision to construct fencing along more than one-third of the boundary presents a vivid case in point, since this physical barrier has been fragmenting natural habitats and adversely affecting numerous species. Controversy still abounds.²⁰

Institutional Dimensions of Bilateral Cooperation

The bilateral framework for addressing shared environmental challenges is today crafted around a triptych of agencies and programs with distinct missions whose role and functions have become increasingly complemen-

tary in the NAFTA era. The oldest of these, with particular relevance to the management of border water resources, is the IBWC, with its mandate in the 1944 US-Mexico Water Treaty. The IBWC oversees the allocation of treaty water resources, hydropower operations on the Rio Grande River, and flood control on the Rio Grande/Río Bravo and Colorado Rivers. It also has a hand in the management of border sanitation and water quality. The 1983 US-Mexico Border Environment Cooperation Agreement, popularly known as the La Paz Agreement, provides the basis for binational dialogue and programs addressing water quality, urban and industrial environmental problems, biodiversity protection, environmental education, environmental enforcement, and environmental justice. Complementing the La Paz framework and contributing to its implementation, the Border Environment Cooperation Commission and the North American Development Bank, established in the aftermath of NAFTA in 1994, provide leadership, technical support, and financing for border environmental infrastructure projects along the border. While these are the leading agencies and programs guiding bilateral cooperation, other agencies, such as the Border Health Commission (BHC) and the Commission for Environmental Cooperation (CEC), also established in the 1990s, enrich the institutional mix and strengthen joint capacity for environmental protection along the international border.

What has emerged with the NAFTA era is, in fact, a new politics of multilevel governance and growing intersectoral coordination among a diverse array of agencies, national and international. This pattern of environmental governance is nurtured and shaped by the La Paz process, which allows for incremental policy advances as the governments consent. Progress in specific issue areas varies according to preexisting institutional commitments and national interests and capacities, shaped by the political mobilization and participation of stakeholder communities that today include a rich mix of state and local governments and nonprofit, citizen-based actors. At the binational level, multilevel governance is still unfolding in a policy arena where problems often outstrip capacity for achieving long-term and sustainable solutions.

The hallmarks of this intensified level of cooperation are money—in the form of shared federal financing for border projects—and a set of goals and practices best expressed by the core components of the US-Mexico cooperative border environmental program (Border XXI): “public involvement, decentralization of environmental management through state and local capacity building, and improved communication and cooperation among federal, state, and local government agencies.” In 1996 the governments vowed to contribute nearly \$500 million annually through

the environmental ministries and the newly created Border XXI Program, and even more in the form of project assistance through the BECC and NADB.²¹ While these commitments fell well short of the \$22 billion in estimated environmental infrastructure needs at the border, they nevertheless represented an unprecedented increase in federal attention and a new level of environmental cooperation for the border region.

The La Paz process provides the framework but the BECC has become the centerpiece of this new institutional system. It has been structured as a truly binational agency with rotating national directors. Environmental groups, originally represented on the BECC governing board, have effectively championed openness and transparency in proceedings. All in all, BECC and its projects have become models of civic virtue.

From the outset, the BECC's primary mission has been to focus on water and wastewater infrastructure by certifying and financing eligible projects. In the field of water and sanitation, the BECC partnered with the NADB and the Environmental Protection Agency (EPA) to certify forty projects by 2001, investing nearly a billion dollars in needed infrastructure. On air quality, a joint advisory committee produced a comprehensive strategic plan setting priorities for air shed improvement at El Paso–Ciudad Juárez. The two countries have also established air-quality monitoring networks along the border, developed air-quality management plans for Juárez, Mexicali, and Tijuana, monitored vehicular emissions at key border crossings, and initiated the Mexico Emissions Inventory Program to strengthen Mexico's capacity for monitoring and assessing air-quality problems throughout the border region.²² In 2002, the La Paz process was recrafted as a new ten-year program, Border 2012, concentrating on environmental protection and shaving off the earlier issue-based, border-wide, and bilateral workgroups in favor of a more decentralized, bottom-up model of localized binational task forces, regional and border-wide workgroups, and border-wide policy forums.²³ The majority of the BECC's 157 projects through the summer of 2009 were in this area. These projects, most supported in part from NADB funds, entail nearly \$3 billion dollars in total investment originating largely from government sources.²⁴ Conservation partnerships were left to the appropriate federal and state agencies operating under the auspices of the Canada/Mexico/US Trilateral Committee and supported by the CEC in Montreal.

Institutional Challenges

The deepening of binational environmental cooperation since the mid-1990s represents a positive achievement for the US-Mexican relationship.

Unfortunately, however, the political momentum resulting from the NAFTA accords has visibly declined. This downturn is partly due to institutional deficiencies but also, in greater measure, to changing national priorities.

The institutional challenges derive in part from the mandate and design of the agencies and programs outlined above. In the case of binational water management, the treaty regime overseen by the IBWC was designed primarily to secure national water supply on the Colorado and the Rio Grande Rivers. The IBWC's mandate was fundamentally structured around water accounting and delivery; it was not meant to function as a comprehensive, basin-wide management agency for either river. Until the 1990s, reliable precipitation postponed the need to confront underlying ambiguities in interpretation of the treaty. Other assigned responsibilities, like sanitation, were originally thought to be residual functions. Over time, however, the role and functions of the IBWC have changed. Rapid demographic growth and prolonged drought have ushered in new demands on the treaty system, requiring adaptation and adjustments in treaty understanding and greater enmeshment with institutional partners in crafting binational solutions.

To deal with problems of urban environmental management and environmental health, a broad mix of institutions and protocols has been developed to promote binational dialogue and procedural engagement. The effectiveness of these projects depends entirely on the political will and the economic, financial, and technical resources of the two federal governments (including domestic agencies with distinct agendas, interests, and rivalries). Much as they were faulted in the runup to NAFTA, the La Paz process and its successor programs may still be criticized as a congeries of ad hoc, disparate measures that are narrowly focused on specific environmental problems—and lacking in strategic vision and staunch binational commitment. The BECC and NADB may be regarded as partial exceptions to this rule, as they were organized as genuinely binational organizations with clear mandates to improve the environmental infrastructure in the border region.

Unfortunately, this progress was affected by the tragic events of September 11, 2001, as the US government focused nearly all its attention on unauthorized immigration and national security. The shift in priorities was most apparent in steadily declining revenues for La Paz programs—by 2008 US funding for the border program amounted to merely \$10 million, about 10 percent of the 1997 level. Meanwhile the Border 2012 operating budget fell to less than \$5 million for 2009.²⁵ The financial squeeze was evident across the board, from contributions to the BECC's project development assistance program to travel funds for Border 2012 task forces.²⁶

The cutbacks were sufficiently severe to prompt the US Western Governors' Association to appeal to Congress for direct funding of Border 2012 programs.

Security unilateralism has further complicated matters. Expansion of the US border fence beyond San Diego/Tijuana and a handful of other urban corridors after 2006 posed a serious threat to conservation practices along the international boundary. As authorized in the US Secure Fence Act of 2006, the seven-hundred-mile multibillion-dollar fence is one of the largest infrastructure projects ever undertaken at the border. As it moved forward, environmentalists and Mexican stakeholders (and leading officials) expressed concern for its adverse environmental impacts. Apparently undeterred, the Department of Homeland Security under George W. Bush waived US environmental laws and ignored bilateral agreements in order to proceed with the project.²⁷

A critical analysis of the results of binational cooperation on the environment yields mixed results at best. Despite the real achievements in the creation of institutions and funding of projects, border environmental problems have mounted rather than declined. Even the most celebrated solutions—such as sanitation services, where most of the investment has been concentrated—at best remain short-term solutions to long-term problems.²⁸ Funding has proven to be woefully inadequate. In short, twenty-five years of binational collaboration have failed to create a brighter outlook on environmental problems for the twenty-first century.

The lack of vision and clear strategy can be attributed in part to the federal agencies charged with coordinating environmental cooperation—the Environmental Protection Agency in the United States and the Secretariat of the Environment and Natural Resources (SEMARNAT) in Mexico. Both use a managerial approach to address environmental issues. As scholars have shown, this orientation tends to detach environmental management from its political and economic dimensions, to widen gaps between national policies and local policymaking processes, to overlook the broader issue of governance and regulation of local economies, and to resolve environmental issues in ad hoc, piecemeal fashion.²⁹

These problems are evident in the La Paz Agreement, the Integrated Border and Environmental Plan (IBEP), and the Border XXI and Border 2012 programs, all technical reactions to political pressures rather than integrated elements of a clear-cut, long-term strategy. Policy fragmentation, for example, helps explain the significant imbalance of investment in sanitation services compared to other issue areas. Addressing environmental problems in isolation and detached from their social, economic, and political dimensions—focusing just on their physical manifestations—

ignores the social processes behind them and results in temporary solutions to long-term challenges. This fragmented managerial perspective yields fragmented solutions that fail to address the true forces that underlie environmental degradation.

To be effective, bilateral cooperation requires a new approach seeking alternative strategies for development according to the realities and needs of border communities. Such an approach is particularly critical at a time when environmental cooperation has slowed down—while processes of urbanization and industrialization have accelerated. We are now witnessing extensive economic asymmetry, the aggravation of social inequality, global and regional biophysical problems (climate variability and climate change), increasing insecurity and violence, and an intensification of human intervention in natural processes and transboundary ecosystems. These stresses require renewed commitment, creativity, and long-term strategies on the part of the governments and further institutional reform if the gains of recent years are to be consolidated and strengthened in the coming decades.

Prospects for Environmental Cooperation

Advancing environmental cooperation for the twenty-first century will require complementary short- and long-term actions. A first and fundamental step is the creation of a clear vision and strategy for alternative paths of growth and opportunities for sustainability and development. The strategy should be based on multidimensional, incremental, and integrated steps leading to achievable goals over the short, middle, and long term. It should address the social, economic, cultural, political, technical, physical, and biophysical dimensions involved in environmental protection and the responsible use of natural resources. Such a strategy will direct greater attention to the interarticulation of existing environmental institutions and programs and their better coordination with other important policy sectors, guided by sensitivity to ecosystems as well as human needs.

Institutions, particularly public institutions, are reluctant to change. Improvement of institutional performance and of opportunities for bilateral cooperation requires policy along two parallel tracks. One set of actions uses existing institutions, taking advantage of the advances in environmental cooperation over the past twenty-five years and especially in the immediate aftermath of NAFTA (i.e., working groups in the Border 2012 program, IBWC, BECC, NADB, and CEC). These strategies aim to consolidate and refine the institutional advances of the post-NAFTA era

and to increase the governments' fiscal support for environmental cooperation in the years ahead. It is worth stressing the importance of basing these actions on multidimensional and integrated approaches in order to better address the driving forces and consequences of environmental problems.

The second policy track focuses on the creation of new institutions. Governments should recognize the limitations of existing organizations and approaches, some of them designed several decades ago. Contemporary challenges require innovative responses. The timing is right. Climate change and other global environmental problems are fostering ideas and debate about governance approaches to issues on global, regional, and local levels.

Several policy initiatives can be addressed along the first track in the short and middle term. Recent progress has demonstrated the feasibility of additional improvement in water management. Partnerships among the IBWC, the BECC, and the NADB have achieved substantial gains. Even so, there is room for innovation in the immediate term as seen in the following proposals:

- The IBWC should consider the impact of climate variability and climate change on runoff in transboundary surface and groundwater resources. Data and information about climate-change scenarios and studies of climate variability are currently available, and they offer useful tools for updating perspectives on the state of transboundary water resources. Such a perspective will help better address pending issues in the 1944 treaty regime.
- The treaty system should strengthen its focus on ecosystem protection. This problem is exceptionally challenging when measured against the overappropriation of the rivers, the extraordinary demands now placed on shared water resources, and the decline of runoff caused by climate variability and climate change. Yet the ecosystem must be nurtured if the two countries are to preserve and protect their natural systems.
- Recent institutional development is favorable to certain types of solutions that are now under consideration by government agencies and environmental advocacy groups. In particular, the expansion of the BECC and NADB's mandate and geographic jurisdiction enables these agencies to develop and support conservation infrastructure dedicated in part to ecological functions. If collapse of the Colorado River delta ecosystem is to be avoided, for example, effective solutions will almost surely entail some combination of supportive infrastructure development and hydrological exchange associated with urban and agricultural uses of water

resources in the lower Colorado River zone. Recent recognition of the ecological functions of water in the river should be amplified with an ecological minute that extends the principle to the entire treaty regime.

- Additional short-term policies should include implementation of the IBWC's own recommendation that the governments create a basin-wide advisory body for the Rio Grande River. Such an advisory mechanism would assist the commission in collaborating with the full range of stakeholders and advising the federal governments on drought mitigation and watershed protection affecting the international reach of the river, thus better enabling both countries to meet their treaty obligations. Consolidating this advisory approach on the Rio Grande would move Mexico and the United States in the direction of more integrated and cooperative river basin management, practices that will be ever more necessary within the context of climate change on their transboundary watersheds. In the longer term, the two countries should draw on their emerging experience with advisory bodies and basin-wide water management efforts to consider more comprehensive approaches to managing water scarcity, including smaller water basins along the border.

- Long neglected by the governments, groundwater reform now appears feasible. The Transboundary Aquifer Assessment Act favors binational cooperation in understanding the technical parameters of shared groundwater assets at key locations on the border. Shared agreement on the basic data is a predicate for any future collaborative management of these resources. As border cities adapt desalinization technology that allows the utilization of low-grade brackish groundwater for municipal and industrial needs, there will be further incentive to cooperate in the development of aquifers.

- The governments should give due consideration to criticisms directed at the La Paz process and the Border 2012 Program as they roll out the new Border 2020 Program.³⁰ The sustainability of border communities is seriously jeopardized by the severity of environmental problems and pressing concerns about the availability of water. Addressing those problems requires new and creative approaches; technocratic and managerial approaches will not suffice. The environment cannot continue to be regarded as an afterthought of economic, population, and urban growth. Nor can fragmented perspectives provide effective solutions to deep-rooted environmental challenges.

- Short-term actions also require renewed commitments of financial, technical, and human resources to address the broad array of environmental problems along the border. Attention should be given to balancing environmental priorities, avoiding an emphasis on any one area (e.g.,

water sanitation) to the detriment of other environmental problems. Emphasis should be given to empowering local communities by allowing them a major role in meeting developmental pressures and environmental problems. This requires a multilevel governance process with the participation of a broad range of authorities and stakeholders on both sides of the border at the international, national, state, and local levels. Multilevel governance will facilitate political and administrative decentralization and local empowerment. It also demands the active involvement of federal and state governments to coordinate, support, and monitor the implementation of local-level strategies.

Long-term policies will presumably require revisions of domestic water legislation in the two countries and amendments to the 1944 treaty, including redefinition of the role of the IBWC. Within the foreseeable future, the climatic conditions suggested by global circulation models will accentuate pressure on water resources and it will probably foster new legal arrangements to manage binational water.

Further, new approaches must devote sustained attention to nonurban issues (that is, outside of the cities). In this respect, binational cooperation on conservation and biodiversity deserves special emphasis. The problem here has long been the bureaucratic fragmentation of ecological responsibility among US government agencies, which complicates budgeting for bilateral activities and creates rivalry between the EPA and other official departments. And yet, the La Paz Agreement explicitly incorporates cooperation in natural resource conservation as part of its mandate. At a time when wildlife conservation is increasingly stressed by climate change and human interventions, it is imperative that bilateral and trilateral initiatives become better integrated and better supported by the governments. Linking the authority of the La Paz Agreement to conservation work of US and Mexican natural resource agencies would strengthen these programs. Closer ties to the trilateral CEC's biodiversity program should also be expanded. Biodiversity and habitat conservation along the US-Mexico border area will also require creative approaches and multilevel governance across the international border. In this regard, the May 2010 commitment by the Obama and Calderón administrations to pursue development of Big Bend National Park and Maderas del Carmen/Santa Elena Canyon Biosphere Reserves as a "natural area of binational interest," an idea originally proposed by Presidents Franklin D. Roosevelt and Manuel Avila Camacho in 1944, is a welcome advance.³¹ But much more needs to be done.

Throughout this chapter we have identified the failure of the US and Mexican governments to place binational environmental actions within a comprehensive context of development for the border area as one of the main reasons for their inability to solve a large number of environmental problems. It is time the two governments recognize the limitations of current environmental institutions in the management and mitigation of border problems. Without an integrated perspective on growth and development pressures in the region, it will be difficult to expect much improvement in policy performance. Current institutions were not designed to address the multiscaled complexity and multidimensional problems of the twenty-first century. Improving future conditions in the US-Mexico border area requires bold and creative strategies. Building new institutions is part of that process.

Notes

1. Groundwater refers to water found below the earth's surface, often in defined aquifers that may or may not be associated with overlying surface water in the form of rivers, streams, ponds, or lakes.

2. Center for Strategic and International Studies (CSIS), *US-Mexico Transboundary Water Management*.

3. International Boundary and Water Commission (IBWC), *Minute No. 308, United States Allocation of Rio Grande Waters During the Last Year of the Current Cycle*, June 28, 2002; and Vina, *United States-Mexico Dispute over the Waters of the Lower Rio Grande River*.

4. IBWC, *USIBWC Commissioner Announces Resolution of Mexico's Rio Grande Water Debt* (El Paso: IBWC, 2005).

5. CSIS, *US-Mexico Transboundary Water Management*; and Vina, *United States-Mexico Dispute over the Waters of the Lower Rio Grande River*.

6. Schaake, "From Climate to Flow"; and Gleick, "Water and Conflict."

7. Frederick and Gleick, "Potential Impacts on US Water Resources."

8. Gleick, "Effects of Future Climatic Changes on International Water Resources." By the same token, Gretta Goldenman ("Adapting to Climate Change") concludes that international mechanisms governing shared rivers under conditions of changing climate are immature at best, or nonexistent at worst.

9. Gleick and Chalecki, "Impacts of Climatic Changes for Water Resources of the Colorado and Sacramento-San Joaquin River Basins."

10. Mumme, "New Directions in Transboundary Environmental Management."

11. Mumme, "Case for Adding an Ecology Minute to the 1944 United States-Mexico Water Treaty."

12. Glennon and Culp, "Last Green Lagoon."

13. Anderson and Gerber, *Fifty Years of Change on the US-Mexico Border*.

14. Kohout, "Maquiladora Industry and Migration in Mexico."

15. Liverman et al., "Environmental Issues along the US-Mexico Border"; and Sánchez-Rodríguez, "Binational Cooperation and the Environment at the US-Mexico Border."

16. The treatment and reuse of wastewater will become a critical resource to increase water availability for urban uses, including drinking water, in the coming decades. Many urban areas around the world have begun considering wastewater a valuable resource. Some border communities have begun to value wastewater (the two Nogales and the Tijuana–San Diego area) and others will likely continue in the near future.

17. Air pollution sources include fixed sources (power and industrial plants); mobile sources (cars and trucks); and particulate matter (windblown dust carried from unpaved roads and eroding areas, the burning of solid waste, aggregate mining and construction, and crop burning in the rural areas). The strange blend of incomplete urbanization and economic growth that characterizes border cities explains the combination of these pollution sources. The added volume of transient vehicles due to the area's high number of border crossings aggravates transboundary air pollution.

18. Sewage spills occur because the increase of wastewater generated by the expanding population exceeds the capacity of the existing pipes. The combination of uncollected raw sewage in slums and low-income neighborhoods, spills in other parts of the city, and gaps in the extension of networks goes far toward explaining the high incidence of water-borne diseases in Mexican border communities. Untreated sewage also poses a constant threat of contaminating surface and groundwater resources. The illegal discharge of hazardous wastes into municipal systems or open waterways adds to the environmental problems and health risks created by deficiencies in urban infrastructure. Currently there are no comprehensive and systematic water quality programs in any of Mexico's border cities that could clearly identify hazardous waste pollution.

19. In Baja California and Sonora, the Alto Golfo and El Pinacate reserves are contiguous with the Organ Pipe Cactus National Monument and the Cabeza Prieta wildlife refuge in Arizona. Two of three new protected areas on the Mexican side of the border with Texas (Sierra del Carmen in Chihuahua and Cañón de Santa Elena in Coahuila) are contiguous with Big Bend National Park in Texas; the third one is located in the Laguna Madre of Tamaulipas, which is an extension of the Laguna Atascosa in Texas.

20. Rob Davis, "The Border's Pending Fight," *Voice of San Diego*, May 5, 2006; Segee and Cordova, "Wall Runs Through It."

21. US Environmental Protection Agency (EPA), *US-Mexico Border XXI Framework Document*, Appendix 4.

22. US EPA, *US-Mexico Border XXI Program Progress Report*.

23. US EPA, *Border 2012: US-Mexico Environmental Program*.

24. Border Environment Cooperation Commission, *Annual Report 2007* (2007).
25. US EPA, *Border 2012 Program Needs to Improve Program Management to Ensure Results*, 11.
26. Kent Paterson, "Seven Years Later: Is the US-Mexico Border Prepared for Environmental Disaster?" *Frontera NorteSur*, December 31, 2008.
27. Segee and Cordova, "Wall Runs Through It."
28. Sánchez-Rodríguez, "Binational Cooperation and the Environment at the US-Mexico Border."
29. Carley and Christie, *Managing Sustainable Development*; Redclift, "Development and the Environment"; and Gibbs and Jonas, "Governance and Regulation in Local Environmental Policy."
30. US EPA, "Draft 2020 Program for Public Comment," September 5, 2011. Available online at: <http://www.epa.gov/border2012/docs/2020/border2020-draft-framework.pdf>.
31. "Joint Statement from President Barack Obama and President Felipe Calderón." Washington, DC: White House, Office of the Press Secretary, May 19, 2010, <http://www.whitehouse.gov/the-press-office/joint-statement-president-barack-obama-and-president-felipe-calderon>. In February 2011, the US National Park Service and the Department of Homeland Security announced their decision to reopen the border crossing at Las Boquillas in the heart of Big Bend as a first step toward giving effect to the presidents' aim to establish an international peace park. See US National Park Service, "Proposal to Open Boquillas Crossing," *Big Bend National Park Newsletter*, February 18, 2001, <http://www.nps.gov/bibe/parknews/boquillasxing/feb/2011.htm>.

8

Drugs, Crime, and Violence

Luis Astorga and David A. Shirk

My grandmother always told me, If the dog is tied up, even though she howls all day long, you shouldn't set her free . . . and the dog chewed its rope for a long time, and I think it got loose to have a good time. . . . The pigs helped it, wanting more corn every day, feeding themselves on the Farm and causing lost profits. . . . Today we have more insecurity every day because the dog got loose, everything got soaked. Together, all the farmers, we have to tie it up.

—“La Granja” (The Farm), a *corrido* (ballad)
by Teodoro Bello, Los Tigres del Norte

The proliferation and impunity of organized crime groups involved in drug trafficking have become one of the most pressing public concerns in contemporary Mexico and the US-Mexico borderlands. These groups have perpetrated increasingly brazen, spectacular acts of violence that have resulted in tens of thousands of deaths. On the basis of government statistics, the Mexican Human Rights Commission reported a total of 6,680 homicides associated with drug trafficking from 2001 through 2006. Also working with official data, the National System for Public Security reported over 47,000 homicides linked to organized crime from January 2007 through September 2011. From October 2011 through June 2012, the daily newspaper *Reforma* conservatively estimated that there were at least another 7,500 drug-related killings.¹

In sum, violence associated with drug-trafficking organizations (DTOs) killed more than 54,000 people during Mexico's first two democratically elected presidential terms of the twenty-first century. Although the vast majority of this violence was geographically concentrated along the central Pacific coast and in northern Mexico, it had begun to spread to new and unexpected places by 2011. Most of these deaths resulted from

internecine conflicts between criminal groups. At the same time, at least 2,700 police officers and soldiers died in the line of fire from 2006 to 2011.² Dozens of US citizens have also been caught in the crossfire, including a US consular official and her husband who were killed in Ciudad Juárez in 2010, a US immigration and customs enforcement agent who was killed in February 2011, and two US officials who were wounded in an attack by Mexican federal police in the state of Morelos in August 2012.

In response to these developments Mexico and the United States have initiated new measures to address the challenge of transnational organized crime. Over the last three decades, Mexico has relied heavily on the armed forces to combat drug trafficking, deploying troops for crop eradication and other operations, enlisting military personnel in civilian law enforcement posts, and utilizing soldiers in other day-to-day activities.³ This pattern accelerated greatly during the Fox and Calderón administrations, which deployed tens of thousands of troops throughout the country. Unfortunately, the militarization of domestic public security in Mexico has brought mixed results at best. Mexico's military enjoys ample public confidence, but lacks the legal mandate and training for domestic law enforcement and criminal investigations. Meanwhile, militarization has produced a dramatic increase in human rights violations, contributed to corruption and defection among Mexican military personnel, and unnecessarily escalated the level of overall violence.⁴ Still, given the dysfunctions of civilian law enforcement agencies, Mexican officials appear to be at a loss for any effective alternative strategy.

For its part, in 2008 the United States began to assist Mexico by channeling aid, in the form of training and equipment, through the so-called Mérida Initiative. This program began with a \$1.4 billion commitment of US equipment, training, and direct financial assistance, on top of the estimated \$4 billion that Mexico spends annually combating drug trafficking.⁵ In parallel, the United States deployed additional manpower and money along its southwest border in an attempt to stave off potential overflows of violence. Thus far, the principal achievements of these efforts include a steady stream of high-profile arrests and extraditions and record seizures of drugs, guns, and cash. Yet progress on the metrics that really matter—reducing the level of violence associated with the drug trade and reducing the availability, consumption, and psychotropic potency of drugs—has proven to be elusive for both countries.⁶ On the contrary, the violence in Mexico has continued to accelerate and spread every year since 2004, and has begun to affect Central America as well. Meanwhile, the overall accessibility, consumption, and potency of drugs

have remained roughly the same (or have increased) as when US president Richard Nixon initiated the “war on drugs” in the 1970s.⁷

This chapter explores two fundamental questions pertaining to Mexico’s ongoing public security crisis. First, why has Mexico experienced this surge in violence among trafficking organizations? Second, what are the current efforts and prospective strategies available to counter Mexican drug-trafficking organizations? In the process, we explore the development of Mexico’s major networks, with particular emphasis on the relatively stable equilibrium among such groups in the 1980s and the subsequent fracturing of that arrangement. We also identify and consider the merits of three conceivable policy scenarios for addressing the problem of drug trafficking—complicity with traffickers, confrontation with traffickers, or legalizing drug use—each of which has costs, benefits, and unintended consequences.

The Evolution of Drug Trafficking in Mexico

Mexican drug-trafficking organizations have roots dating back to the early twentieth century, when laws in the United States and worldwide began to curtail the production, distribution, and consumption of alcohol and psychotropic substances. At the time, Mexico was a low-level supplier of drugs, and Mexican smugglers mainly trafficked in homegrown marijuana and opiates cultivated in areas that today remain important production zones. Most notable is the “Golden Triangle” region where the northern states of Durango, Chihuahua, and Sinaloa meet, though south coastal states like Michoacán and Guerrero remain important areas as well. Traffickers like the notorious Enrique Diarte moved illicit drugs through Mexicali and Tijuana in the 1940s, in league with US organized crime figures like Max Cossman. Around the same time, Enrique Fernández Puerta became known as the “Al Capone” of Ciudad Juárez, Mexico’s largest border city, through his activities as a bootlegger, counterfeiter, and kingpin of drug smuggling into the United States.⁸

Phase 1: Protection and Collusion

Over time, Mexican DTOs grew and flourished thanks in part to the “balloon effect,” in which changing market dynamics and enforcement efforts displaced and redirected drug flows. By the 1970s, the emergence of the US counterculture movement and the breaking of the “French connection” for heroin trafficking produced a significant increase in demand for

illicit drugs from Mexico. Meanwhile, expanding US consumption of cocaine in the 1970s and 1980s led to the rise of powerful Colombian DTOs, which moved the Andean-produced drug into Miami via the Gulf of Mexico and the Caribbean. As US interdiction efforts along these routes gained ground, the Colombians increasingly relied on Mexican smuggling networks to access the United States. Later, with the disintegration of Colombia's major DTOs in the late 1980s and early 1990s, Mexican DTOs began to play a larger role in controlling smuggling routes into the United States.⁹ By the early 1990s Mexico reportedly accounted for an estimated 300 to 350 tons of cocaine and roughly a third of all heroin and marijuana imported into the United States.¹⁰

Major drug-trafficking operations came to fruition in Mexico with auspicious timing. On the one hand, Mexico was experiencing intense processes of economic integration that opened new channels of commerce with the United States. The same factors that boosted legitimate economic activity among the NAFTA countries—and the new global economy, more broadly—also benefited the “illicit economy.”¹¹ In this context, small, flexible, and loosely constructed networks of criminals and terrorists can now share information, transfer and launder funds, and ensure “just-in-time” deliveries of contraband with astounding agility. In this “flatter” and somewhat “borderless” world, illicit nonstate actors can outmaneuver and even challenge states by using advanced financial and physical infrastructure, technology, and organizational models of globalization.¹²

As Howard Campbell notes, “states and illicit or illegal activities are not separate, distinct fields of social action, but are tightly intertwined in a dialectical relationship.”¹³ For decades Mexico had in place a highly centralized power structure that was not only permissive but actively protective of organized criminal activities. Thanks to these conditions, Mexican drug-trafficking organizations went virtually unchallenged by the state, operated in relative harmony, and grew extremely powerful.¹⁴ The picture looks substantially different today. As Richard Snyder and Angelica Durán-Martínez demonstrate, major institutional changes in the Mexican coercive apparatus in the late 1980s, the rise of democratic pluralism in the 1990s, and the decentralization of power in the Mexican political system destabilized the preexisting equilibrium between state actors and organized crime.¹⁵ Transnational organized criminal networks no longer enjoyed *carte blanche* in Mexico. As a result, DTOs became embroiled in a fierce fight to protect their *plazas*, or zones of control, and to sustain their access to the lucrative US consumer market.

The 1980s were an important turning point. As Carlos Flores demonstrates through in-depth interviews with key protagonists, the protection

and involvement of key government actors and institutions became critical to the evolution of Mexican DTOs.¹⁶ Thanks to dominant-party rule under the Institutional Revolutionary Party (Partido Revolucionario Institucional, PRI), Mexico's power structure was extremely centralized and hierarchical. This had important implications for the locus and effects of official corruption. With a complete lock on control of the Mexican state and consequent monopoly on the legitimate use of force, the PRI possessed the power to grant impunity to organized crime.¹⁷ While the PRI regime was not tolerant of criminal activity in general, such activities were more likely to be tolerated when they promised substantial payoffs to willing government officials. And since corruption frequently occurred at very high levels, it produced a "trickle down" effect that created a blanket of impunity for criminal groups that could afford it.

Pioneering sociohistorical research has revealed the origins, characteristics, and transformations of linkages between the political system and the drug trade under Mexico's postrevolutionary authoritarian state and during its political transformation. In particular, Luis Astorga has highlighted the central role of the Federal Security Secretariat (Dirección Federal de Seguridad, DFS) in containing, controlling, extorting, and protecting drug traffickers. Under President Miguel de la Madrid (1982–1988), Mexican DTOs developed especially close ties to the DFS, then headed by José Antonio Zorrilla Pérez. This complicity between the DFS and Mexican DTOs ensured that organized criminal activity was extensively well regulated and protected. Further, Astorga demonstrated that drug trafficking first appeared in subordination to (and excluded from) circles of political power and began to acquire a greater degree of autonomy as the authoritarian system was declining and giving way to a democratic transition.¹⁸ Other authors have continued and expanded on these points.

As such, Mexico's integration into the extremely profitable cocaine market in the 1970s and 1980s enabled Mexican DTOs to achieve a level of prosperity, access, and protection beyond the wildest dreams of Colombian traffickers. As Colombian DTOs split apart and imploded in the late 1980s and early 1990s, Mexico emerged as the hub of drug trafficking into the US market. Moreover, thanks to the protection of the state, competition among Mexican DTOs was significantly limited (this led to widespread reference to these groupings as "cartels," a term that we avoid here for several reasons).¹⁹ This relative harmony was possible in large part because of the explicit and implicit arrangements with government officials that established territorial boundaries (or *plazas*) and rules of the game.

The most important network of Mexican traffickers to benefit from this arrangement originated in the Pacific state of Sinaloa, characterized by rough and difficult terrain and an ample coastline. The pioneering efforts of earlier Sinaloa traffickers had made the state the cradle of illicit drug cultivation and smuggling in Mexico and laid the groundwork for later networks, notably that of Miguel Angel Félix Gallardo, one of the first traffickers to develop ties with Colombian suppliers.²⁰ Félix Gallardo was a former police officer, who—thanks to close ties to political figures at the state and national level—developed an extensive trafficking empire and became one of Mexico’s wealthiest drug barons. The network that Félix Gallardo cultivated (also known as the Guadalajara DTO) included many of Mexico’s most notorious contemporary drug traffickers, most of them also from Sinaloa: members of the Arellano Félix family, Rafael Caro Quintero, Amado Carrillo Fuentes, Juan José “El Azul” Esparagoza, Ernesto Fonseca Carrillo, Joaquín Guzmán Loera, Héctor Luis “El Güero” Palma, Manuel Salcido, and Ismael Zambada, among others.

Phase 2: Disruption, Defection, and Competition

The relatively stable equilibrium within this coalition came to an end soon after the February 1985 kidnapping, torture, and murder of US Drug Enforcement Administration (DEA) agent Enrique “Kiki” Camarena and his pilot, Alfredo Zavala Avelar. Camarena had played an instrumental role in a major drug bust in November 1984 at Rafael Caro Quintero’s 220-acre ranch in Chihuahua. Alleged witnesses have claimed that top-level defense and interior ministry personnel were involved in the decision to torture and kill Camarena and Zavala. Moreover, the major traffickers who were ultimately prosecuted for the Camarena-Zavala killings—Félix Gallardo, Caro Quintero, and Fonseca Carrillo—each reportedly held false DFS credentials that they received directly from the agency’s head, Zorrilla Pérez.²¹ Accusations against high-ranking officials were never proved, but strong suspicions led to intense US pressure on Mexico and the ultimate dismantling of the DFS.²² Although its replacement, the Federal Judicial Police, was also corrupted in subsequent years, the hierarchy and controls that once protected and facilitated coordination among Mexican DTOs were significantly compromised and a once-grand coalition began to fall apart.

Héctor “El Güero” Palma was the first prominent defector. In 1988, Palma branched out to form his own organization, thus betraying Miguel Ángel Félix Gallardo, whom he once served as a bodyguard.²³ This marked the first break from the relatively disciplined, hierarchical model

that had come to define organized crime in Mexico. In April 1989, months after Palma's defection, Félix Gallardo was arrested and incarcerated in response to pressures resulting from the Camarena murder.²⁴ Even while behind bars, Félix Gallardo continued to wield considerable influence; from his prison cell he exacted his revenge on Palma, arranging the murder of his wife and two children and reportedly sending Palma the woman's decapitated head.²⁵ Thus began a blood feud that gave rise to unprecedented extremes of violence, and a new era of competition and conflict among Mexican drug-trafficking organizations.²⁶

Following Félix Gallardo's arrest, Palma and other Sinaloan traffickers battled over the remnants of the Guadalajara organization. After Palma was himself arrested in 1995, his associates Joaquín Guzmán Loera (alias "Shorty," or "El Chapo"), Ismael Zambada, and members of the Beltrán Leyva family continued to manage these operations. Guzmán had previously coordinated airplane logistics for Félix Gallardo, and under his leadership a powerful new organization—often referred to as the Sinaloa DTO—gradually accumulated a major share (as much as half) of the Mexican drug trade. Guzmán acquired a reputation for both ingenuity and brazen violence, and also accrued a massive fortune; by 2009, he was believed to be one of the world's richest people.²⁷

The rise of the Sinaloa DTO provoked an intense conflict with another offshoot from the Guadalajara DTO, a network known as the Arellano Félix organization (or the AFO). Its core involved ten members of the Arellano Félix family (six brothers and four sisters), who were believed to be blood relations to Félix Gallardo. Initially, the eldest brother, Francisco Javier, headed the family's business operations. After his arrest in December 1993 two brothers, Benjamín and Ramón, respectively, took over the AFO's operations and enforcement.²⁸ The AFO developed links to law enforcement and government officials, allegedly doling out US\$1 million a week in bribes, and formed cordial relations with "juniors," the young scions from wealthy and powerful Mexican families.²⁹ The AFO also acquired a reputation for its unabashed use of violence and intimidation, including the assassination of rivals and journalists.³⁰ In the process, the AFO developed a lucrative franchise system for moving drugs into the United States, exacting tolls and fees for protection to a loose confederation of other traffickers from central Mexico.³¹ This extortion racket became a major source of conflict as the Sinaloa DTO attempted to branch into Baja California's lucrative smuggling corridors and refused to pay tribute to the AFO. In 1992, Guzmán reportedly sent forty gunmen to attack the Arellanos in a Puerto Vallarta dis-cotheque; nine were killed, but the Arellanos escaped.³² In May 1993

Cardinal Juan Jesús Posadas Ocampo was shot to death at the Guadalajara airport in an alleged case of mistaken identity.³³ After the Posadas Ocampo murder, the AFO's Sinaloa-based rivals suffered the arrest and incarceration of Guzmán in 1993 and of Palma in 1995.³⁴

The AFO faced continuing competition from the Sinaloa DTO, however, since it was closely allied to the organization headed by Amado Carrillo Fuentes. Nicknamed the "Lord of the Skies," Carrillo Fuentes had worked with Félix Gallardo and pioneered large airborne shipments to transport drugs from Colombia to the United States.³⁵ During the 1990s, Carrillo Fuentes rose to become Mexico's wealthiest and most powerful trafficker by developing substantial control of the El Paso–Ciudad Juárez trade corridor.³⁶ This network, known as the Carrillo Fuentes organization (CFO, also known as the Juárez DTO), involved "approximately 3,300 persons in as many as 400 cells distributed across 17 Mexican states."³⁷ The organization enjoyed protection from high-level officials in the Mexican Federal Judicial Police as well as from Mexico's drug "czar," General Jesús Gutiérrez Rebollo, who was eventually arrested for corruption in February 1997. Months later, in July 1997, Carrillo Fuentes mysteriously died on the operating table of his plastic surgeon. Thereafter, the overall influence of the Carrillo Fuentes network was significantly diminished, though it is believed that Amado Carrillo Fuentes's brother, Vicente, took over the coordination of its operations in collaboration with other family members. Moreover, it appears that the intense violence surging in northern Mexico in 2004 coincided with a significant rift between the Juárez DTO and its former allies in the Sinaloa DTO.

The late 1990s witnessed the rise of another important network, the Gulf DTO, so named because of its origins and operations in the border state of Tamaulipas, along the Gulf of Mexico. Its founder, Juan Nepomuceno Guerra, got his start in cross-border smuggling by bootlegging alcohol in the Prohibition era. During the 1980s, his nephew, Juan García Abrego, expanded operations and developed ties with Colombia's Cali-based DTO. He also secured protection from the Mexican government, including the Federal Judicial Police and the attorney general's office.³⁸ By 1989, Abrego's organization was reportedly moving an annual total of forty tons of cocaine into the United States. In 1996, however, García Abrego was arrested and later extradited to the United States, where he had been the first drug trafficker included on the FBI's Ten Most Wanted List.³⁹

García Abrego's downfall led to an internal contest for power between members of his own organization.⁴⁰ After a series of clashes and betrayals, Osiel Cárdenas Guillén, a former quasi-official police informant, or *madrina*, emerged as the new leader.⁴¹ In 2001, Cárdenas suc-

ceeded in attracting new muscle by corrupting elite Mexican military personnel from the Army Special Forces air and amphibian units that had been sent to capture him. As criminal enforcers, these ex-soldiers formed a masked commando brigade commonly known as Los Zetas, and fused with the Gulf DTO to form an amalgam described as “La Compañía.”⁴²

In short, drug trafficking in Mexico came to include numerous actors working within a vast supply chain—some large, some small, even some individuals.⁴³ What is clear is that, as Mexico’s DTOs began to take on greater market share in the 1980s, they enjoyed a significant degree of hierarchy and cohesion, thanks in large part to the existence of a protective centralized power structure. By the late 1990s, however, there was open competition between four major DTOs fiercely vying for control of Mexico’s lucrative drug trade in a new context of competition and conflict. This pattern of proliferation would continue over the course of the following decade and contributed to the proliferation of extreme, high-profile violence.

Phase 3: Fractionalization, Conflict, and Violence

After 2000 the degree of competition and conflict among the major Mexican DTOs intensified dramatically. We noted above that this dissolution was partly attributable to reorganization of Mexico’s police agencies in the late 1980s; also important were the rise of political pluralism in Mexico and the destabilizing effects of counterdrug enforcement efforts against trafficking networks. Over the 1990s, a gradual trend toward pluralism at the local and state level created a more diverse and complex political landscape. With the PRI’s loss of its absolute majority in the lower house of the federal legislature in 1997 and the 2000 election of President Vicente Fox, candidate of the opposition National Action Party (PAN), this trend advanced to the national level. In some cases, political change increased the political impetus to promote transparency, good governance, and a tougher approach toward organized crime; in others, it merely disrupted political connections to favor one organized crime group over another.

To be sure, none of the country’s major parties have proven immune from corruption. As of 2009, the political map of Mexico revealed that trafficking corridors for cocaine and other drugs were concentrated in states still governed—in most cases without interruption—by the PRI: the Pacific Coast (Oaxaca, Colima, Nayarit, and Sinaloa), the Yucatán peninsula (Campeche, Quintana Roo, and Yucatán), the Gulf states (Tabasco and Veracruz), and the better part of the northern border region (Tamauli-

pas, Chihuahua, Nuevo León, and Coahuila). Yet other major corridors were governed by parties from the traditional opposition, including both the PAN (as in Baja California, Sonoras, Jalisco) and the leftist Party of the Democratic Revolution, or PRD (Chiapas and Guerrero). Mexico City, another major trafficking zone, was also governed by the PRD.

Even so, there have been visible efforts by Mexican authorities to take on crime and corruption, particularly at the federal level. At the outset of the Fox administration, the federal government sacked forty-six top customs officials, while his successor dismissed hundreds of midlevel customs officials in 2009. In that same year ten mayors (and other state and local officials) in the state of Michoacán were arrested by federal authorities for complicity with drug-trafficking organizations. Such anti-corruption efforts represent a significant shift from the 1980s.

Meanwhile, US law enforcement and interdiction measures have also had important, if sometimes unintended, effects on Mexican DTOs. Intelligence sharing has led to the arrest and prosecution of several major Mexican traffickers and disrupted criminal operations. Some Mexican analysts have expressed doubt as to whether sufficient efforts have been made to target the “US cartels.” This point is beyond the scope of this chapter, but it is important to note here the very different structure and function of organized crime in the two countries. In the United States, there is less need—and arguably less impunity—for retail operations to develop highly sophisticated organized crime networks to connect to their Mexican wholesalers. To be sure, like other global enterprises, these networks incorporate foreign elements in ways that significantly confuse the definition of a “Mexican” trafficking organization. Generally speaking, however, the more sophisticated Mexican DTOs have primarily handled the difficult challenge of smuggling goods across the border and into major markets while leaving minor retail distribution activity to US gangs and other lower-level groups. Indeed, this particular challenge increased for Mexican smugglers, especially in the aftermath of the September 11, 2001, terrorist attacks, as tighter border security controls made it more difficult to traffic illicit contraband into the United States. This, in turn, led to more innovative smuggling methods, including the use of tunnels and maritime vessels.⁴⁴

Partly due to these factors, Mexican DTOs suffered disruptions that altered the balance of power and contributed to fractionalization and infighting. Here we use the term “fractionalization” deliberately—in opposition to the term “fragmentation”—with an emphasis on the emergence of new factions and networks in place of old ones (rather than the atomization of organized crime networks, which was the stated objective

of the Calderón administration). In February 2002, for example, Ramón Arellano Félix was killed in a shootout in Mazatlán, Sinaloa, with police (who might have represented the Zambada group), while Benjamín was arrested in the state of Puebla the next month.⁴⁵ In 2003, the arrest of Osiel Cárdenas and his top lieutenant, Adán Medrano Rodríguez, delivered a significant blow to the Gulf DTO.

In the wake of these destabilizing developments, the major DTOs became locked in an intense struggle for control. On September 11, 2004, Guzmán and Zambada allegedly worked with disgruntled CFO lieutenants to organize a hit on twenty-nine-year-old Rodolfo “Niño de Oro” Carrillo Fuentes, the brother of the “Lord of the Skies” and the organization’s alleged chief negotiator. In retaliation, Vicente Carrillo Fuentes ordered the murder of Arturo “El Pollo” Guzmán, the brother of “El Chapo” Guzmán, on December 31, 2004. Later, “El Chapo” Guzmán burned new bridges with the Beltrán Leyva family by allegedly betraying Alfredo “El Mochomo” Beltrán Leyva, who was arrested in late January 2008, ending an alliance that had lasted since the fall of Félix Gallardo. While it is not clear how this development exacerbated the tensions between the Sinaloa DTO and the CFO, it is clear that in 2008 violence increased suddenly and dramatically in Ciudad Juárez, which soon became described by scholars and journalists as a “drug war zone,” the “homicide capital of the world,” or simply “murder city.” By late 2010, the Juárez cartel alone had accounted for nearly a third of Mexico’s drug-related violence.

Meanwhile, as the AFO suffered additional losses—Eduardo Arellano Félix was captured in October 2008—a bloody clash ensued between Fernando Sánchez Arellano Félix (son of Enedina Arellano Félix) and Teodoro García Simentel (head of one of the AFO’s subsidiary smuggling operations), who was reportedly backed by the Sinaloa DTO. This conflict was severe but relatively short lived. Moreover, although García was behind bars by January 2010, thanks to the weakening of the Tijuana DTO, the Sinaloa group appeared to make significant gains into Baja California. By late 2010, US authorities had identified two major tunnels operated by the Sinaloa DTO near Tijuana, and in 2011, Mexican authorities raided the largest marijuana plantation ever discovered, also operated by the Sinaloa DTO. Authorities praised effective police work for the restoration of order in Baja California, but the more likely explanation is that an accommodation was achieved between the Sinaloa DTO and their debilitated Tijuana rivals.

The dynamics among Mexico’s smaller regional and splinter organizations—notably, the Zetas, La Familia Michoacana (LFM), and

the Beltrán Leyva organization—greatly fueled violence elsewhere. Indeed, the Mexican government’s killing of Arturo “El Jefe de Jefes” Beltrán Leyva in December 2009 (and the later arrest of his brother Carlos) produced a record level of violence during the holiday season and into January 2010. Likewise, a new split between the Gulf Cartel and their former partners, the Zetas, opened unexpected fronts in the Mexican drug war in 2011, including the states of Tamaulipas, Nuevo León, and Coahuila. Moreover, as Mexican DTOs have become more decentralized and fractionalized, their operations have diversified to include other criminal activities, such as kidnapping and even petty crime that would have been below such organizations in the past (e.g., bank robbery, grand larceny, etc.).

Above all, each successive disruption of drug-trafficking networks has intensified conflict and competition among organized crime groups, thereby contributing to unprecedented, high-intensity violence. The annual number of drug-related homicides increased more than six-fold from 2005 to 2010, when *Reforma* documented more than 11,000 killings, and official government statistics found more than 15,000. From January 2007 to late 2010, there were more than 32,000 drug-related homicides, out of perhaps 45,000 homicides (roughly 12 per 100,000 people) total during that same period.⁴⁶ Controlling for population, the rate of drug-related killings—not counting other homicides—exceeded 10 per 100,000 in a third of Mexico’s thirty-two states (see Table 8.1). However, two-thirds of drug-related homicides occurred in just five states, and roughly 80 percent occurred in just 168 of the country’s 2,456 municipalities. The density of violence has therefore made major trafficking cities like Ciudad Juárez, Culiacán, and Nuevo León among the deadliest places in the world. Indeed, with just over a million inhabitants, Juárez had more than two thousand homicides in both 2009 and 2010, a number that exceeded the annual totals for the ten largest US cities *combined* in each of these years.

Particularly disturbing is that high-profile violence has come to threaten law enforcement personnel, journalists, and even elected officials. For example, in February 2009, soon after his appointment as head of public security in the resort city of Cancún, retired brigadier general Mauro Enrique Tello Quiñones and two others were tortured and killed in Quintana Roo, apparently by members of the Zetas.⁴⁷ In May 2012, the body of Marco Antonio Ávila García, a crime reporter for *El Regional de Sonora* and a father of three young children, was found in a plastic bag

Table 8.1 Rate of Drug-Related Killings by State, per 100,000 Inhabitants, 2006–2010

Rank	State	2006	2007	2008	2009	2010
1	Chihuahua	3.9	4.4	49.3	61.4	115.9
2	Sinaloa	13.3	13.1	25.7	28.9	73.3
3	Durango	4.2	8.5	17.4	41.1	47.6
4	Guerrero	5.9	8	9.1	20.3	29.1
5	Tamaulipas	5.9	2.9	3.5	1.5	22.2
6	Jalisco	0.7	1.3	2.1	3	20.5
7	Nayarit	0.1	0.2	0.5	2.3	19.4
8	Morelos	0.6	1	1.6	4.6	14.1
9	Nuevo León	1.2	2.5	1.8	2.2	13.1
10	Colima	0.3	0	0.5	2	11.1
11	Baja California	5.6	5.1	19.9	10.1	10.0
12	Sonora	2.5	5.1	5.5	6.1	9.4
13	Coahuila	0.7	1.1	2	3.4	7.2
14	Edomex	0.2	0.8	2.5	2.4	6.3
15	Michoacan	13.6	6	5.8	9.4	6.0
16	San Luis Potosi	0	0.5	1.3	0.3	3.9
17	Quintana Roo	0.8	2.8	1.4	2.1	3.9
18	Distrito Federal	1.6	1.6	1.6	2	2.2
19	Aguascalientes	0.3	2.4	3.1	3	1.8
20	Zacatecas	0.9	0.9	1.7	2.2	1.4
21	Tabasco	0.9	1.2	1	2.6	1.3
22	Oaxaca	0.5	1	1.4	0.2	1.3
23	Querétaro	0	0.2	0.4	0.8	1.3
24	BC Sur	0.2	0.2	0	0.2	0.9
25	Chiapas	0.3	0.3	0.7	1.1	0.8
26	Veracruz	0.3	0.7	0.4	0.8	0.7
27	Puebla	0.1	0	0.3	0.5	0.6
28	Hidalgo	0.7	1.5	1.5	1.5	0.5
29	Tlaxcala	0	0.1	0.1	0.3	0.3
30	Guanajuato	0.5	0.8	1.2	2.9	0.3
31	Campeche	0.4	0.3	0.4	0.3	0.2
32	Yucatán	0	0.1	0.9	0	0.0
	<i>Only Border States</i>	<i>2.96</i>	<i>3.16</i>	<i>12.57</i>	<i>13.45</i>	<i>19.4</i>
	National Average	2	2.2	4.8	6.1	10.3

Note: Rate calculated using *Reforma*'s conservative annual estimates of the number of drug-related homicides, as well as annual population estimates obtained from the Consejo Nacional de Población (<http://www.conapo.gob.mx>).

outside the city of Empalme, Sonora.⁴⁸ In August 2012, PRI mayor-elect Edgar Morales Pérez and his campaign coordinator, Juan Francisco Hernández Colunga, were shot and killed in the town of Matehula, San Luis Potosí, after winning the local election the previous month.⁴⁹ Such examples give serious pause, as they illustrate the type of violence that has coincided with the unraveling of Mexican drug-trafficking networks, and the degree to which journalists and representatives of the Mexican state are under siege. We now consider the efforts that have been made to confront such organizations.

Efforts to Combat Mexican Drug Trafficking

We look at three levels of analysis in efforts to combat DTOs. First, we consider multilateral efforts at the international level, which largely reflect the policies and agendas of the major Western powers, particularly the United States. Second, we consider how Mexico and the United States have worked to develop stronger collaborative relationships, including closer cooperation on extraditions and a new aid package to bolster Mexican security. Finally, we consider Mexico's efforts to combat organized crime domestically by deploying its well-respected military to combat drug trafficking and efforts to improve the integrity of its law enforcement agencies.

International Initiatives

Multilateral efforts to combat drug consumption began when the 1909 International Opium Commission conference brought together thirteen countries in Shanghai, resulting in a 1912 agreement to monitor and restrict the manufacture and distribution of opium. While this initiative was interrupted by World War I, the provisions of the Shanghai convention were ultimately incorporated into the 1919 Treaty of Versailles. Subsequent international conventions initiated under the auspices of the League of Nations—in 1925, 1931, and 1936—were later interrupted by World War II, postponing further coordination on these efforts until the creation of the United Nations and the convocation of a new series of international agreements in 1953, 1961, and 1971.⁵⁰ In 1988, a new convention broadened the scope of these efforts by including other forms of organized crime, including money laundering, as part of the agenda. In general, most of these agreements were driven by the United States and other developed countries, and established the international frame-

work—and the essentially punitive approach—that dominates worldwide today in regulating the production, distribution, and consumption of psychotropic substances.

As a result of these initiatives, there are numerous international governmental organizations (IGOs) that work at a global level to combat drug trafficking, with particularly important roles played by the UN International Narcotics Control Board (INCB), the UN Office on Drugs and Crime (UNODC), the World Customs Organization, and the international police organization known as Interpol. However, some analysts suggest that international efforts to combat DTOs and other forms of organized crime are being decentralized and increasingly channeled to regional IGOs (as well as multi- and bilateral initiatives) in Europe and the Americas. Cindy Fazey theorizes that this trend reflects the greater difficulty with which developed countries like the United States are able to maintain control of the international agenda, due to the growing role of lesser-developed countries that are less supportive of sustaining current drug policy.⁵¹ While this may be the case, the UN General Assembly has made no major changes to an overall strategy that remains heavily slanted toward punitive, rather than preventive, measures. Hence, international drug control efforts remain largely focused on the use of interdiction and coercive law enforcement measures rather than on harm reduction and public health approaches. As we discuss below, this general tendency is visible in the US-Mexican context, although there appears to be increasing consideration of alternative approaches, both in terms of bilateral initiatives to combat organized crime and greater emphasis on reducing and regulating demand.

US-Mexican Collaboration

US-Mexican cooperation in security matters has been subject to significant fits and starts throughout the post-World War II era. In September 1969, for example, the Nixon administration sought to clamp down on drug flows from Mexico by dramatically and unilaterally slowing traffic at the border in Operation Intercept. The move reflected Richard Nixon's campaign promises to America's "silent majority" that he would take a tough stance against the emerging counterculture of drugs, but drew the ire of Mexican politicians who saw the move as a serious breach of trust between the two nations.⁵² Although the two countries subsequently made important strides—joint border control efforts through Operation Cooperation in October 1969, collaboration on Operation Condor in 1975, and the 1978 US-Mexican Extradition Treaty—binational cooperation also

saw significant setbacks in the 1980s and 1990s, with US frustration over the Camarena murder in 1985 and revelations of high-level corruption in Mexico.⁵³ Meanwhile, Mexico also experienced frustration as a result of US unilateralism (e.g., Operation Casablanca) and significant violations of Mexican sovereignty (e.g., the abduction of Dr. Álvarez Machain) that hindered greater cooperation. Moreover, the aftermath of the September 11, 2001, terrorist attacks produced serious tensions—US pressure on Mexico related to the Iraq war effort and controversies regarding US border security measures—between the two countries.

Since at least 2007, Mexico and the United States have engaged in much closer collaboration in fighting drug trafficking. Cooperation has advanced significantly on the extradition of criminals, exchange of information, police and legal training, and the sharing of equipment and technology, thanks in large part to high-level diplomacy. During US president George W. Bush's 2007 goodwill tour of Latin America, conversations with Guatemalan president Oscar Berger and Mexican president Felipe Calderón laid the groundwork for the development of a regional security plan to control immigration and combat drugs, arms trafficking, and transnational gangs.⁵⁴ Some elements of this plan developed into what became known as the Mérida Initiative, a three-year agreement to provide US support for Mexican security measures. In 2008, the US Congress released the first installment of \$400 million to Mexico; and although US legislators initially delayed the second installment in 2009 due to concerns about Mexican human rights violations, the Obama administration remained supportive of the policy.

Increasing US action has reflected growing concern about the economic power and political impact of drug trafficking through Mexico. According to a US government assessment, the Mexican DTOs have come to “dominate the supply and wholesale distribution of most illicit drugs in the United States.” They control key corridors of entry across the border. Their distribution networks extend from California and the Northwest to the Great Lakes and the East Coast, where they have displaced Colombian rivals. They are brazen, bold, and violent. They form (and form alliances with) dangerous gangs on the US side of the border. They smuggle very large shares of all the cocaine that enters the United States. Moreover, the production of heroin, marijuana, and methamphetamines within Mexico has been expanding markedly. As a result, according to an official estimation, the Mexican traffickers “are solidifying their dominance of the US wholesale drug trade and will maintain their reign for the foreseeable future.”⁵⁵ Within the Western Hemisphere, Mexican DTOs had become America's Public Enemy No. 1.

Under President Obama, the United States and Mexico have focused especially on addressing weapons trafficking and bulk cash smuggling. The widespread availability of firearms in the United States—particularly high-powered weapons (including high-caliber pistols, semiautomatic assault weapons, and armor-piercing fifty-caliber sniper rifles)—creates a readily accessible market for illegal weapons trafficking into Mexico, where they are strictly prohibited. According to the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), among weapons confiscated in Mexico and subsequently traced by US authorities, more than 90 percent came from the United States.⁵⁶ While there is some controversy about these estimates, a significant number of weapons clearly make their way from the United States into Mexico. About one in eight licensed gun dealers—an estimated 6,700 out of some 54,000 nationwide—are located along the US-Mexico border, and US gun shops are weakly regulated, with only 5 percent of the country's gun dealers inspected annually.⁵⁷ Meanwhile, there are significant barriers to cooperation, since Mexican law enforcement authorities do not have widespread access to the information utilized by the ATF for gun traces. At the same time, both countries have looked to bulk cash smuggling as another area of possible collaboration. DTOs generally smuggle their bulk cash profits into Mexico, since US law establishes strict reporting requirements for monetary instruments in the United States (Section 31 US C. 5316) and US law enforcement targets money laundering operations more actively than in Mexico.⁵⁸ Still, overall US seizures of bulk cash capture a relatively small portion of the annual revenues that various sources estimate as the total repatriated profits of Mexican drug-trafficking organizations, which range as low as \$6 billion and as high as \$39 billion. Hence, there is room for greater cooperation in attacking DTOs' financial operations, as well as other areas, such as satellite and communications surveillance.

Mexico's Domestic Efforts

In Mexico, law enforcement and judicial institutions suffer significant limitations in capacity—and, in some cases, troubling dysfunctions—that reduce their effectiveness in combating even ordinary forms of crime, much less sophisticated transnational organized crime syndicates. Local and state law enforcement agencies, in particular, suffer a lack of institutional capacity and, in any event, most drug-related crimes pertain to federal jurisdiction. Most Mexican police officers have had few opportunities for educational development, and lead lives that are terribly impoverished. Operationally, local law enforcement officers—who repre-

sent the vast majority of Mexican police—are not authorized to receive crime reports from citizens, are not equipped to conduct criminal investigations, and are not properly prepared to preserve crime scenes and evidence. Even at the federal level there have been obstacles and troubling breaches of institutional integrity, including corruption at the highest levels. All of this impedes effective law enforcement, hinders international security cooperation, and results in low public confidence in the Mexican justice sector as a whole. The imperfections of Mexico's domestic police forces have paved the way for the "militarization" of public security, as Mexican public officials have encouraged ever-deeper military involvement in drug enforcement efforts and other aspects of public safety.⁵⁹

In contrast to police, the military enjoys a high degree of public confidence—typically ranked higher than any other government institution in public opinion polls—and is widely believed to be the best hope for promoting law and order in Mexico. Moreover, the militarization of Mexico's antidrug initiative is a decades-long phenomenon, a "permanent campaign" that stretches back to the deployment of troops in counterdrug initiatives throughout the country, such as in Operation Condor, if not earlier.⁶⁰ The militarization of Mexican domestic security has included not only the deployment of military troops in troubled states, but also the appointment of military personnel to head civilian law enforcement agencies and the wholesale recruitment of soldiers to the ranks of law enforcement agencies. By the mid-1990s, more than half of Mexico's thirty-two states had military officers assigned to police command positions, and hundreds of military personnel were incorporated into rank-and-file positions in other civilian police agencies, according to a 1997 report by the Strategic Studies Institute of the US Army War College.⁶¹ Thereafter Mexican presidents Vicente Fox (2000–2006) and Felipe Calderón (2006–2012) significantly deepened military participation in domestic public-security initiatives.

During the Calderón administration, tens of thousands of troops were deployed throughout the country, though the overall effectiveness of this strategy was greatly questioned. While the government claimed that its troop deployments to Chihuahua produced a 30 percent decrease in violence from January to March 2009, compared to the previous three months, a comparison of the last six months of 2008 and the first six months of 2009 suggests a decrease of only 16 percent (from 1,068 to 896 killings). Worse, comparing the same six-month time periods revealed dramatic *increases* in other Mexican states—Coahuila (from 8 to 108), Durango (from 161 to 343), and Michoacán (from 135 to 203)—which sustained higher levels of violence during the same period. Thus, at best, troop deployments appeared to merely displace the violence, perpetuating

the so-called balloon effect that has manifested throughout the history of drug control efforts.

There are other hazards to military participation in domestic public security since it lacks the proper mandate and training for law enforcement and criminal investigations and its involvement has been accompanied by significant allegations of human rights abuses.⁶² Moreover, there are major questions about whether the military is truly immune from the kind of corruption found in Mexican police agencies, and whether its integrity can be sustained over an extended period. Indeed, there have been important examples of military corruption, as noted above. Also, as scholar Marcos Pablo Moloeznik points out, there have been disturbingly high levels of defection by Mexican military personnel, with at least some developing ties to organized crime.⁶³ Indeed, organized crime groups have brazenly recruited military personnel to join their ranks, with promises of higher pay, better food, and a more glamorous lifestyle. In some cases the defection of military forces—such as the Zetas—to work with DTOs has led to more extreme use of violence; in addition to the Zetas, the Sinaloa DTO developed its own elite enforcer groups (Los Negros, Los Pelones, and La Gente Nueva), as has the Carrillo Fuentes organization (La Línea and Los Aztecas). Also concerning is that, while its overall popularity remains high, the military has become a target of popular protest. In February 2009, protesters demonstrated in Monterrey, Ciudad Juárez, Nuevo Laredo, and Reynosa, criticizing the military's involvement and blocking roadways and ports of entry. The fact that these protests were likely instigated by drug traffickers offers little comfort, since it suggests a troubling capacity for such groups to manipulate certain sectors of society and public opinion at large.⁶⁴

More important, massive protests against Calderón's overall national security strategy became more frequent with the growing toll of violence. In January 2011, a group of cartoonists led by Eduardo "Rius" del Río initiated a visual arts and Internet campaign entitled "No More Blood" (*No más sangre*) to manifest public discontent with the country's public security situation. This campaign gained momentum alongside a similar movement initiated by poet Javier Sicilia, whose son was killed along with six other people in March 2011. After his son's death, Sicilia launched a nationwide series of protests and declared that he and his fellow citizens were fed up—"Hasta la Madre"—with the government's fight against organized crime. In particular, Sicilia raised concerns about the military's involvement in the drug war and called for the return of government troops to the barracks. Calderón responded by meeting with and expressing his condolences to Sicilia and other victims, but maintained that the military's involvement in domestic security matters was a

necessary measure to transform organized crime from a national security threat into a public security problem.

The Calderón administration insisted on the necessity of military involvement because of the institutional weakness, corruption, and overall lack of professionalization of the country's domestic police forces. For example, the Mexico City newspaper *Reforma* reported that in 2008 there were 759 police arrested in sixteen Mexican states, most of them with ties to drug trafficking. In 2008 and 2009, a sweep called Operation Cleanup exposed corruption among some of the highest-ranking officials in Mexican law enforcement, including Mexico's drug czar in the 1990s, two former directors of Interpol Mexico, and personnel in the office of the attorney general's special prosecutor against organized crime. Such steps against law enforcement corruption constitute important efforts to introduce greater integrity to domestic law enforcement organizations.

To address such problems, the Calderón administration passed new legislation in 2009 to give more investigative powers to the Public Security Ministry (SSP), creating a new Federal Police force (PF), and replacing the attorney general's Federal Agency of Investigations (AFI) with the new Federal Ministerial Police.⁶⁵ These reforms effectively bestowed investigative powers upon what was previously the Federal Preventive Police, which had carried out a strictly preventive function, creating the new Federal Police within SSP. Of significant concern to advocates of civil liberties, the Federal Police's new investigative powers include the ability to seek judicial orders to monitor telephone, satellite, and Internet communications in the investigations of organized crime activity. Other dedicated responsibilities of the Federal Police now included functions formerly performed by the AFI: securing crime scenes, carrying out arrest warrants, and processing evidence. Federal Police agents also attained authorization to operate undercover to infiltrate criminal organizations. In sum, following the example of previous police reform efforts in Mexico, Calderón's changes to the federal law enforcement apparatus placed primary emphasis on reorganizing law enforcement agencies and expanding their prerogatives, rather than on promoting accountability, community policing, and problem-solving in the manner of a democratic police force.

Prospective Scenarios and Policy Recommendations

In this chapter we have examined the recent evolution of drug trafficking in Mexico and the underlying causes of the violence that has proliferated

among DTOs over the last two decades. We have also provided an assessment of the strategies used to combat organized crime both within the international context and in Mexico, emphasizing the significant role of the military and recent efforts to reform domestic law enforcement. We now turn to the possible course of future events and the strategic options for meaningful binational cooperation to address Mexico's current crisis. Looking forward, we see three conceivable scenarios for reducing violence among Mexican DTOs: complicity with organized crime, confrontation with drug-trafficking networks, or tolerance of drug consumption.⁶⁶

The first scenario—complicity—is the prospect of some sort of pact, or *pax mafiosa*, established between state actors and organized crime groups, which could help to reduce conflict among organized crime syndicates, as in the past. Generally speaking, complicity with organized crime is highly undesirable to officials on both sides of the border. That said, it is clear that some politicians—particularly at the state and local levels—have considered or entered into explicit relationships with drug-trafficking organizations in an attempt to keep the peace. The case of Mauricio Fernández Garza, the 2009 PAN mayoral candidate and former mayor (1989–1991) in the city of San Pedro Garza García, in the state of Nuevo León, is illustrative. Fernández Garza, the scion of one of the wealthiest families in Mexico and mayoral candidate in the country's wealthiest municipality, reportedly indicated his willingness to negotiate with traffickers in audio-recorded statements that were leaked to the press midcampaign. Fernández Garza defended his remarks, which he claimed were taken out of context, and went on to win the election.⁶⁷ True or not, the prospect is especially troubling because—unlike the past, when national-level state structures effectively dominated and controlled organized crime—subnational authorities lack the coercive capability to control organized crime and are more likely to be controlled by it. As Sergio Arredondo, head of the PRI's association of mayors, observed: "What organized crime mainly asks from mayors is very simple: 'You see nothing.' . . . [Mayors are caught] between the sword and the wall. . . . They're fighting against an enemy that's much better equipped, much better financed."⁶⁸

In this context, a return to the centralized, hierarchical model that once characterized Mexican organized crime is not likely to be feasible, given Mexico's more pluralistic and decentralized political system. Indeed, even though the PRI continues to govern more than two-thirds of Mexico's state governments and the vast majority of municipalities, the fact that it recaptured the presidency in July 2012 will by no means enable it to recreate the top-down controls of organized crime that existed

in the past. While President Enrique Peña Nieto has insisted that his administration would make no pact with organized crime groups, the more important issue is that such a pact would be more difficult to sustain in a democratic context where power sharing complicates the command and control of the state. Perhaps the best hope for a *pax mafiosa* is for traffickers themselves to arrive at some cooperative arrangement—either explicit or implicit—to establish clearly demarcated territories, distinct product lines, pooled resources, or even shared distribution channels. However, this would require extraordinary negotiating or mediating capabilities that do not appear to exist among Mexican organized crime groups at present. Hence, the prospects for the state or organized crime groups to sort out their differences and cohabit peacefully seem very limited for the foreseeable future.

A second scenario would involve reducing DTOs' capacity to sustain large-scale operations through a strategy of direct confrontation. The Mexican federal government explicitly embraces this outcome as the objective of its strategy to confront organized crime, which essentially seeks to disrupt, dismantle, and ultimately atomize major DTOs, breaking them into smaller networks that can be more readily managed by state and local law enforcement agencies. Here the critical question is whether the government can succeed. This strategy makes several questionable presumptions: (1) that massive military deployments are more effective than more precisely targeted counterdrug operations;⁶⁹ (2) that present initiatives to combat organized crime can avoid the corruption that has plagued past efforts; (3) that disruption and fractionalization of DTOs will not cause a realignment among these organizations (e.g., the Zeta–Beltrán Leyva–Carrillo–Zeta networks); and (4) that fragmentation into smaller, more diversified criminal organizations (if achieved) would somehow prove more manageable.⁷⁰ Of course, even if all of these assumptions hold true, the government's strategy would simply redirect major drug-trafficking operations outside of Mexico, perpetuating the "balloon effect" in yet another context.

A third and final scenario for reducing DTO-related violence is to rethink the paradigm for managing drug consumption, moving away from the absolute prohibition of drug production, distribution, and consumption toward a policy regime where these activities are regulated in some significant way. Many view this scenario as the least politically viable of the three. Yet, in recent years, there has been a growing number of calls to rethink international and domestic policies for managing drug consumption and addiction. There are basically two possible strategic options: decriminalization or legalization. Both countries have moved

tentatively in this direction. In August 2009, President Calderón moved to decriminalize the possession of amounts of illicit drugs deemed for personal use.⁷¹ Over the last decade, in part due to the growing costs of drug-related arrests, many US states have moved to eliminate jail time and reduce fines associated with minor possession of illicit drugs, and thirteen states have laws permitting medical use of marijuana.

Decriminalization is deemed to have two main advantages. First, it theoretically allows beleaguered law enforcement agencies to concentrate on large-scale trafficking operations (though opponents object that it also increases other illegal activities).⁷² Second, decriminalization eliminates harsh criminal penalties, theoretically making addicts more inclined to seek treatment and making it possible to deal with drug use as a public health problem. Despite these supposed benefits, however, Mexico's minor possession law does not provide significantly greater support for the treatment of addicts and only decriminalizes very small quantities. Moreover, as long as the production and distribution of drugs remains illegal, decriminalization may make law enforcement's job more difficult by expanding the market share of the criminal organizations that purvey and profit from illicit drugs. As a drug control strategy, decriminalization therefore faces critics on both sides: those who view it as promoting greater illicit drug use and profits, and those who see it as an inadequate substitute for full-scale legalization.

For most policymakers, however, the subject of legalization is considered taboo, as it has little popular support, especially for drugs deemed highly addictive and destructive (such as cocaine, heroin, and methamphetamines).⁷³ Still, the possibility of drug legalization has long been championed by libertarians, and has begun to gain political traction in both Mexico and the United States, as well as internationally.⁷⁴ Indeed, in a joint statement of the Latin American Commission on Drugs and Democracy, former presidents Fernando Henrique Cardoso (Brazil), César Gaviria (Colombia), and Ernesto Zedillo (Mexico) expressed their opinion that prohibition and criminalization of consumption has not worked and alternative approaches are needed.⁷⁵

For the most part, however, there has been little serious attempt to gauge the possible consequences of legalization for the United States, Mexico, or other drug-producing countries.⁷⁶ Many prolegalization activists assume that it will be a simple cure-all for drug-related crime and violence. Yet organized crime is highly adaptable and would no doubt venture into other high-profile criminal activities (such as kidnapping or pirated materials). Legalization is therefore unlikely to be a magic bullet in the fight against organized crime. Moreover, as with other controlled

substances, like tobacco and alcohol (whose costs to society arguably outweigh any tax revenue they generate), legal recreational drug use represents a potentially serious harm, including traffic fatalities, overdoses, addiction, and other impacts (such as second-hand effects on unborn children). In the end, any effort to evaluate the merits of current policy versus legalization must conduct a careful accounting of the likely costs and benefits of either approach. Also, whether permitted or prohibited, more resources must be directed to reducing drug consumption. The National Institute on Drug Abuse (NIDA) estimates that in 2006 only 2.5 million US citizens received treatment for drug and alcohol addiction, out of an estimated 23.6 million citizens in need. NIDA estimates conservatively that illicit drug consumption costs the United States more than \$181 billion annually and that the effects of addiction can be considerably reduced by a greater concentration on treatment.⁷⁷ Hence, moving toward a policy regime that treats drug use as a public health problem could yield significant dividends, and at significantly lower cost than both countries are currently paying in the war on drugs.

Generally speaking, efforts to combat transnational crime—particularly with regard to drug trafficking—through tougher security measures have borne less than satisfactory results. Governmental and intergovernmental reports—such as the US State Department’s *International Narcotics Control Strategy Report* and the United Nations Office on Drugs and Crime’s *World Drug Report*—tend to measure the drug war’s accomplishments in terms of eradication, interdiction, and disruption of drug production and distribution networks. Yet, despite billions spent in antidrug enforcement and heightened border security measures, there is no indication that illicit northbound flows of drugs—not to mention the southbound flows of weapons and cash—have been significantly diminished as a result of these efforts. Indeed, for every additional dollar invested in US counterdrug enforcement, there appears to be no significant impact on either of the two performance indicators that matter north of the border: the availability of drugs (in terms of quantity, price, or accessibility) or people’s inclination to consume them.

There remains a need to reevaluate current approaches and to work toward alternative solutions for dealing with drugs and crime as *separate* problems. The consumption of substances that dramatically alter human behavior can create significant problems for public health and safety, and therefore ought to be carefully regulated and discouraged. This is probably best achieved by focusing less on criminalizing drug use than on severely punishing the kind of undesirable behaviors associated with it (e.g., driving under the influence, egregious public intoxication, disor-

derly conduct, etc.), focusing not on users, but on users who commit other crimes. Meanwhile, permitting legal and regulated consumption of drugs would allow law enforcement to redirect scarce resources to focus on the smugglers and gangsters, who would lose the enormous profits they attain by cornering the black market for illicit drugs. While calls for the legalization of drugs were once made only from the fringes of society, they are increasingly becoming more mainstream and must be considered in any reasonable effort to weigh the costs and benefits of the war on drugs.

Notes

1. The Trans-Border Institute (TBI) at the University of San Diego maintains a database of drug killings reported by the newspaper *Reforma* at the Justice in Mexico project website (www.justiceinmexico.org). For a summary of the findings of this project see Molzahn, Rios, and Shirk, *Drug Violence in Mexico*, <http://justiceinmexico.files.wordpress.com/2010/07/2012-tbi-drugviolence.pdf>.

2. The Mexican attorney general's office released official figures in August 2008 that identified DTO-related violence as the cause of deaths for more than 450 police officers from December 2006 to June 2008. From June 2008 to December 2008, *Reforma* identified an additional 474 DTO-related police killings. In 2009 and 2010, respectively, there were a total of 475 and 715 DTO-related police killings (as well as at least 300 by June 2011), according to the same source.

3. Camp, *Generals in the Palacio*; Toro, *Mexico's "War" on Drugs*; Flores Pérez, "Organized Crime and Official Corruption in Mexico"; Moloznik, " Militarization of Mexican Public Security"; and Turbiville, *Law Enforcement and the Mexican Armed Forces*.

4. Daly, Heinle, and Shirk, *Armed with Impunity*.

5. Jorge Chabat indicates that Mexico spent about \$100 million in counter-drug efforts in 1991, \$500 million in 1995, and \$1 billion by 1997. See his "Mexico's War on Drugs," 142. In 2010 Ambassador Arturo Sarukhan indicated that the annual amount had grown to approximately \$4 billion. All figures in US dollars.

6. "High U.S. Cocaine Cost Shows Drug War Working: Mexico," *Reuters*, September 14, 2007; and Walsh, *Lowering Expectations*.

7. Use of the "drug war" metaphor dates back to the Nixon administration, which made important administrative changes—notably the creation of the Drug Enforcement Administration—to reorganize agencies and prioritize counterdrug efforts. The Obama administration has steadfastly avoided use of the term "war on drugs." David Brooks, "Washington elimina el concepto de guerra contra las drogas," *La Jornada*, May 15, 2009.

8. Astorga Almanza, "Drug Trafficking in Mexico: A First General Assessment."

9. Toro, *Mexico's "War" on Drugs*.

10. Jeff Gerth, "On the Trail of the Kingpins," *New York Times*, November 6, 1988; Marjorie Miller, "Jailed Cocaine Baron Directs Drug Trade from Cell," *Los Angeles Times*, March 23, 1991.

11. Naím, *Illicit*; Friman and Andreas, *Illicit Global Economy and State Power*.

12. Glenny, *McMafia*; Andreas and Snyder, *Wall Around the West*; Andreas, *Border Games*; Andreas and Biersteker, *Rebordering of North America*; Ganster and Lorey, eds., *Borders and Border Politics in a Globalizing World*; Van Schendel and Abraham, *Illicit Flows and Criminal Things*; Sheth, *Global Terrorism*; Townsend-Gault and Nicol, *Holding the Line*; Zureik and Salter, *Global Surveillance and Policing*; Nicaso and Lamothe, *Angels, Mobsters and Narco-Terrorists*.

13. Campbell, *Drug War Zone*, 9.

14. David Mares notes that illicit crime persists both in developed and developing countries; what varies from one institutional context to another is the method of "concealment." During the 1980s, the ability of Mexican DTOs to conduct clandestine, illicit activities was largely undisturbed thanks to the complicity of state actors at the very highest levels of power. Mares, "Institutions, the Illegal Drug Trade, and Participant Strategies."

15. Snyder and Durán-Martínez, "Does Illegality Breed Violence?"

16. Flores Pérez, "Organized Crime and Official Corruption in Mexico."

17. We must, of course, be cautious in our terminology. Every state has limits to the extent of its "monopoly" on the means of coercion; under the PRI, monopoly was contested and undermined at many levels and in many ways, as demonstrated by Rubin, *Decentering the Regime*; and and Shirk, *Mexico's New Politics*. Likewise, despite its authoritarian tendencies, the legitimate authority of the PRI regime was widely recognized and even accepted, as demonstrated by Magaloni, *Voting for Autocracy*; and Greene, *Why Dominant Parties Lose*.

18. See the following works by Luis Alejandro Astorga Almanza: *Mitología del "narcotraficante" en México*; "Traficantes de drogas, políticos y policías en el siglo XX"; *Drogas sin fronteras*; *El siglo de las drogas*; and *Seguridad, traficantes y militares*.

19. In Mexico and in the popular press, the term "drug cartel" is commonly used to describe these organized crime groups. There is debate about the accuracy of this term, however, so we give preference to the term "drug-trafficking organization" (or DTO). On this point see Smith, "Semi-Organized International Crime." We also avoid the use of the term "transnational criminal organization" (TCO), which has recently gained favor in the United States, because our focus is on organizations that depend predominantly on drug-trafficking revenues.

20. At the height of his empire, Félix Gallardo was reportedly worth US\$1 billion and owned twenty-five homes and seven ranches. Paul Lieberman, "A Cousin's Story of Cocaine Trafficking," *Los Angeles Times*, May 21, 1990.

21. Flores Pérez, "Organized Crime and Official Corruption in Mexico."

22. Mabry, ed., *Latin American Narcotics Trade and U.S. National Security*, 148.

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65. “AFI, entre la corrupción y la eficacia,” *El Economista*, December 6, 2005; “Desaparece la AFI,” *El Financiero*, May 29, 2009.

66. In “Mexico’s War on Drugs,” Jorge Chabat offers four scenarios that overlap somewhat with those we offer here: (1) do nothing, (2) do something inadequately, (3) do less, or (4) radically alter current drug policy.

67. Richards, *Transnational Criminal Organizations*; “Candidato del PAN en NL pacta con los Beltrán Leyva,” *El Universal*, June 12, 2009.

68. Ken Ellingwood, “Mayors on Front Line of the Drug War,” *Los Angeles Times*, April 15, 2009.

69. According to former Colombian president César Gaviria, while the message that President Calderón has sent—that violence and impunity will not be tolerated—is appropriate, massive military deployments simply do not work in the long run, and bring significant short- and medium-term risks of corruption and violations to human rights. Gaviria asserts that a more effective strategy employs elite counterdrug units and effective intelligence work of the kind that has proved successful elsewhere. Silvia Otero, “Represión militar no funciona contra narco,” *El Universal*, April 25, 2009.

70. The government’s model appears to be Colombia, where the atomization of organized crime networks has resulted in widespread, low-level crime and violence, and the displacement of tens of thousands of people from their local communities.

71. Carlos Aviles Allende, "Adictos son enfermos, no criminales: Corte," *El Universal*, September 18, 2009.

72. Robin Emmott, "Entrevista—Ley narcomenudeo Mexico, ayuda contra carteles: EEUU," *Reuters*, September 4, 2009.

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9

Prospects for Partnership

Peter H. Smith and Andrew Selee

Our book portrays a relationship between the United States and Mexico that is vibrant, intense, and dynamic. Both countries depend on each other for economic growth and for security, although increasing interdependence is mediated by profound asymmetries of power. Partly for this reason, the meanings of security and the role of economic ties take different forms in public debates within the two nations. Along the range of issues that dominate bilateral interactions—economic integration, migration, security, and environmental protection—the two governments have nonetheless developed surprisingly effective ways of working together. These modes of cooperation are much more sophisticated than what seemed imaginable only a decade or so ago, although they are far less ambitious than what current circumstances require. Collaboration is truly institutionalized in only a few areas, and in most cases it is subject to significant domestic political pressures. Indeed, the “intermestic” nature of the bilateral agenda is both an anchor holding the countries together and an obstacle to innovation and rational decisionmaking. There remains a long way to go.

Similarly, global trends have conspired to transform the relationship, but not always in clear or linear ways. Mexico has given far greater weight to the United States as it has adopted a far-reaching, export-oriented model of economic development, but there are signs that Mexico may be reaching out to Latin America and the Pacific in proactive ways and asserting its influence in new international forums. At the same time, globalization has made Mexico’s international role both more and less

important to US policymakers. The United States needs political stability and economic cooperation in its immediate neighborhood as it confronts the challenge of an increasingly complex (and uncertain) world order. Global trends thus reinforce the growing interdependence between the two countries.

Our intent in this brief conclusion is to distill policy alternatives, provoke debate, and expand the boundaries of public discourse. More than to advocate specific policies, we want to encourage creative thinking—to “push the envelope,” in colloquial language. We recognize the existence of political and resource constraints on what can be done. We understand that not everything is feasible—not at the moment, anyway. We nonetheless hope to challenge conventional wisdom rather than accept the status quo. In the absence of imagination, we can be sure that things will stay the same.¹

Starting Points

We begin by distinguishing between basic components of the policy process:

- Institutional arrangements—in this case, mechanisms for consultation and rules for decisionmaking
- Diagnosis of problems—the understanding of problems and identification of underlying causes
- Design of policies—the package of instruments, resources, and strategies intended to resolve (or at least ameliorate) the problem
- Implementation—the efficiency of governmental actions, the flexibility in response to changing conditions, and (to the extent that it can be determined) the consequences of policy programs.

Despite the illusion of clarity, these are nebulous areas of inquiry. There are no hard-and-fast criteria for analytical judgment. Attributions of cause and effect are difficult, especially in bilateral contexts (such as this one) with multiple actors on both sides (as in this instance). Caveats aside, we regard these distinctions as useful heuristic devices.

Moreover, the classification leads to a fundamental observation. Our sense is that the US-Mexican relationship displays some fairly solid institutional arrangements, from NAFTA to the IBWC and even, one might say, the Mérida Initiative, and that the countries have often reached agreement on reasonable diagnoses of most of the problems at hand. There

exists a “partnership” to that extent. But we think that the relationship has been less effective with regard to the design of policies, especially on the nettlesome issues of migration and drug trafficking, and that implementation has been substandard in virtually all key issue areas, including environmental protection. Officials and analysts have often hailed achievements in connection with policy *process* and paid too little attention to the *content* and *outcomes* of policy actions.

The governments have become pretty good at talking to each other; they have been less successful in solving shared problems. We do not wish to minimize the importance of substantive bilateral dialogue. Talking is better than fighting, and it should not be taken for granted. There have been moments of hostility and distance well within recent memory. And given the current climate of political volatility within the two countries, it is entirely possible to visualize mutual recriminations in the future. (Picture, if you can, the tone of conversations between Mexico’s PRD and America’s Tea Party.) As Robert Pastor has acidly observed, diplomatic interactions have come to resemble a game of Scrabble.² When problems arise, the governments come together and create new institutions (with inevitable acronyms) and proudly present their efforts as substantive achievements. Meanwhile economic integration falls short of its goals, migration policies stand in need of urgent reform, the transborder environment continues to deteriorate, and drug-related violence steadily mounts.

In short, the US-Mexico partnership needs to be strengthened and improved. What are the prospects?

Contexts for Change

We see three contextual conditions that support the prospects for change: the international environment, democratic processes, and a convergence of national interests.

International Factors

The ending of the Cold War removed a longstanding obstacle to closer relations between the United States and Mexico (plus the rest of Latin America). Strident US anticommunism provoked resistance and resentment throughout the region. In contrast, the 1990s presented a benign environment for inter-American cooperation. NAFTA became the keystone for the US-Mexico relationship; meanwhile other countries, includ-

ing Chile and Brazil, sought new paths for geopolitical influence and insertion in the global economy.³ In the wake of the terrorist attacks of September 11, 2001, the Bush administration's "global war on terror" reintroduced tensions in hemispheric affairs, perhaps most notably in its relationship with Mexico. The bilateral partnership lost a good deal of momentum as a result.

Time can have a healing effect. As the wars on terror have begun to recede, the international environment no longer presents insuperable *political* obstacles to US-Mexico cooperation. Now the principal concerns are *economic*. They arise from incipient changes in the world order, including the rise of emerging countries (the so-called BRICs plus a few others) and from financial crises that have gripped the advanced industrial democracies over the past several years.

While Cold War politics often tended to divide the United States and Mexico, uncertainties in the contemporary global economy might well bring the two countries together. At the very least, the current atmosphere should lead to greater understanding about the realities of bilateral interdependence and awareness of the potential benefits that might be gained from economic integration.

Democracy

A second contextual change stems from democratization in Mexico. In the short run, of course, democracy can complicate foreign affairs, as populist office-seekers cater to the interests and emotions of the voting public. Demagoguery is part of the package—in the United States as well as in Mexico (and probably more so these days). And as Lorenzo Meyer has argued, polarization and partisanship may well be inhibiting the formulation of a "grand strategy" for Mexico. Consensus can be elusive.

But in the longer term, the presence of democracy in both countries should help mitigate the consequences of asymmetry.⁴ To the extent that foreign policy enjoys popular support, it becomes more credible. This helps establish a general framework for the bilateral relationship and can also strengthen bargaining positions. For decades, US political leaders have justified questionable policies as the result of competitive politics ("We understand what you're saying, but in our democracy we have to deal with this Congress . . ."). Now Mexico has the same bargaining tool.

To be sure, Mexican democracy needs strengthening. Key challenges include improvements in the rule of law, the impartiality of the judicial system, and sociopolitical representation. The stronger the Mexican state,

the more credible its commitments. This will be good for its relationship with the United States.

Especially revealing in this context are profiles in public opinion. Generally speaking, Americans have positive views of Mexico. Mexicans still express residual distrust of the United States, but they also exude pragmatic anticipation of potential benefits from the bilateral relationship. In both countries, the public is ahead of its leadership. The more that the voice of the people is heard—the voice of the true majority, not vocal minorities—the better the prospects for the US-Mexico partnership.

Converging Interests

As the essays in this volume suggest, prospects for the partnership are further enhanced by a fundamental fact—the convergence of long-term national interests. There are discrepancies, of course, but the bottom-line conclusion is inescapable. What is good for one country is good for the other on most issues. This produces a positive-sum game.

A brief checklist illustrates the point:

- Economic development in Mexico not only serves the material interests of its citizens, but also provides the United States with a larger market for its exports and a more reliable platform for joint industrial ventures—the greater the development, the more competitive both countries are in the global economic arena.

- Migration issues raise humanitarian questions about social justice and practical questions about supply and demand for labor—once again, resolution of these matters will enhance the competitiveness of the North American economy.

- Environmental protection is important for both Mexico and the United States, especially in areas of shared responsibilities and assets (especially in the border area)—what is needed are credible commitments from both countries, so as to avoid the temptations of free-riding and the pitfalls of the “tragedy of the commons.”

- Under current legal regimes, drug trafficking imposes substantial costs on both countries—as threats to public health in the United States and as challenges to public security and democratic governance in Mexico. Whatever the solution, the status quo cannot be acceptable to either country.

Given this array of interests, both nations stand to gain from closer and more effective cooperation with each other. This seems self-evident. The real question is, what should they do?

Choosing Paths, Devising Strategies

Partnership requires leadership. Those in positions of authority need to articulate the reasons for cooperation, to educate the public, and to devise plausible means for reaching desirable ends. This challenge takes different forms in the two countries.

The political community in the United States should pay more attention to Mexico (and, we would add, to Latin America in general). This is not a matter of pandering to the Latino vote. It is a matter of defining and defending US national interests. Enlightened cooperation can yield substantial benefits to the United States, not only in the present but also in the future.

We believe that Mexico deserves a higher position in the US ranking of priorities. This is partly because of that nation's size, its assets, and its human resources. It also results from its geographical proximity to the United States and from the level of interdependence that is already embedded in the relationship. The United States needs Mexico.⁵ At the moment, neither rhetoric nor policy reflects that fundamental reality.

For Mexico, we start with the premise so bluntly posed by Héctor Aguilar Camín and Jorge Castañeda—that Mexico must choose alignment either with Latin America or with North America.

We do not see the choice as being so stark. Our hope is that Mexico can find a way to strengthen its partnership with the United States and also develop its links to Latin America, Asia, and the rest of the world. These are not mutually exclusive paths. The bottom line is that Mexico should look outward, not only inward, meeting its legitimate responsibilities in the international arena and exercising its influence in constructive fashion. Proactive Mexican engagements around the world and in international organizations almost always have important spillover effects on the relationship with the United States. For instance, Mexico's leadership in the G-20, which Mexico hosted in 2012, and in discussions on the United Nations Framework Convention on Climate Change, which Mexico hosted in 2010, have helped put global economic and environmental issues on the bilateral agenda. No longer do leaders of the two countries discuss only local concerns about trade, crime, and migration; they also address global issues together, much in the manner of the US and Canadian governments.

Mexico should not subordinate itself to the United States. It should maintain its autonomy, uphold its sovereign interests, and take active part in global politics. Paradoxically enough, this would bring benefits to the United States. Better a strong and confident partner than a weak and pliant client. Both countries have much to gain from Mexico's increasing

global confidence and its ability to serve as a broker between the developing and developed world.

Perspectives on the Relationship

These considerations provide an overarching context for the findings in this book. Essays have put forward serious suggestions for improvement of the US-Mexico partnership. Although the chapters stand alone, it is our strong sense that they complement one another—and give substantive meaning to our general plea for strengthening the US-Mexico partnership.

The opening section of the volume seeks to promote understanding of the quality of this relationship. For the sake of brevity, we here present only selective highlights from each of the chapters.

Geopolitics

Our approach begins with a claim that the management of the relationship derives in large part from respective conceptions of the world—how Mexico and the United States understand their own (and each other's) position in the global structure of power. A comparison of prevailing viewpoints yields a number of insights:

- The United States and Mexico have sharply divergent visions of the world order.
- The United States is wrestling with several distinct views of the world; among them, only a multipolar scheme accords high priority to Mexico (although multipolarity itself might or might not be a good thing).
- For the most part, Mexico sees the world as being unipolar, with the United States as its most powerful nation.
- Miscommunication about worldviews has often squandered opportunities.
- Coherent visions of the world are essential for the formation of “grand strategies.”

Dynamics of the Relationship

It is commonly said that the US-Mexican bilateral relationship is “unique”—but in what sense? What are its underlying features, and how well are the two governments (and societies) responding to changing realities?

- The US-Mexico relationship is deeply interdependent. Economic ties link far-away Peoria to Querétaro, and Detroit to Monterrey, as well as San Diego and Tijuana. Mexicans and people of Mexican descent are a growing part of US society, distributed almost everywhere around the country, and with roots in almost every place in Mexico. The two countries are tied together by economic and social forces that were nonexistent twenty years ago.

- The relationship is increasingly complex, with almost every federal agency and state government in both countries dealing, in some way, with the other. Civil society and nongovernmental actors have come to play increasingly important roles, and the publics in both countries are ahead of elites in their pragmatic appreciation of how to deal with the other country.

- Asymmetry continues to be a clear factor defining the relationship—the simple difference in size of the two economies is the clearest marker of this—but Mexico has often succeeded in achieving its policy goals by working within frameworks established by the United States. Specifically, Mexico has managed to offset the asymmetry of power through “asymmetry of attention,” by developing strategies for getting the United States to focus on issues that matter most to Mexico and that fall within the range of US public and policy interests.

Policymaking

Who makes bilateral policy and how? What has been the impact of democratization? Why is US-Mexican collaboration more successful in some areas than others?

- In schematic form, the US-Mexico relationship can be understood as consisting of six policy “baskets.”

- Border issues have become increasingly important.
- Democratization has done more to alter the *process* of Mexican foreign policy than its substantive *content*.
- The security basket has become paramount in recent years; it would be desirable to achieve a better balance among the issue areas.

Practical Policies

The remainder of the book focuses on selected issues and presents a series of specific recommendations.

Trade and Development

Mexico and the United States need to take full advantage of the opportunities provided by NAFTA. Among other things, the governments should

- make substantial investments in infrastructure (highways, railways, and ports);
- coordinate policies on exchange rates;
- strengthen safety nets for social sectors adversely affected by NAFTA;
- increase investments in education.

Such steps would provide important “complementary policies” for NAFTA itself. Together, they would enhance the competitiveness of the North American region and serve the interests of all three member countries.

Migration

Immigration law is a matter of national sovereignty. In a spirit of partnership, however, the United States and Mexico should endeavor to

- forge a path to legalization and eventual US citizenship for unauthorized migrants now in the United States, beginning with the 1 million unauthorized children;
- sign and strengthen the 1990 International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families;
- reduce US efforts to fortify the border and redirect financial savings that result toward more constructive uses;
- eliminate national quotas for legal migration, on the part of the United States, and replace them with a global quota that does not discriminate among nationalities;
- put transit migration through Mexico (from Central America and elsewhere) on the bilateral agenda.

Steps of this kind would alleviate a great deal of human suffering and, like the recommendations for NAFTA, enhance the global competitiveness of Mexico, the United States, and the North American region.

Environment

Environmental protection has perhaps the most elaborate structure of binational institutions, beginning long ago with the IBWC. Yet it is important for the two governments not to rest on their laurels, especially in light of environmental degradation in the US-Mexican border area. In particular, authorities from both countries should focus on

- groundwater reform (especially given the number of aquifers lying beneath and across the border);
- ecosystem protection and conservation of biodiversity;
- problems deriving from industrial and urban waste;
- amendments to the IBWC and redefinition of its authority.

Generally speaking, binational efforts should regard environment policies not as technical matters, but as integral parts of overall strategies for social and economic development. This may well entail the creation of new institutions.

Drugs and Drug Trafficking

This may well be the most complex and controversial issue in the contemporary relationship. While US consumption of illicit substances continues, drug-related violence has taken a massive toll on Mexican society. The governments face three broad scenarios: (1) peaceful coexistence with the DTOs, (2) direct confrontation with the DTOs, or (3) changing the overall regime for the management of currently illicit drugs. They are not necessarily mutually exclusive.

From the chapter in this book and other sources, we extract several key recommendations for the United States and Mexico:

- Promote the effective rule of law in Mexico.
- Interrupt the southward flow of arms and drug money across the US-Mexico border.
- Target Mexican DTO distribution networks in the United States.
- Promote a serious debate about whether to decriminalize the possession of marijuana, as Mexico has largely done, or legalize the cultivation and sale of marijuana.⁶

Whatever the eventual regime for marijuana, we believe that it would remain imperative to reduce demand for other drugs—cocaine, heroin,

and methamphetamines. Toward this end we propose that the United States and Mexico jointly launch a hemisphere-wide effort to reduce the consumption of dangerous drugs—through programs for prevention, education, rehabilitation, and recovery. All countries throughout the Americas would be invited to enlist in this campaign. Such an initiative could change the terms of discourse about drugs, refocus governmental efforts, mitigate harmful effects on public health, protect young generations from destructive addictions, and create long-term economic savings.

All in all, recommendations throughout this book share key characteristics. First, they seek to promote mutual benefits for both Mexico and the United States. Second, they are imaginative—and realistic. Third, they do not call for massive injections of funds—rather, they propose redirection of funds already in the pipelines. For the most part, they do not require major institutional reforms; instead, they seek effective application and implementation of ideas and policies essentially in place. Finally, they are based on constructive dialogue and continuing collaboration between representatives of the two countries.

The basic requirement for both Mexico and the United States is the exertion of political will. That would lay the foundation for a truly meaningful partnership.

Notes

1. Use of the royal “we” is intentionally vague. We do not claim to speak for all our individual contributors (or, for that matter, each other). We seek to represent collective views of the group as a whole, and we hope that readers and colleagues will cut us some slack in this regard.

2. Pastor, “El futuro de América del Norte.”

3. Smith, *Talons of the Eagle*.

4. After all, one of the axioms of contemporary political science is that democracies don’t go to war with each other.

5. We are by no means advocating a “North America first” kind of policy. Rather, we suggest that Mexico be included (along with Brazil) in the topmost stratum of countries as defined by Leslie Gelb—The Eight, which would thus become The Nine. For backup argumentation see Smith, “Mexico.”

6. At least seven other countries of Latin America have taken similar steps: Argentina, Brazil, Colombia, Costa Rica, Peru, Uruguay, and Venezuela.

Acronyms

AFI	Federal Agency of Investigations (Mexico)
AFO	Arellano Félix organization
ATF	Bureau of Alcohol, Tobacco, Firearms, and Explosives
BECC	Border Environment Cooperation Commission
BGC	Border Governors' Conference
BHC	Border Health Commission
BRIC	Brazil, Russia, India, and China
CBP	Customs and Border Protection
CEC	Commission for Environmental Cooperation
CFO	Carrillo Fuentes organization
CIDAC	Centro de Investigación para el Desarrollo
CIDE	Centro de Investigación y Docencia Económicas
DEA	Drug Enforcement Administration
DFS	Federal Security Secretariat (Dirección Federal de Seguridad)
DHS	Department of Homeland Security
DTO	drug-trafficking organization
EPA	Environmental Protection Agency
EU	European Union
FDI	foreign direct investment
FTA	free trade agreement
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
IBEP	Integrated Border and Environmental Plan

IBWC	International Boundary and Water Commission
ICE	Immigration and Customs Enforcement
IGO	international governmental organization
IIRIRA	Illegal Immigration Reform and Immigrant Responsibility Act
IME	Institute for Mexicans Abroad
INAMI	National Migration Institute (Instituto Nacional de Migración)
INCB	International Narcotics Control Board
INEGI	Instituto Nacional de Estadística, Geografía e Informática
INS	Immigration and Naturalization Service
IRCA	Immigration Reform and Control Act
ISI	import-substitution industrialization
LPR	legal permanent resident
MFA	Multifibre Arrangement
NADB	North American Development Bank
NAFTA	North American Free Trade Agreement
NGO	nongovernmental organization
NIDA	National Institute on Drug Abuse
PAN	Partido Acción Nacional (National Action Party)
PCME	Program for Mexican Communities Abroad
PPP	purchasing power parity
PRD	Partido de la Revolución Democrática (Party of the Democratic Revolution)
PRI	Partido Revolucionario Institucional (Institutional Revolutionary Party)
SEMARNAT	Secretariat of the Environment and Natural Resources (Mexico)
SPP	Security and Prosperity Partnership
SRE	Secretariat of Foreign Relations (Mexico)
SSP	Public Security Ministry
TAA	Trade Adjustment Assistance
TBI	Trans-Border Institute
TN	Treaty National (visa program)
UNODC	UN Office on Drugs and Crime
WB	World Bank
WCIF	Water Conservation Investment Fund
WMD	weapon of mass destruction
WTO	World Trade Organization

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Index

- Addiction, 183–184
- Agriculture: agricultural worker visas, 113; *Bracero* program, 124–125; impact on policy, 51; pesticide use, 147; water resources, 145, 154–155
- Aguilar Camín, Héctor, 33, 196
- Air quality, 147, 150, 158(n17)
- Albright, Madeleine, 27
- All-American Canal, 143, 145
- Alto Golfo reserve, 158(n19)
- Álvarez Machain, Humberto, 176
- American Chamber of Commerce of Mexico, 103
- Amnesty programs, 132
- Antiterrorism and Effective Death Penalty Act (1996), 120
- Arellano Félix, Benjamin, 167, 171
- Arellano Félix, Eduardo, 171
- Arellano Félix, Fernando Sánchez, 171
- Arellano Félix, Ramón, 171
- Arellano Félix DTO, 167–168
- Argentina, 39
- Arizona: migrant settlement, 44
- Arizona Senate Bill 1070, 112, 123–124
- Arizona v. United States*, 124
- Arizona-Mexico Commission, 49
- Arms. *See* Weapons trade
- Asia: Mexico's regional and international roles, 196; Mexico's trade balance with the U.S. and Asia, 95(fig.); trade deficit with Asian countries, 94. *See also* China
- Asymmetry in binational relations, 39; of attention and of power, 32, 55–56; complex interdependent asymmetry, 4, 39, 40–41; constraining Mexico's foreign policy choices, 67; defining US-Mexico relations, 198; economic and social conditions, 40; impact on Mexico-US negotiations, 16; mediating interdependence, 191; Mexico's nationalist perspective of the world, 29–30; persistence of, 53–56; policy baskets, 62; Security and Prosperity Partnership, 78; soft power, 14; trade statistics, 62
- Automobile industry, 37–38, 103–104
- Ávila Camacho, Manuel, 156
- Ávila García, Marco Antonio, 172, 174
- Bailouts, 37–38
- Balloon effect, 163, 179, 182
- Banamex, 91
- Banco de México, 127
- Banking industry: foreign direct investment, 91; macroeconomic policy, 101; privatization, 99; remittances, 127
- Barnett, Thomas, 20–21, 27
- Baskets: as analytical tool, 9, 61–65; structural, 62; conjunctural, 63–64; balance among, 76–81, 198
- Beltrán del Río, Salvador, 129
- Beltrán Leyva, Arturo, 172

- Beltrán Leyva, Carlos, 172
 Beltrán Leyva family, 167, 171, 172, 182
 Berger, Oscar, 176
 Big Bend National Park, 156, 158(n19), 159(n31)
 Binational Commission, 72, 73
 Bio-resources, 148, 156
 Border 2012 Program, 150–153, 155
 Border 2020 Program, 155
 Border areas: binational environmental management, 151; border cooperation ties to Mérida Initiative, 79; Clinton's Operations "Hold the Line" and "Gatekeeper," 116–117; drug trafficking, 38, 176; environmental management, 140, 146–148, 155; executive agencies involved in, 47; gun shops, 188–189(n57); impact on policy baskets, 80; increasing concerns over terrorist infiltration and drug traffic, 74–75; Mexico's democratic transition, 70–71; Mexico's public opinion on US involvement, 69; Minutemen vigilantes, 136(n22); policy basket, 62, 76–78; policy recommendations for enforcement reduction, 133; political corruption and drug trafficking, 169–170; rebalancing security, immigration, and economic baskets, 76–78; regions of the US-Mexico Border, 144(fig.); water resource management, 140–146. *See also* Immigration; Migration
- Border Environment Cooperation Agreement (1983), 149
 Border Environment Cooperation Commission (BECC), 9–10, 48, 142, 145–146, 149–151, 153–154
 Border Governors' Conference (BGC), 49, 58(n16), 64, 70, 72
 Border Partnership Action Plan, 129
 Border Patrol, US, 116–117, 136(n22)
 Border XXI Program, 149–150, 152
 Bottom Dwellers, 27
Bracero temporary-worker program, 124–125
 Brazil, 34, 194; and BRIC, 29; in the post-American world, 25(box)
 Brewer, Jan, 123
 BRIC nations, 29, 194. *See also* Brazil; China; India; Russia
- Brzezinski, Zbigniew, 19–20, 29, 58(n25)
 Bureau of Alcohol, Tobacco, Firearms, and Explosives, 177
 Bush, George H.W., 22, 59(n29)
 Bush, George W.: antidrug efforts, 72, 176; *comes y te vas*, 81(n8); deportation of unauthorized migrants, 121; environmental concerns over the Secure Fence, 152; ineffectiveness in policy negotiation, 77; lack of political mandate, 65; Mexico's political liberalization, 31; migration accords, 131; security issues, 74; unilateral power defining foreign policy, 18
- Business sector, economic convergence and, 98–100
- Cabeza Prieta wildlife refuge, 158(n19)
 Calderón, Felipe: antidrug efforts, 72, 162, 170–171, 176, 178–180, 189(n69); environmental management, 156; foreign policy, 69; mending regional relationships, 66–67; Mérida Initiative, 79; Mexico's political liberalization, 31; migration accords, 131; migration flows, 112; public security, 74, 75; 21st Century Border Initiative, 75
- California: migrant settlement, 44
 Camarena, Enrique "Kiki," 54–55, 166, 167, 176
- Canada: conservation partnerships, 150; economic convergence under NAFTA, 86; free trade agreement with the US, 59(n29); GM bailout, 37–38; Mexico's external trade, 91(table); Security and Prosperity Partnership, 77–78. *See also* North American Free Trade Agreement
- Cancún, Mexico, 172, 174
 Cárdenas, Cuauhtémoc, 126
 Cárdenas Guillén, Osiel, 168–169, 187(n41)
 Cardoso, Fernando Henrique, 183
 Caribbean drug trafficking, 45, 164
 Carrillo Fuentes, Amado "Lord of the Skies," 168, 171
 Carrillo Fuentes, Rodolfo "Niño de Oro," 171
 Carrillo Fuentes, Vicente, 171

- Carrillo Fuentes Organization (CFO), 168
- Cartels, 165, 170, 186(n19)
- Carter, Jimmy, 58(n25), 144
- Casa del Migrante, 120
- Castañeda, Jorge, 33, 127, 196
- Castro, Fidel, 81(n8)
- Center for Comparative Immigration Studies, 118
- Central America: cooperation on border, economic, and security issues, 79; drug-related violence, 162; transit migration, 128–129; US-Mexico military alliance, 30; violence against migrants, 112
- Centro de Investigación para el Desarrollo (CIDAC), 51, 52
- Centro de Investigación y Docencia Económicas (CIDE), 51
- Chamber of Deputies. *See* Congress of Mexico
- Chávez, Hugo, 31, 67
- Chicago Council on Global Affairs survey, 69–70
- Chile, 194
- China: and BRIC, 29; economic and political emergence, 34, 83–84, 85; in the post-American world, 25(box); manufacturing employment, 92–94; Mexico's external trade, 91(table); Mexico's manufacturing growth after 2008, 103; nonpetroleum imports, 89(table); trade dominance, 86
- Citibank, 91
- Civil society, 49–50, 198. *See also* Public opinion
- Climate change, 139, 141, 142–143. *See also* Environmental concerns
- Clinton, Bill, 5, 116–117
- Cocaine. *See* Drug trafficking/drug trafficking organizations
- Cold War: allowing closer Mexico-US relations, 193–194; Mexico's political stability, 54; Mexico-US military alliance, 30; multipolar system, 22; US policy in Mexico, 16; US unipolarity following, 19
- Colombian drug trafficking, 45, 164, 168, 189(n70)
- Colorado River, 141–142, 143, 145, 149, 151, 154–155
- Comes y te vas*, 81(n8)
- Commission for Environmental Cooperation (CEC), 149, 153, 156
- Complex interdependent symmetry, 4, 39, 40–41
- Complicity of the state in drug trafficking, 181–182, 186(n14)
- Comprehensive Immigration Reform Act (2007), 131
- Conference of Western Attorneys General, 49
- Congress, US: funding environmental management programs, 152; immigration policy, 111; lack of political majority, 65; migration accords, 131; National Fugitive Operations Program, 120; role in bilateral policymaking, 48–49; Security and Prosperity Partnership, 78; work visas, 113
- Congress of Mexico, 48–49, 68
- Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs (1931), 188(n50)
- Convention for the Suppression of Illicit Traffic in Dangerous Drugs (1936), 188(n50)
- Convergence, economic, 86–88
- Convergence, societal and cultural, 5
- Convergence of interests, 195
- Cooperation: conflict and, 2; governance of the emerging world order, 27; renewing economic cooperation following the financial crisis, 102–105
- Corruption, drug trafficking and, 168, 169–170, 176, 178, 180, 189(n69)
- Cossman, Max, 163
- Court of Appeals for the Ninth Circuit, US, 124
- Coyotes* (smugglers), 118, 127–128
- Crime: criminal undocumented immigrants, 120; in developed and developing countries, 186(n14); policy basket, 63; role in bilateral cooperation, 7. *See also* Drug trafficking/drug trafficking organizations; Organized crime
- Cuba, 16, 22, 69
- Cuban Revolution, 30
- Currency, common, 33

- Currency crisis, 86, 89, 97, 101–102
 Customs and Border Protection (CBP), 117
- Dahl, Robert, 14
 Davidow, Jeffrey, 131
 De facto hegemony, 18
 Debt, 28(box), 30
 Debt crisis, 97
 Decriminalization of illicit drugs, 182–185, 200
 Defense Department, US, 76
 del Río, Eduardo “Rius,” 179
 De la Madrid, Miguel, 165
 Democracy: impact on relationship, 1, 194–195; as consequence of NAFTA, 4–5; role in foreign policy, 65–71, 198. *See also* Democratization
 Democratization, Mexico’s: building political similarities, 56–57; complicating the bilateral relationship, 1; as context for the bilateral relationship, 65–71; effect on drug trafficking, 169–170; failure to unify Mexico, 32; federalism and border relations, 70–71; increasing number of actors in US-Mexico relationship, 46; mitigating the consequences of asymmetry, 194–195; political power and drug-trafficking organizations, 164; political transition under Fox, 65–67; reflecting public opinion, 69–70
 Demography: defining power, 14; environmental exploitation and, 139; increase in interdependency, 43–45; Mexico-US complementarities, 105; migration, 111; policy baskets, 62
 Dependency theory, 3–4
 Deportations, 121, 134
 Desalinization technology, 155
 Development, economic: enhancing US-Mexico relations, 195; environmental concerns in border areas, 146–148; Mexico’s lack of economic convergence after NAFTA, 86–88; population growth and environmental concerns, 140; regional differences, 53–54; US-Mexico economic interdependence, 71
 Diarte, Enrique, 163
 Díaz, Porfirio, 30, 107(n6)
Diplomacy (Kissinger), 21
 Diplomacy, economic, 5
 Discrimination, immigration policy and, 114–115, 132
 Disease, environmental hazards and, 148, 158(n18)
 Disempowered peoples, 25
 Domestic politics: driving democratization, 5; interdependency and, 38–39; interior enforcement of undocumented migration, 119–121; juggling policy and programmatic baskets, 61–65; Mexico’s emigration policy, 126; NAFTA, 85; Obama’s concerns, 65
 Domínguez, Jorge, 6
 Dominican Republic, 30
 Drought, 141–143
 Drug consumption, 182, 184–185, 200–201
 Drug Enforcement Administration (DEA), 54–55, 166, 185(n7)
 Drug trafficking/drug trafficking organizations: antidrug effort spending, 185(n5); anti-trafficking efforts encouraging FDI, 102–103; binational initiatives to combat, 175–177; border areas, 38; cartels, 186(n19); confrontations with, 182; complicity of state actors, 186(n14); congressional involvement in policymaking, 49; *coyotes*’ transfer of migrants, 118; drug-related killings by state, 173(table); evolution of, 163–174; fractionalization, conflict, and violence within DTOs, 169–174; homicides associated with, 161–162, 173(table), 185(nn1,2), 188(n46); increase in interdependency, 45; international initiatives to combat, 174–175; Mexico’s domestic efforts to combat, 177–180; Mexico’s political liberalization, 31; Mexico’s public opinion on US involvement, 69; Mexico’s public security crisis, 75–76; policy recommendations, 182–185, 200–201; political connections to, 163–166; political corruption and, 168, 169–170, 176, 178, 180, 189(n69); rise of competing

- organizations, 166–169; role in bilateral cooperation, 7; shaping Mexico-US relations, 40, 195; strategic options for reducing violence, 181–183; violence affecting migration patterns, 112
- DTOs. *See* Drug trafficking/drug trafficking organizations
- Earthquake, 143, 148
- Echeverría, Luis, 125
- Ecological services, 148
- Economic and financial crises: asymmetry with US economy, 43; complicating the bilateral relationship, 1; EU and US, 33; history of Mexico's distrust of the US, 71; impact on Mexico's economy, 37–38, 83, 101–102; policy baskets, 80; prompting northern migration, 117; renewing economic cooperation following, 102–105; undocumented migration, 112
- Economic convergence, 87–88, 98–102, 107(n7)
- Economic divergence, 87–88
- Economic growth: China, 83–84, 85; environmental exploitation and, 139; impact of NAFTA on manufacturing, 92–94; Mexico, 83; NAFTA expectations, 83
- Economic reforms, 98–102
- Economic union, 33–34
- Economy: drug traffic shaping, 40, 176; geoeconomic dimension of power, 14, 23–26; global challenges to US hegemony, 25–26; illicit economies, 10; immigration policy, 132; Mexico's economic performance relative to the U.S., 87(fig.); Mexico's lack of economic convergence with the US, 86–88; Mexico's "lost decade," 30–31; Mexico's recovery after NAFTA, 85–86; obstacles to US-Mexico cooperation, 194; policy baskets, 62, 76–78, 80–81; public view on migrant labor, 51; rebalancing security, immigration, and economic baskets, 76–78; resources for power, 14; restrictive macroeconomic policies hindering convergence, 101–102; US dominance, 18–19. *See also* North American Free Trade Agreement
- Ecosystem preservation, 154–155
- Education: global challenges to US hegemony, 25–26; policy baskets, 63; policy recommendations, 199
- The Eight, 27, 201
- El Pinacate reserve, 158(n19)
- Elder care services, 104–105
- Elections (Mexico): democratization and change, 33; links with foreign policy, 67; political transition under Fox, 65–67. *See also* Democratization, Mexico's
- Elections (US): anti-immigration policies, 116
- Embassies, 47
- Emergency management: Security and Prosperity Partnership, 78
- Emigration: Mexico's policy on emigrants and migrants in transit, 124–130; policy basket, 62. *See also* Immigration; Migration; Undocumented migration
- Emissions Inventory Program, 150
- Employer sanctions program, 122, 134
- Employment: impact of NAFTA on manufacturing, 93–94, 93(fig.); income distribution, relative wages, and wage inequality, 94–98; job loss with NAFTA, 108(n14); legal and illegal migration, 111; manufactured exports, 57(n8); Trade Adjustment Assistance, 106; US immigration policy and, 113; workplace enforcement of immigration laws, 121–123. *See also* Labor markets; Manufacturing industry
- Enablers, 27
- Energy: Mexico's public opinion on importance of, 69–70; policy baskets, 63, 80; Security and Prosperity Partnership, 78
- Ensimismamiento*, 30
- Enterprise Initiative for the Americas, 22, 59(n29)
- Environmental concerns: binational cooperation through agencies and programs, 148–150; border areas, 38; development in border communities, 146–148; enhancing US-Mexico

- relations, 153–157, 195; executive agencies involved in policymaking, 47–48; institutional challenges to binational cooperation, 150–153; policy recommendations, 200; wastewater management, 150, 158(n16); water resources, 140–146
- Environmental Protection Agency (EPA), 47–48, 152, 156
- Europe/European Union (EU): as economic union model, 33; expansion, 20–21; Mexico blocking US aggression through ties to, 30; unimultipolarity in the post-American world, 25(box)
- E-Verify, 123, 132
- Exchange rate, 102
- Executive agencies, 47–48, 57(n4)
- Executive branch: role in foreign policy choices, 68; Security and Prosperity Partnership, 77–78
- Exports. *See* Trade
- Extortion by drug trafficking organizations, 167–168
- Extradition, 69
- Failed states, 24–25
- Families, deportations and, 120–121
- Family-preference system for visas, 114–115
- Federal Ministerial Police, 180
- Federal Police force, 180
- Federal Security Secretariat (DFS), 165, 166
- Federal systems: constraining bilateral cooperation, 65; impact of Mexico democratic transition on, 70–71; local enforcement of immigration restrictions, 123
- Félix Gallardo, Miguel Ángel, 166–168, 171, 187(n25)
- Fences, border, 51, 148
- Fernández de Castro, Rafael, 6
- Fernández Garza, Mauricio, 181
- Fernández Puerta, Enrique, 163
- Fertility rate, 125
- Finance: policy baskets, 62, 79
- Financial crises. *See* Economic and financial crises
- Fishing industry, 148
- “Flat world” concept, 24–26, 28(box)
- Fonseca Carrillo, Ernesto, 166
- Ford, Gerald, 125, 144
- Ford Motor Company, 103–104
- Foreign Affairs*, 7
- Foreign direct investment (FDI): decline in US flows to Mexico, 108(n13); Mexican inflows as a percentage of GDP, 92(fig.); NAFTA expectations of, 84, 86, 91; resilience despite financial crisis, 102–103; trade and investment flows after NAFTA, 88–91; US sources, 38
- Foreign policy (Mexico): economic and social conditions shaping, 40; effect of democratization on, 67; intermestic issues, 38–39; NAFTA, 5; power driving, 13; as presidential prerogative, 35
- Fox, Vicente: antidrug efforts, 162, 170, 178; *comes y te vas*, 81(n8); democratic transition, 65–67; foreign policy, 68; increasing chain of political subordination, 70; Mexico’s political liberalization, 31; Mexico’s public security crisis, 75; migration policy, 72, 127, 130–131
- Fractionalization of DTOs, 170–171
- Free trade, 3, 51, 77
- Free trade agreements, 85. *See also* General Agreement on Tariffs and Trade; North American Free Trade Agreement
- Freedom of Information Act, 120–121
- Free-trade areas, 22–23. *See also* North American Free Trade Agreement
- French connection, 163–164
- Friedman, Thomas, 24–25, 26, 28(box)
- G-20, 196
- Gang activity, 176
- García Abrego, Juan, 168
- García Simentel, Teodoro, 171
- Gavin, John, 71
- Gaviria, César, 183, 189(n69)
- Gelb, Leslie, 26, 34
- Gender: wage inequality, 96–97
- General Agreement on Tariffs and Trade (GATT), 23, 71–72, 85
- General Law of Population (1947), 125, 128, 129, 130
- General Motors, 37, 39, 103–104

- General Services Administration (US), 47
- Geoeconomic dimension of power, 14, 23–26
- Geography: drug-related killings, 161–162; impact on US unipolarity, 19–20; policy baskets, 62; wage inequality, 96–97
- Geopolitical dimension of power, 14, 23–24, 197
- Georgia: migrant settlement, 44
- Global economy: allowing closer US-Mexico relations, 194; complicating the bilateral relationship, 1, 3; revival after 2008 crisis, 103; wage gap under trade liberalization, 97–98
- Global politics, 196–197
- Globalization: diversification of national actors, 47–48; effect on binational collaboration, 191–192; “flat world” concept, 24–26, 28(box); global multipolarity, 21–24; US hegemony and, 20; wage inequality, 96
- Golden Triangle region, 163
- Gómez, Rolando, 187(n41)
- González González, Guadalupe, 5
- Governance: of the emerging world order, 27; increasing role of the legislature and parties in bilateral relations, 68–69
- Government Accountability Office (GAO), 123
- Governors, 49, 58(n16), 70–71, 80
- Gramsci, Antonio, 14
- Grand strategies, 13, 14, 32
- Greece: economic crisis, 33
- Green, Rosario, 68
- Gross domestic product (GDP) per capita: annual growth rates of real GDP, 100(fig.); economic convergence, 87–88; effect of the economic crisis on, 108(n8); Mexican FDI inflows as a percentage of GDP, 92(fig.); Mexico and the US, 53–54, 53(fig.)
- Groundwater, 143, 145, 154, 155, 157(n1)
- Grupo Beta police force, 127–128
- Guadalajara DTO, 166, 167
- Guatemala, 30
- Guest-worker program, 77
- Gulf DTO, 168, 169
- Gulf of California, 148
- Gutiérrez Rebollo, Jesús, 168
- Guzmán, Arturo “El Pollo,” 171
- Guzmán Loera, Joaquín “El Chapo,” 167, 171, 187(n33)
- Hard power, 18
- “Hasta la Madre” protest, 179–180
- Hazardous substances and waste, 147, 148, 158(n18)
- Health care, 104–105
- Hegemony, 14, 17–18, 24, 28(box). *See also* Power
- Hernández Colunga, Juan Francisco, 127, 174
- Hoffman Plastic Compounds v. NLRB* (*National Labor Relations Board*), 122
- Homeland Security, Department of (DHS), 47, 115–116, 119–121, 123
- Homicide: drug trafficking, 161, 168, 171–172, 173(table), 185(nn1,2), 187(n33), 188(n46); drug-related killings by state, 173(table); Mexico’s public security crisis, 75
- Human rights, 31, 132, 134
- Human Rights National Commission (Mexico), 129, 161
- Humanitarians, immigration policy and, 131–132
- Huntington, Samuel P., 17, 25(box), 35(n6)
- Identity, national, 51
- Illegal immigration. *See* Undocumented migration
- Illegal Immigration Reform and Alien Responsibility Act (1996), 120
- Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA), 119
- Illinois: migrant settlement, 44
- Immediate deterrence at borders, 118
- Immigration: illegal immigration leading to border hardening, 74–75; Mexico’s policy on emigrants and migrants in transit, 124–130; Mexico’s public opinion on importance of, 69–70; policy basket, 62, 76–78; policy recommendations, 132–135; rebalancing security, immigration, and

- economic baskets, 76–78; reform under Fox, 72; reforms causing shifts in bilateral relations, 80; US law and current patterns, 112–115; US policy reform, 130–132; visa caps, 114. *See also* Undocumented migration
- Immigration and Customs Enforcement (ICE), 117, 119–120, 121
- Immigration and Naturalization Service (INS), 122
- Immigration Reform and Control Act (IRCA), 43, 121–123, 126
- Imperial Valley, 145
- Import substitution industrialization, 71
- Imports. *See* Trade
- Income per capita, 87, 100–101
- Income per worker, 87, 98, 100–101
- India: and BRIC, 29; in the post-American world, 25(box)
- Indicative Plan for cross-border development, 70
- Industrial policy, 105–106
- Information technology, uneven globalization and, 26
- Institute for Mexicans Abroad (IME), 127
- Institutional Revolutionary Party (PRI; Mexico): corruption and drug trafficking, 169–170, 181–182; drug trafficking and political power, 165; history of Mexico's distrust of the US, 71–72; majority coalitions, 68–69; Mexico's political liberalization, 31; migration policy, 126; US withdrawal of support, 11(n14)
- Integrated Border and Environmental Plan (IBEP), 152
- Integration, economic: auto industry, 37–38; drug trafficking and, 164; global multipolarity, 33–34; NAFTA fostering regional integration, 106; regional economic integration, 90; role in bilateral cooperation, 9; US embracing, 11(n14)
- Interdependence: auto industry, 37–38; challenging the bilateral relationship, 2, 3–4; constraining Mexico's foreign policy choices, 67; depth of, 198; elements of, 38; increasing, 41–46; increasing number of actors in US-Mexico relationship, 46; persistence of asymmetries, 53–56; trade statistics, 62
- Interior enforcement of undocumented migration, 119–121
- Intermestic issues, 3–4, 35, 61–65
- International arena: Mexico's political transition under Fox, 66–67; Obama's foreign policy, 65; policy basket, 63
- International Boundary and Water Commission (IBWC), 9–10, 47–48, 141–143, 145, 149, 151, 153–155
- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990), 133
- International governmental organizations (IGOs), 175
- International Narcotics Control Board (INCB), 175
- International Narcotics Control Strategy Report*, 184
- International Opium Commission conference, 174
- International Opium Convention (1925), 188(n50)
- Interparliamentary Group, 72
- Interpol, 175
- Investment. *See* Foreign direct investment
- Iraq, US invasion of, 18, 31, 66, 73
- Italy: economic crisis, 33
- Japan: uni-multipolarity, 25(box)
- Jobs. *See* Labor markets
- Journalists, 172, 174
- Juárez DTO, 168, 171
- Judicial system: deportations, 121; drug trafficking and, 40, 177–178; illegal immigrants' lack of access to, 120; immigration enforcement, 112; Mérida Initiative, 79; policy basket, 63
- Justice Department, US, 47
- Kagan, Robert, 18–19, 23
- Kissinger, Henry, 21–23
- Krauthammer, Charles, 17–18
- La Compañía, 169
- La Familia Michoacana (LFM), 171–172
- La Paz Agreement (1983), 145, 149–152, 155–156

- Labor abundance, 97–98
- Labor markets: emigration and immigration policy, 62, 132; expectations of NAFTA, 84–85; interdependency, 38. *See also* Emigration; Employment; Immigration; Migration
- Labor migration, 39–40
- Laguna Madre, Tamaulipas, 158(n19)
- Landfills, 147
- Language education, 134
- Latin America, 33; Mexico's regional and international roles, 196
- Latin American Commission on Drugs and Democracy, 183
- Law enforcement: border enforcement of undocumented migration, 117–119; drug trafficking and, 162, 177–178, 182; emigration control in Mexico, 127–128; high-profile drug violence, 172, 174; interior enforcement of undocumented migration, 119–121; Mérida Initiative, 79; policy basket, 63; protection of drug trafficking organizations, 168; US antidrug efforts, 170
- Law of the River, 143
- Leadership, 26
- League of Nations, 174
- Legal permanent resident (LPR) status, 113–114, 135(n9)
- Legalization of illicit drugs, 182–185, 200
- Legislative roles in bilateral cooperation, 48–49
- Legislature. *See* Congress
- Liberalization: political and economic, 31–32; trade, 85, 89
- Libertarians, 183
- Lobbying efforts, 126–127
- Local government: enforcement of immigration restrictions, 123–124; unfettered population growth in border communities, 140
- López Obrador, Andrés Manuel, 67
- López Portillo, José, 30
- Macroeconomic policies, 101–102
- Maderas del Carmen/Santa Elena Canyon Biosphere Reserve, 156, 158(n19)
- Madrina* (police informant), 168–169
- Manufacturing industry, 57(n8); automobile industry, 37–38, 103–104; economic integration, 90–91; Mexico's growth after 2008, 103; NAFTA's impact on, 86, 92–94; real compensation per worker, 98(fig.); service sector jobs and, 104–105; wage gap, 96–98, 96(fig.)
- Marijuana cultivation, 163, 171, 183, 200
- Market reforms, 107(n3)
- Matching fund programs, 127
- Medicare benefits, 104–105
- Mérida Initiative (2007): funding, 176; increasing involvement in public security, 72; legislative bodies involved in countering drug traffic, 49; Mexico's expanded collaboration with the US, 67; Mexico's political liberalization, 31; Mexico's public security crisis, 75–76; origins of, 40; providing aid through equipment and training, 162; transit migration, 129
- Mexican Constitution, 128
- Mexican Revolution (1910–1920), 30, 54, 111
- Middle class (Mexico), 54
- Midlevel states, 27, 30–31
- Migrant-led organizations, 50
- Migration: civil society and public opinion shaping policy, 49–52; economic changes leading to expansion of, 43–45; economic recovery after 2008, 104; enhancing US-Mexico relations, 195; illicit drug trafficking and, 45–46; impact of 9/11 on, 6–7; Mexican-born population in the US, 1850–2008, 44(fig.); migration reform, 19; NAFTA impact on flows, 94; policy basket, 62; policy recommendations, 199; statistics on, 111. *See also* Emigration; Immigration; Undocumented migration
- Migration Law (Mexico), 129–130
- Military forces: drug trafficking involvement, 169, 189(n69); drug-related deaths, 162; Mexico-US alliance, 30; militarization of public security, 178–179; new world order, 16; Plan Colombia, 31; resources for power, 14

- Minutemen vigilantes, 136(n22)
- Money laundering, 7, 174, 177
- Moral superiority, 17
- Morales Pérez, Edgar, 174
- Most favored nation status: China, 90
- Multifibre Arrangement (MFA), 90
- Multinational organizations: policy basket, 63
- Multipolarity, 21–24, 29, 33–34
- Municipal solid waste, 147
- National Action Party (PAN; Mexico): democratic transition, 67; emigrant initiatives, 127; majority coalitions, 68–69; Mexico's political liberalization, 31; political corruption and drug trafficking, 170, 181; political polarization and paralysis, 32
- National Development Plan (Mexico), 126
- National Fugitive Operations Program, 120
- National identity (in Mexico), 51
- National Institute on Drug Abuse (NIDA), 184
- National Migration Institute (INAMI), 128, 129
- National origins visa quota system, 133, 144
- National System for Public Security, 161
- Nationalism, 5–6, 29–32
- Natural disasters, 143, 148
- Natural resource management, 139, 140–146
- Negroponte, John, 5
- Neoliberal economic reform, 31
- Nepomuceno Guerra, Juan, 168
- Networks: immigration and, 134–135
- Nevada: migrant settlement, 44
- New economy (U.S.), 89
- NIMBY (“Not in my backyard”) syndrome, 147
- 9/11. *See* September 11, 2001
- Nixon, Richard, 163, 175, 185(n7)
- “No More Blood” campaign, 179
- Nongovernmental actors, 198
- Nonintervention principle, 54
- Nonpetroleum imports, 88–90, 89(table)
- Nonstate actors, 27
- North American Development Bank (NADB), 9–10, 48, 113, 142, 145–146, 149–151, 153–154
- North American Free Trade Agreement (NAFTA): advancing binational cooperation on environmental management, 153–154; allowing closer Mexico-US relations, 193–194; annual growth rates of real GDP, 100(fig.); congressional involvement in, 48; correlation of Mexican and US business cycles, 100–101; drug trafficking and, 164; economic convergence, 86–88, 98–102, 107(n7); environmental concerns in border areas, 146, 149; expectations and realities, 83, 84–98, 105–107; flattening world economy, 26; history of Mexico's distrust of the US, 71–72; impact on manufacturing, 92–94; income distribution, relative wages, and wage inequality, 94–98; intensity and complexity of Mexico-US relations, 64; job growth and decline, 108(n14); Mexico's policy on emigrants, 125–126; Mexico's political liberalization, 31; 9/11 and, 6–7; non-trade provisions, 107(n3); policy baskets, 63; policy recommendations, 199; public opinion in Mexico, 69–70; role in bilateral relations, 5; security cooperation and, 73; trade and investment flows, 88–91; US hegemony and, 20–21; US influence in creating, 55
- North Carolina: migrant settlement, 44
- Nye, Joseph, 14
- Obama, Barack: antidrug efforts, 177, 185(n7); deportation of unauthorized migrants, 121; environmental management, 156; immigration policy reform, 131; impact on Mexican governance, 81(n7); lack of political majority, 65; Mérida Initiative, 79; security issues, 74; 21st Century Border Initiative, 75
- Offshoring, 24
- Oil wealth, 3, 20, 30, 42, 54
- Oil-and-gas-producing states, 27
- Oklahoma City bombing, 120
- Operation Casablanca, 176
- Operation Cleanup, 180
- Operation Condor (1975), 175–176

- Operation Cooperation (1969), 175–176
 Operation “Gatekeeper,” 116–117
 Operation “Hold the Line,” 116–117
 Operation Intercept (1969), 175–176
 Opium, 174, 188(n50)
 Organ Pipe Cactus National Monument, 158(n19)
 Organized crime: Mérida Initiative, 79; Mexico’s public security crisis, 75; policy baskets, 80; role in bilateral cooperation, 7; shared initiatives to combat, 67. *See also* Drug trafficking/drug trafficking organizations
 Outsourcing, 24
 Palma, Héctor “El Güero,” 166–167
 Party of the Democratic Revolution (PRD), 31, 126, 170
 Pastor, Robert, 4, 55, 58–59(n26), 77, 193
 Peacekeeping: US unilateralism, 17–18
 Peña Nieto, Enrique, 69, 73, 182
 Penn World Tables, 87–88
 Perot, Ross, 39
 Peso crisis. *See* Currency crisis
 Pesticide use, 147
 Pew Hispanic Center data, 117
 Pitex program, 91
 Plan Colombia, 31, 75
Plazas (territorial boundaries of drug trafficking), 164, 165
 Polarization, political, 32, 34–35, 194
 Police. *See* Law enforcement
 Policymaking: basic components of the process, 192–193; baskets, 9, 74–81; civil society and public opinion shaping policy, 49–52; drugs and drug trafficking, 200–201; dynamics of US-Mexico collaboration, 198; environmental management, 151–153, 154, 200; executive agencies involved in, 47–48, 57(n4); gridlock over US immigration policy, 111–112; immigration policy, 112–115, 130–135, 199; increasing security concerns, 75–76; industrial policy, 105–106; international factors for change, 193–194; Mexican trade policy tariff exemptions, 91; Mexico’s autonomy from US influence, 54; Mexico’s policy on emigrants and migrants in transit, 124–130; Mexico’s regional and international roles, 196–197; process and content, 2; prospects for and obstacles to effective partnership, 56–57; rebalancing security, immigration, and economic baskets, 76–78; security basket, 74–76; trade and development, 199
 Political parties (Mexico): corruption and drug trafficking, 169–170; emigration policy and, 126; increasing role in bilateral relations, 68–69
 Political parties (US): immigration policy reform, 131
 Politics, 1; geopolitical dimension of power, 14, 23–24, 197; policy basket, 63
 Population: border counties and municipalities, 81(n4); Mexico’s increasing population fostering emigration, 125; population growth and environmental concerns, 140, 146–148
 Portugal: economic crisis, 33
 Posadas Ocampo, Juan Jesús, 168, 187(n33)
 Post-American world, 25(box)
 Power: dimensions of, 14–15; driving foreign policy, 13; DTO members’ struggle for power and control, 168–169; global multipolarity, 21–24; political power and drug-trafficking organizations, 164; soft power, 14, 18; uni-multipolarity, 25(box). *See also* Asymmetry
Power Rules (Gelb), 26
 Privatization, 99
 Problem States, 27
 Program for Mexican Communities Abroad (PCME), 127
 Progresa, 106
 Prohibition, 168
 Property rights, 107(n3)
 Proposition 187 (California), 126
 Protection of drug trafficking organizations, 164–165, 167
 Protest, popular, 179
 Public opinion: influencing bilateral relations, 7, 49–52, 69–70, 195;

- Mexicans' view of foreigners, 58(n22); Mexico's national priorities, 59(n28)
- Public Security Ministry (SSP), 180
- Purchasing power parity (PPP), 88
- Pyramid concept of the world order, 26–29
- Quintero, Rafael Caro, 166
- Reagan, Ronald, 71
- Real income per capita, 88
- Realists, immigration policy and, 132
- Recession: asymmetrical relationships, 39; impact on manufacturing, 92–94; Mexico's shift toward export economy, 101; restructuring, 37–38; trade inflows, 91. *See also* Economic and financial crises
- Regional relations: Mexico's democratization under Fox, 66–67; Mexico's expansion under Calderón, 67; NAFTA fostering regional integration, 106; wage inequality, 96–97
- Remittances, 7, 112, 127
- Remote deterrence, 118
- Resident migrants, 38
- Retirement, 104–105
- Rio Grande, 141–143, 149, 151, 155
- Roosevelt, Franklin D., 156
- Rule of law, 7, 79, 200
- Russia: and BRIC, 29; in the post-American world, 25(box)
- Salinas de Gortari, Carlos, 31, 84, 86
- Santa Clara Slough, 143
- Sarukhan, Arturo, 185(n5)
- Scalabrinian missionaries, 120
- Scrabble metaphor, 77, 81(n6), 193
- Secretariat of Foreign Relations (SRE; Mexico), 38–39, 47, 57(n4), 68, 130
- Secretariat of Government (Mexico), 47
- Secretariat of Public Security (Mexico), 47
- Secretariat of the Environment and Natural Resources (SEMARNAT; Mexico), 47–48, 152
- Secure Fence Act, US (2006), 152
- Security, national and public: American decline, 20; Calderón and Fox administrations, 73; differing threat perceptions between Mexico and the US, 64; drug trafficking and, 162; Mexico's public security crisis, 75; militarization of public security, 178–179; policy basket, 63, 74–78; rebalancing security, immigration, and economic baskets, 76–78; threatening environmental management programs, 152; ties to Mérida Initiative framework, 78–79. *See also* Mérida Initiative
- Security and Prosperity Partnership (SPP), 77–78
- Senate, Mexican, 68
- Senate filibuster, 132
- September 11, 2001: complicating the bilateral relationship, 1; decline of environmental programs, 151–152; derailing migration accord, 130–131; immigration reform, 72; impact on NAFTA, 6–7; Mexico's political liberalization, 31; threat perceptions following, 64; US hegemony and, 19; US primacy emerging from, 17–18
- Sewage spills, 146–147, 158(n18)
- Sexenio* (six-year presidential term), 35
- Sicilia, Javier, 179–180
- Simpson-Rodino (Immigration Reform and Control Act), 43
- Sinaloa drug trafficking organization, 166–168, 171, 179
- Skill gap, 96–97
- Skilled and less-skilled labor: immigration policy and statistics, 111, 114, 133; income inequality, 94–98; tariff on manufactured goods, 109(n21); undocumented migration, 113; visa programs, 135(n6)
- Smart border agreement, 74–75
- Soft power, 14, 18
- South Africa: uni-multipolarity in the post-American world, 25(box)
- Southern Plan (Mexico), 129
- Sovereignty, 199
- Soviet Union. *See* Cold War
- State Department, US, 38–39, 47, 57(n4), 184
- State governments, 49
- Stipulated removal orders, 120–121
- Supreme Court, US, 122, 123, 124

- Sustainability of border communities, 155
- Tamaulipas, Mexico, 129, 168, 187(n41)
- Tariff exemptions, 91
- Technological achievement, 14
- Telecommunications, 99
- Tello Quiñones, Mauro Enrique, 172
- Telmex, 99
- Temporary-worker programs, 113, 133
- Tequila crisis, 89
- Term limits, 35
- Terrorism: differing threat perceptions between Mexico and the US, 64; impact on antidrug efforts, 176; as response to uneven globalization, 25–26; results of US campaign against, 16; US primacy emerging from, 17–18. *See also* September 11, 2001
- Texas Proviso (1952), 121
- Textile and apparel production, 90
- 3-D foreign policy, 71
- Tijuana DTO, 171
- Trade: auto industry, 37–38; executive agencies involved in, 47; export statistics, 57(n8); exports to Mexico for selected US states, 2011, 43(fig.); history of Mexico's distrust of the US, 71; import-export inequality, 108(n12); increasing US-Mexico interdependence, 41–46; Mexico's trade balance with the U.S. and Asia, 95(fig.); NAFTA and, 83–84, 88–91; policy baskets, 62, 79; policy recommendations, 199; trends in US-Mexico trade, 1962–2011, 42(fig.)
- Trade Adjustment Assistance (TAA), 106, 108(n14)
- Trade deficit, 104
- Trade liberalization, 94–97, 109(n20). *See also* North American Free Trade Agreement
- Trans-Border Institute, 185(n1)
- Transboundary Aquifer Assessment Act (2006; US), 145, 155
- Transit migration, 124–130, 134
- Transnational criminal organization (TCO), 186(n19)
- Transnational supply chains, 24
- Transportation Department, US, 47
- Treaty National (TN) visa program, 113
- Treaty of Versailles (1919), 174
- Tres por Uno (Three for One) program, 127
- 21st Century Border Initiative, 75, 79
- Undocumented migration: amnesty program, 43–44; border enforcement, 116–119; border security and immigration reform, 77; *Bracero* program and, 125; Clinton's Operations "Hold the Line" and "Gatekeeper," 116–117; government response to, 115–124; interior enforcement, 119–121; local enforcement of immigration restrictions, 123–124; Mexico-US development gap, 84; NAFTA and, 84, 86–87; policies targeting, 111–112; policy basket, 63; policy recommendations, 132; statistics on, 112–113, 115–116, 135(n17); workplace enforcement, 121–123
- Unilateralism, 13, 176
- Uni-multipolarity, 25(box)
- Unipolarity, 17–21, 35(n6), 36(n36)
- United Nations: drug trafficking initiatives, 174–175
- United Nations Framework Convention on Climate Change, 196
- United Nations Office on Drugs and Crime (UNODC), 175, 184
- United Nations Security Council: Fox's promotion of Mexico's membership, 66
- The United States and Mexico* (Dominguez and Fernández de Castro), 6
- University of San Diego, 185(n1)
- Urbanization, 140, 146, 154–155, 158(n17)
- US-Mexican Extradition Treaty (1978), 175–176
- Utah: migrant settlement, 44
- Venezuela, 31, 69
- Versailles, Treaty of (1919), 174
- Violence: affecting border cities, 119; against migrants, 112, 129; role in bilateral cooperation, 7. *See also* Drug trafficking/drug trafficking organizations

- Visa caps, 114
 Visa requirements, 80
- Wage gap, 39–40, 43, 94–98, 96(fig.),
 98(fig.), 104
- War on drugs, 74, 163, 175–176,
 185(n7)
- War on terror, 8, 194. *See also*
 September 11, 2001; Terrorism
- Washington (state): migrant settlement,
 44
- Washington Consensus, 31
- Wastewater, 150, 158(n16)
- Water Conservation Investment Fund
 (WCIF), 142
- Water resources, 63, 140–146, 150
- Water Treaty (1944), 141–142, 145–146,
 149, 154
- Weapons trade, 7, 31, 177, 184,
 188–189(n57)
- Western Governors' Association, 152
- Wilson, Pete, 116
- Workers' rights, 133
- Workplace enforcement of immigration
 laws, 121–123
- World Bank, 87–88
- World Customs Organization, 175
- World order: assessment of, 14;
 complicating the bilateral relationship,
 1, 3; current status of, 15–16;
 democratic Mexico's shifting position,
 6; "flat world" concept, 24–26;
 geopolitical dimension of power, 197;
 hierarchical concept, 28–29; obstacles
 to US-Mexico cooperation, 194;
 pyramid concept, 26–29; US and
 Mexican views of, 34
- World Trade Organization (WTO), 90,
 106
- World War II, 174; *Bracero* program,
 124–125
- Zakaria, Fareed, 25(box), 27
- Zambada, Ismael, 167, 171
- Zavala Avelar, Alfredo, 166
- Zedillo, Ernesto, 5, 126, 183
- Los Zetas, 118, 129, 169, 171–172, 179,
 182
- Zogby International, 51, 52
- Zorrilla Pérez, José Antonio, 165, 166

About the Book

What are the strengths and weaknesses of the partnership between Mexico and the United States? What might be done to improve it? Exploring both policy and process, and ranging from issues of trade and development to concerns about migration, the environment, and crime, the authors of *Mexico and the United States* provide a comprehensive analysis of one of the world's most complex bilateral relationships.

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