



# Executive Memorandum

No. 689

July 20, 2000

## U.S.—MEXICO RELATIONS: NO MORE BUSINESS AS USUAL

STEPHEN JOHNSON

The United States has had a long and special relationship with Mexico. Even as various administrations promoted democracy elsewhere in the Americas and viewed Mexico's government as corrupt and undemocratic, they withheld criticism and supported the status quo to avoid inflaming Mexican sensitivities on those issues. In signing the North American Free Trade Agreement, U.S. officials dealt cautiously with the ruling party in the belief that it represented stability. But in Mexico, the price of stability has meant little or no growth in real wages for middle- and low-income groups, and business as usual for entrenched interests.

On July 2, Mexican voters chose a new path for their country and gave Washington an unexpected opportunity to establish more beneficial relations. The first clean presidential election in Mexico's history ended 71 years of near-feudal rule by the Institutional Revolutionary Party (PRI). President-elect Vicente Fox Quesada, a former Coca-Cola executive and outspoken governor of Guanajuato State who represented the National Action Party, appears to hold many lean-government, free-market positions that track well with established U.S. policies. Fox appears ready to establish a government that is more democratic and much more proactive. Washington should waste no time in building a cooperative relationship with the President-elect. Moreover, Congress and the Administration should find ways to support his reform and free-market economic strategies, in line with U.S. interests.

**Mexico's New Agenda.** Fox has promised sweeping political and economic reforms—the most challenging of which will be changing the structure of government and reordering budget priorities. Of greatest interest to the United States will be his efforts to:

- **Overhaul government.** Traditionally, Mexico's branches of government have acted as one bureaucracy directed by the PRI. Since the elections, the PRI no longer controls the executive or legislative branches. Fox has indicated that he will separate the judicial and executive branches, move prosecutor functions to a reformed attorney general's office, and set up a new Ministry of Justice and Security. Such changes could reduce corruption and improve cross-border collaboration on drug trafficking and crime.
- **Improve employment.** Fox believes job growth can reduce migration, lift wages to expand the middle class, and enlarge the tax base. He proposes easing restrictions on investment, owner-

---

Produced by the  
Kathryn and Shelby  
Cullom Davis Institute  
for International Studies

Published by  
The Heritage Foundation  
214 Massachusetts Ave., N.E.  
Washington, D.C.  
20002-4999  
(202) 546-4400  
<http://www.heritage.org>



This paper, in its entirety, can be found at: [www.heritage.org/library/execmemo/em689.html](http://www.heritage.org/library/execmemo/em689.html)

---

ship, and capital formation; ending the practice of granting monopoly licenses; and strengthening property rights for the rural poor so they can participate more directly in the economy.

- **Improve education.** To improve the plight of Mexican children who attend only an average of five years in school, Fox wants to multiply the number of teachers, schools, and vocational training facilities. He advocates decentralizing school supervision to the community level with programs tailored to local needs. Better educated workers are less likely to leave Mexico to take low-skilled and low-wage jobs in the United States.
- **Redirect foreign policy.** Fox's government is expected to push hemispheric free trade. Fox has pledged to seek a way for migrant workers to enter the United States legally on a regular basis. His long-term goal is free movement of people and commerce across a North America patterned after the European Union. This could prove troublesome for the United States, especially if it remains uncertain of its hemispheric strategy as it has over the past eight years.

**What the U.S. Should Do.** Despite the historic upset in which Fox carried two-thirds of Mexico's 32 states, a smooth transition is far from certain. Though opposition parties now dominate both houses of the national congress, none has a majority. Although outgoing President Zedillo has pledged a smooth hand-off, the PRI still controls Mexico's huge civil service, which could try to sabotage Fox's agenda. Moreover, Fox still has to get some of his advisers on board with his campaign promises. In a region where democracies and free markets are under assault from drug trafficking and international crime, it is in America's interest to encourage Fox's efforts to strengthen democracy, reduce corruption, and improve the economy. To this end:

- **Washington should quickly establish good relations with President-elect Fox.** The Clinton

Administration should invite Fox to discuss issues such as improving counter-drug cooperation and opening markets further to trade. The next Administration should arrange a summit as soon as possible to outline its bilateral and hemispheric objectives.

- **The United States should put free trade back at the forefront of its hemispheric agenda.** The Clinton Administration abandoned efforts to establish a Free Trade Area of the Americas in 1998 and allowed Europe and Asia to take the lead in forging trade agreements with Latin America. It should use Mexico's break with its past to reinvigorate bilateral and hemispheric free trade initiatives. It also should encourage Mexico's efforts to lift barriers to competition and end monopolies in such areas as telecommunications.
- **Congress should end the requirement that U.S. Presidents annually certify Mexico's cooperation with its anti-narcotics efforts.** In 1997 and 1998, President Bill Clinton certified a non-compliant Mexico while not certifying Colombia, despite evidence that efforts in both countries did not merit certification. Such dual treatment is an irritant to hemispheric relations and undermines the effectiveness of the certification process.

The results of the July elections reflect the Mexican people's desire to control their own future. Fox promises a more transparent government, which suggests greater cooperation with the United States on matters such as drugs and trade. A more democratic and prosperous Mexico will benefit both American and Mexican workers. Clearly, the United States should take this opportunity to end business as usual and cultivate a promising relationship with Mexico's new government.

—Stephen Johnson is Policy Analyst for Latin America in the Kathryn and Shelby Cullom Davis Institute for International Studies at The Heritage Foundation.