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The United States and Mexico: Partners in Reform

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On a daily basis, U.S.–Mexican relations are probably closer now than at any other time in the history of the two countries. Yet Mexico's population is still growing faster than its economy can supply jobs, and its recent democratic, free-market evolution has slowed, stalling the implementation of President Vicente Fox's reform agenda. As a result, each year, more than a million Mexicans illegally cross into the United States from Mexico looking for work.

Mexico wants a labor safety valve and closer integration with the U.S., as indicated by its promotion of a comprehensive trade agreement in the 1990s and recent democratic advances. But that will be impractical until Mexico implements follow-on political and economic policies that put it in harmony with the United States and Canada, its other continental trade partner.

While economic integration may remain a distant goal, better cooperation is possible. Offering to work more closely with Mexico on trade and migration, the United States can press its neighbor both to adopt reforms that will help its workforce achieve parity in earning power and to develop common procedures and competencies in law enforcement, immigration policy, and defense. Perhaps integration may then come close to becoming a reality.

Toward Closer Collaboration

The three largest countries in North America are moving closer together politically, economically, and defensively. Sharing history, values, and culture, Canada and the United States have cooperated on trade

Talking Points

- Despite occasional diplomatic squabbles, U.S.–Mexican relations have grown closer through enhanced trade and security cooperation.
- Mexico would like to become better integrated into the North American economy.
- To do so, Mexico would like to export its excess labor to the United States to boost its economy.
- The United States and Mexico can improve cooperation on border security and trade as a way to get started.
- Over the longer term, the United States can challenge Mexico to undertake institutional reforms that would make it a more compatible partner by streamlining America's process for admitting temporary workers.

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and defense since the end of the U.S. Civil War and the confederation of Canada's provinces. It is perhaps the most extensive bilateral relationship in the world, with $1.4 billion in goods and services exchanged daily and 200 million people crossing the border each year.[1] Since the Canada–United States Free Trade Agreement of 1988, businessmen and professionals from both countries have been able to cross on a daily basis without visas.

Mexico's history, values, and culture are not as closely linked to the U.S. as Canada's. Its economy has been less prosperous, although it had always been open enough to permit substantial foreign investment in certain industries. Until the 1990s, Mexico had been a distant third partner—trading with the United States and Canada but sustaining few political, economic, and security ties.

That began to change in 1994 with the implementation of the North American Free Trade Agreement (NAFTA), originally promoted by Mexican President Carlos Salinas de Gortari in the early 1990s. Thanks to NAFTA, U.S.–Mexico trade has more than doubled in the decade since NAFTA was enacted, and a string of political reforms enabled the election of Mexico's first opposition president in 71 years as well as the evolution of a more independent Congress and judiciary.

Although U.S. President Ronald Reagan suggested the eventual creation of a North American common market during his 1980 presidential campaign, it was 20 years later when Mexican presidential candidate Vicente Fox forcefully advocated the idea as

> a second phase of NAFTA where in five to ten years [the U.S.–Mexico] border will be open to the free flow of people, workers, transiting in the border between our two countries, same as we're doing with our products, services, and merchandise.… On a 20- to 30-year period, we should try to look for a common market of North American ideas.[2]

Once in office, Fox presciently presented an outline for a plan to help Mexico's Central American neighbors become more prosperous and therefore reduce the number of undocumented migrants trying to enter Mexico from the south (*Plan Puebla hacia Panamá*). Fox surmised that having underdeveloped neighbors would present migration problems for his own country, but this proposal remains on the drawing board.

Following the February 2001 meeting between Fox and newly inaugurated U.S. President George W. Bush, Mexico and the United States established the U.S.–Mexico High Level Working Group on Migration. On September 6, 2001, the two leaders agreed to work toward "matching willing workers with willing employers" and "ensuring migration takes place through safe and legal channels."[3] But the terrorist attacks on New York and Washington on September 11, 2001, temporarily stopped the discussion, even though pursuing U.S. immigration reform had become the new centerpiece of Mexico's foreign policy.

Shortly thereafter, U.S. Ambassador to Canada Paul Cellucci suggested that improving security at the three countries' ports and borders could lead to a trade-friendly "fortress" North America. In November, then-Canadian Prime Minister Jean Chrétien and President Fox discussed a NAFTA-wide security zone.[4] In December 2001, the United States and Canada announced a "smart border" accord to speed regular commuters and truckers through checkpoints with electronic passes.

A similar agreement with Mexico was announced in March 2002. Fox and his Secretary of Foreign Relations Jorge Castañeda, who once said the United States would have to accept "the whole enchilada or

1. U.S. Department of State, Bureau of Western Hemisphere Affairs, "Canada," in *Background Notes*, June 2002, at *www.state.gov/r/pa/ei/bgn/2089.htm* (November 13, 2003).
2. Vicente Fox, interview by Ray Suarez, *The NewsHour with Jim Lehrer*, March 21, 2000, at *www.pbs.org/newshour/bb/latin_america/jan-june00/fox_3-21.html* (November 21, 2003).
3. The White House, "Joint Statement Between the United States of America and the United Mexican States," September 6, 2001, at *www.whitehouse.gov/news/releases/2001/09/20010906-8.html* (November 26, 2003).
4. "U.S. Seeks Mutual North American 'Security Perimeter,'" *The Washington Times*, November 26, 2001.

nothing," agreed that Mexico would also welcome incremental changes in U.S. immigration policy.

Barriers to Integration

However, more open borders on the U.S. southern flank and a North American defense involving Mexico remain impractical for a number of reasons. Outside of NAFTA and collaboration on specific border issues, broad cooperation on economic, migration, and defense interests is still in its infancy. New political structures within Mexico have yet to gel, monopolistic elites still largely control Mexico's economy, and security institutions need to evolve so that Mexico can become a true partner in continental affairs.

Politics in Flux. Despite political reforms leading to fair elections in 2000, Mexico's democracy is still evolving and lacks accountability. The Institutional Revolutionary Party (PRI) that governed Mexico for seven decades still controls important unions and state monopolies. While the Mexican Congress now balances the once dictatorial presidency, recent elections have divided the legislature among three major parties,[5] none with a majority and two in opposition that are prone to block President Fox's reform initiatives.

Although Mexico's parties are experimenting with internal primaries as a way of choosing candidates for general elections, nominees for these races are still picked largely by party leaders; no one can file for candidacy straight off the street.[6] Senators and 200 of Mexico's 500 congressional representatives do not represent specific districts; they are elected at large and normally have little official contact with citizens back home, and none can be reelected as a reward for effective service.[7] Despite local, state, and national levels of government that mirror the U.S. system in theory, Mexican authority is still concentrated in powerful national ministries removed from local input and decision-making, complicating cooperation with municipal and state authorities on the U.S. side of the border that are much more in charge of local taxation, budgets, and decisions.

Throttled Opportunity. Ten years of economic growth and membership in NAFTA have yet to put Mexican employment and living standards on par with U.S. and Canadian counterparts.[8] Free trade has provided an opportunity for growth and job creation, but policies and traditions continue to hamper success. To its credit, the Fox administration has cut bureaucratic procedures so that small businesses can be opened in one day instead of the previous average of 50 days;[9] but high energy costs, lack of affordable credit, moderately high taxes, and restrictive labor laws still retard business and job growth.

Foreign investment in Mexico's large telecommunications and energy sectors is limited by law to protect state monopolies like the petroleum company Petróleos Mexicanos (Pemex) from competition and privatization.[10] Pemex executives claim

5. The Democratic Revolutionary Party (PRD), Institutional Revolutionary Party (PRI), and National Action Party (PAN).

6. One senior party leader recently told the author that open primaries would not work in Mexico because they might permit "crazy people to be elected to office."

7. As a result, the representatives have almost no incentive to listen to constituents, according to former Congressman (*Diputado*) José Carlos Borunda (PAN), who served from 2000 to 2003 and who met regularly with citizens from his home district in Juárez although there was no institutional requirement to do so. See also Luis Carlos Ugalde, *The Mexican Congress: Old Player, New Power* (Washington, D.C.: Center for Strategic and International Studies, 2000), pp. 11, 12, and 108–117.

8. Mexico's gross national income per capita of $5,910 per year compares with Canada's $22,100 and the United States' $35,060. For Latin America and the Caribbean, the average is $3,280. See World Bank Group, "Latin America & Caribbean Data Profile" from *World Development Indicators Database*, August 2003, at *www.worldbank.org/data/countrydata/country-data.html* (December 4, 2003).

9. Through its Rapid Business Start-up System (SARE), established by executive order on March 1, 2002.

10. Pemex was created in 1938 when foreign oil operations were nationalized and then constitutionally protected as national patrimony by the ruling Institutional Revolutionary Party. Today, the PRI continues to block congressional attempts to privatize it. In 2001, Pemex took in $46.5 billion; paid $28.8 billion in taxes, covering nearly half of the federal budget; and posted a loss of $3.5 billion. See Tim Weiner, "Corruption and Waste Bleed Mexico's Oil Lifeline," *The New York Times*, January 21, 2003, p. 1.

that the company loses $1 billion annually to internal corruption. Outside Pemex, public corruption limits foreign investment and may cost Mexico the equivalent of 9 percent of its annual $373 billion gross domestic product (GDP), according to former federal comptroller Francisco Barrio.[11]

Some 20 percent of Mexico's workforce is in the agricultural sector (compared to some 3 percent for the United States and Canada), although the number is declining. Half of Mexico's agricultural sector is hobbled by the *ejido*, an 80-year-old collectivized land-tenure system that promotes continued cultivation of uncompetitive small plots of five hectares or less while blocking agricultural investment.[12] Lacking full property rights and access to modern farm technology, nearly half of all Mexicans living in rural areas do not make enough to feed themselves and choose to abandon farming in order to survive.

Meanwhile, Mexico's centralized education system does not reach the countryside where a quarter of the population lives. While 88 percent of U.S. citizens complete high school, only 25 percent of Mexicans do so, according to a recent comparative study.[13]

Evolving Professionalism. Mexico's defense and law enforcement agencies are only now becoming professional institutions. For much of the 20th century, the military primarily conducted civic action projects and defended internal order. Until the late 1980s, it was considered one of the worst equipped and most poorly paid in Latin America, although it was better trained than the police.[14]

While the U.S. and most other Latin American militaries have long-standing close relations, there has been little history of interaction between the Mexican and U.S. armed forces except for during World War II. In 1998, cooperation between the two nations' military security institutions improved when President Ernesto Zedillo sent Mexican troops to the United States for drug interdiction training.[15] President Fox gave the military the lead in counter-narcotics by formally putting the Secretary of National Defense in charge. Since then, Mexican authorities have succeeded in apprehending the leaders of every major domestic drug cartel.

Meanwhile, Mexico's police are still making the transition from enforcing party loyalty for political bosses to protecting the public. They earn between $200 and $500 per month, and some still make ends meet by soliciting bribes. Mexico's judicial system is a hybrid between Spanish civil and English common law, torture-induced confessions are still admissible in trials,[16] and many procedures remain incompatible with those of the United States. Despite direct intervention by President Fox to end bribery on the U.S.–Mexican border, customs and immigration services are weak elsewhere and plagued by corruption.

The Migration Dilemma

Migrant flow originating in and passing through Mexico from Central and South America is largely

11. Kevin Sullivan, "Mexican Town Forgoes Law for Order: Mayor Abolishes Traffic Fines in a Bid to End Bribery by Police Officers," *The Washington Post*, September 8, 2003, p. A15.

12. Sergio Sarmiento, "Mexico Alert: NAFTA and Mexico's Agriculture," *Hemisphere Focus*, Center for Strategic and International Studies, Vol. 11, Issue 7 (March 4, 2003), p. 2. See also Adolfo Brizzi and Alberto Valdés, "Rural Development and Agriculture," Chapter 15 in Marcelo M. Giugale, Olivier Lafourcade, and Vinh H. Nguyen, eds., *Mexico: A Comprehensive Development Agenda for the New Era* (Washington, D.C.: World Bank, 2001), pp. 319–345.

13. Organisation for Economic Co-operation and Development, *Education at a Glance, OECD Indicators* (Paris: Organisation for Economic Co-operation and Development, 2003), p. 41, Table A1.2.

14. George W. Grayson, *Mexico's Armed Forces: A Fact Book* (Washington, D.C.: Center for Strategic and International Studies, 1999), pp. 11 and 26, at *www.csis.org/americas/pubs/MexArmedForces0299.pdf*. Although Mexico's military almost doubled in size between 1985 and 1996, the amount spent on defense was 0.8 percent ($2.6 billion) of Mexico's GDP. In contrast, Canada spent 1.5 percent ($8.4 billion) of its GDP on a military a little over a third of the size of the Mexican military.

15. The Clinton Administration spent $13 million training approximately 1,000 soldiers and transferred 73 Vietnam-era Huey helicopters, which later proved unsuitable for operations in the Mexican mountains and difficult to maintain.

16. "Mexico: Country Reports on Human Rights Practices—2002," U.S. Department of State, Bureau of Democracy, Human Rights, and Labor; March 31, 2003, at *http://www.state.gov/g/drl/rls/hrrpt/2002/18338.htm* (December 15, 2003).

unstoppable. America has too much of a good thing—jobs, a working justice system, schools, health care, welfare, and a tradition of competitive enterprise that allows businesses to flourish. In addition, U.S. borders are too porous; enforcement to keep out all illegal migrants is impractical.

Mexican migration surged in the United States during the 20th century in response to the availability of work during boom times and lack of job opportunities south of the border. At times, it has been organized and promoted to fill gaps in the U.S. labor pool through such initiatives as the 1940s-era *Bracero* program. But as illegal migration has increased during the past 20 years, Washington has endeavored to restrict it by strengthening enforcement and sanctioning those who hire undocumented labor.[17]

Studies suggest that large numbers of unskilled migrant workers can impose extra costs on U.S. taxpayers. According to the Center for Immigration Studies, two-thirds of adult Mexican migrants have not completed high school, and their tax contributions do not cover what they consume in social services. In 1997, the National Research Council, an arm of the National Academy of Sciences, estimated that the average immigrant without a high school education creates a lifetime fiscal burden of $89,000. The cost depends on many variables—including local, state, and federal entitlements available to migrants—that can change depending on budget constraints and the level of public largesse.

The good news is that Mexican population growth rates have gradually declined from 2.5 percent in the 1970s to 1.7 percent in 2001.[18] But the current economic growth of less than 2 percent is not much above the population growth rate, and the rate of job creation is not keeping pace with the increasing workforce. Mexico needs millions of jobs now—for those considered unemployed or working in the informal sector (about half of Mexico's 39 million workforce)—and about a million more each year to keep up with population growth.[19] For instance, only about 529,000 were created in 2000, despite a GDP growth rate of 7 percent. The following year, Mexico reportedly lost 350,000 jobs; and in 2002, it gained only about 100,000.[20]

The U.S. Border Patrol and Coast Guard catch and return more than 1 million undocumented aliens annually. If not caught, they are at the mercy of the elements or criminals who profit from smuggling and sometimes abandoning them with deadly consequences. On May 14, 2003, a group of 17 illegal migrants died while locked in a sweltering truck trailer parked at a rest stop near Victoria, Texas. Understandably, President Fox wants an agreement that helps Mexican migrants cross the border legally and safely.

For their part, U.S. farmers, meat packers, and restaurants employ migrants for temporary work, at low wages with little possibility of mobility, that U.S. welfare recipients refuse.[21] However, the number of open positions, which fluctuates with weather and market conditions and may also be reduced by automation, is not sufficient to satisfy Mexico's employment needs.[22] On the other side,

17. Immigration Reform and Control Act of 1986, Public Law 99–603, and Illegal Immigration Reform and Immigration Responsibility Act of 1996, Public Law 104–208.

18. United Nations Children's Fund, "At a Glance: Mexico," at *www.unicef.org/infobycountry/mexico_statistics.html* (November 30, 2003).

19. In 1998, Mexico's reported labor force was 39.5 million, with 3.1 percent unemployed—a deceptively low figure. See Gary Martin, "Employment and Unemployment in Mexico in the 1990s," *Monthly Labor Review*, November 2000, pp. 5, 10, and 13. However, Mexico's urban informal sector counts for some 40 percent of the workforce, half of whom are among the poor and extremely poor. William F. Maloney, Gladys Lopez-Acevedo, and Ana Revenga, "Labor Markets," Chapter 22 in Giugale, Lafourcade, and Nguyen, eds., *Mexico, A Comprehensive Development Agenda for the New Era*, p. 526.

20. See Operadora de Fondos Lloyd, S.A., "Mexican Economic Report," March 2001, at *www.mexconnect.com/MEX/lloyds/llydeco0301.html#cheap_jobs_* (December 2, 2003), and EFE News Service, "Mexico Has Created over 100,000 Jobs, Fox Says," April 6, 2003.

21. According to anecdotal reports. See Linda Levine, "Farm Labor Shortages and Immigration Policy," Congressional Research Service *Report to Congress*, RL30395, updated September 6, 2001.

U.S. ranchers, farmers, and users of federal lands in the Southwest take heavy financial hits from throngs of migrants and smugglers who cut fences, leave gates open, drop garbage, contaminate water supplies, and steal and damage equipment.[23]

The Border and NAFTA Experience

Two areas of existing collaboration between Mexico and the United States point toward closer ties but also show the need for continued leadership.

First, the 2,000-mile U.S.–Mexico frontier has been the site of joint border control, water sharing, and growing anti-smuggling efforts for decades. Entry points once clogged with five-hour traffic backups have been expanded and better staffed; waits have been reduced to an hour or less. The Smart Border program has also expedited routine crossings where implemented.

Since the 1960s, the region has been the focus of development efforts with Mexico's creation of the Border Industrialization Program, which launched the *maquiladora* or assembly industry.[24] The binational Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) were established in 1993 to certify and finance water and sanitation projects. During the same period, this semi-arid region experienced rapid growth, expanding in population by 21 percent on the U.S. side and 32 percent on the Mexican side as investors from Japan and Europe built plants there to compete in the U.S. market. Businesses on the American side provided more than 60 percent of the materials used by factories that, at one point, employed as many as 1.3 million people.

Beginning in 2000, foreign competition from countries like China—where labor costs $0.25 per hour compared to $1.75 in Mexico[25]—began to cut into Mexico's market share. By 2003, it had lost 500 *maquiladora* plants and 290,000 jobs.[26] Now, instead of providing infrastructure for an expanding enterprise zone, the BECC and NADB are facilitating sanitation projects for a region in distress and for communities that, on the Mexican side, have budgets to cover little more than administrative costs.

Second, the 1994 North American Free Trade Agreement has greatly reduced barriers and opened markets, boosting trade between the United States and Mexico from $100 billion in 1994 to $232 billion in 2002. To continue providing opportunities for business growth, NAFTA must remain on track as a vehicle for promoting competition.

Yet, according to the U.S. Trade Representative, the most significant development in trade with Mexico has been "a dramatic increase in the number of new barriers Mexico has put in place to block imports from its NAFTA partners on agricultural products."[27] For instance, Mexico imposed anti-dumping duties on high-fructose corn syrup (HFCS) in 1997. Then, in 2002, it lifted these duties only to slap a 20 percent soft drink tax on beverages made with HFCS. The Corn Refiners Association reports that this tax has caused losses of up to $620 million in HFCS export sales to Mexico and over $300 million in corn sales annually.[28]

22. In 1999, 1.2 million workers were employed on U.S. farms or in the agricultural service industry. Ruth Ellen Wasem and Geoffrey K. Collver, "Immigration of Guest Workers: Policy, Trends, and Legislative Issues," Congressional Research Service *Report to Congress*, RL30852, updated January 24, 2003, p. 5.
23. U.S. Immigration and Naturalization Service, Border Patrol; U.S. Department of the Interior, U.S. Forest Service; and U.S. Environmental Protection Agency, "Impacts Caused by Undocumented Aliens Crossing Federal Lands in Southeast Arizona," report to the Committee on Appropriations, U.S. House of Representatives, 2001, p. 2.
24. Factories that provided employment for north Mexican workers after the *Bracero* program ended in the United States. Mexico allowed them to import raw materials or components duty-free for assembly of goods to be re-exported mainly to the United States.
25. Mary Jordan, "Mexican Workers Pay for Success: With Labor Costs Rising, Factories Depart for Asia," *The Washington Post*, June 20, 2002, p. A1.
26. U.S. General Accounting Office, *International Trade: Mexico's Maquiladora Decline Affects U.S.–Mexico Border Communities and Trade, Recovery Depends in Part on Mexico's Actions*, June 2003, p. 2.
27. Office of the U.S. Trade Representative, "Mexico," in *2003 National Trade Estimate Report on Foreign Trade Barriers*, p. 271, at *www.ustr.gov/reports/nte/2003/mexico.pdf*.

The Mexican government has hindered U.S. pork exports by initiating an anti-dumping case and constantly instituting new requirements for alleged sanitary and phytosanitary reasons. Additionally, Mexico has slowed U.S. pork exports by unreasonable testing for copper and other metals. Other products affected by similar trade barriers include rice, apples, and dry beans.

On the U.S. side of the border, the United States has restricted entry to trucks and surplus Mexican sugar. While U.S. truckers have complete access to Mexican highways, Mexican trucks are confined to the 20-mile zone north of the border. For deliveries beyond this zone, goods must be transferred to U.S. carriers, thus benefiting organized labor, which continues to oppose any further opening of the border.

Under NAFTA, such limits were supposed to end. The Clinton Administration failed to keep that commitment, and the U.S. Circuit Court of Appeals for the 9th Circuit, on environmental grounds, blocked the Bush Administration from lifting that restriction even though Mexican trucks operating north of the border would be subject to U.S. standards.[29] The Supreme Court has agreed to hear a Bush Administration appeal of this court decision.[30]

The United States also agreed to allow surplus Mexican cane sugar into the U.S. market. To date, however, America has permitted the entry of only a quarter of Mexico's surplus sugar, arguing that this is according to an extra-official pact between both governments.[31] While U.S. officials might consider a side letter to NAFTA signed by only the United States as valid, Mexico rightfully insists that the NAFTA accord signed by both countries is the only one governing sugar. Thus, the U.S. government is violating NAFTA to protect the American sugar industry.

Trust and Reform: Keys to Successful Collaboration

Greater integration between the United States and Mexico is inevitable, whether by design or by happenstance; but to benefit both countries, it should be guided by sensible policies. Acting in its own interest, Mexico wants greater economic integration with its NAFTA partners and, as part of that agenda, would like to export its unemployed workers to the United States to ease social pressures and assure a steady flow of remittances, which could exceed $14.5 billion in 2003.[32]

Some 1.2 million seasonal jobs exist on U.S. farms on top of those in related industries where many Americans—including welfare recipients—choose not to work. Tighter border enforcement since the mid-1980s has not stemmed the flow, but appears rather to have encouraged seasonal workers to stay.[33]

For now, the United States cannot defeat the practice without cutting off employment to aliens seeking work or radically increasing surveillance and deploying an army of border guards along the frontier. Looking to the future, President Fox has proposed creating a North American common market over 20–30 years and opening borders to pool the continent's labor supply.

For this to be practical, however, Mexico must unleash its stifled economy and encourage foreign investment by ending monopolies and corrupt practices, educating its workforce, and working toward common procedures and competencies in immigration, law enforcement, and defense. Only in this way can Mexico become better integrated

28. Corn Refiners Association, news release, "Corn Refiners Laud Grassley and Lugar Efforts to Assail Investment Opportunities in Mexico Until Sweetener Dispute Is Resolved," June 4, 2003.
29. See John Authers, "Tuna Dispute Runs Deeper Than the Death of Dolphins," *Financial Times*, June 23, 2003.
30. Reuters, "High Court to Hear Mexican Truck Environmental Case," December 15, 2003.
31. Xinhua News Agency, "Mexico Complains About Inequity in Trade with US," May 13, 2003.
32. Roberto Suro, "Remittance Senders and Receivers: Tracking the Transnational Channels," Multilateral Investment Fund and the Pew Hispanic Center, November 24, 2003, p. 17.
33. Daniel T. Griswold, "Willing Workers, Fixing the Problem of Illegal Mexican Migration to the United States," Cato Institute, Center for Trade Policy Studies, October 15, 2002, pp. 4–5.

with the United States and Canada in a more cooperative market and defense zone.

To start down that road, both sides must raise the sagging level of trust. Fox's ill-timed pullout from the Inter-American Treaty of Reciprocal Assistance (Rio Treaty of 1947) just before the September 11 attack on the United States created an image of wavering support for the U.S. war on terrorism, as did his insistence on migratory concessions in the face of emerging U.S. security worries. Mexico's decision to vote against the U.S.-sponsored U.N. Security Council resolution calling for Iraq to disarm or face war rankled the Bush Administration further. At the same time, U.S. preoccupation with the Middle East annoyed Mexico as it saw an opportunity to forge closer institutional ties slip away.

Those diplomatic miscommunications are largely water under the bridge, however. To renew progress on the border and cooperation on NAFTA, the Bush Administration should seize the initiative to:

- **Ensure adequate staffing and expansion of entry points** as well as complete implementation of the Smart Border program to protect America while expediting routine crossings for commuters and businesses.
- **Focus on eliminating the North American Development Bank.** The NADB should continue to provide analysis and advice and to help procure private financing, but it must not undercut Mexico's efforts to strengthen local government through reliance on a bi-national bureaucracy. Instead, the Bank should promote the capacity of local stakeholders to make decisions so that eventually it will no longer be needed.
- **Challenge Mexico to open its markets** to the full range of U.S. agricultural goods by lifting barriers to Mexican goods. Instead of letting Congress retaliate against Mexico with a costly trade war,[34] the Bush Administration should permit Mexico to sell its surplus sugar north of the Rio Grande and press its Supreme Court appeal of the 9th Circuit Court's decision that bars Mexican trucks from full access to U.S. highways.

To advance needed political, economic, and security-related reforms in Mexico, the Bush Administration and particularly Congress should use U.S. immigration reform and continued cooperation toward economic integration as levers to encourage progress toward compatibility. Specifically:

- **The Administration and Congress should streamline existing procedures for granting non-immigrant temporary worker visas** to help identify and organize the flow of those entering the United States for seasonal or temporary employment. Although the number of temporary (category H2) visas is unrestricted, only a minority of U.S. farmers and alien farm workers use established procedures.[35]

  This year, several bills have been introduced that would reform the system, including the Border Security and Immigration Improvement Act (H.R. 2899), sponsored by Representatives Jim Kolbe and Jeff Flake (both R–AZ), and the Agricultural Job Opportunity, Benefits and Security Act (H.R. 3142), introduced by Representative Chris Cannon (R–UT). Whatever legislation results, it should:

  Require employers simply to attest that they made a reasonable attempt to hire U.S. workers first and eliminate the current 45-day certification requirement that bottlenecks the employment process.

  Allow visa holders mobility to change employers if necessary and accumulate credit toward resident status.

  Require employers to pay taxes for unemployment, medical, and Social Security benefits. Upon a worker's permanent return home, the amount that the worker has paid in Social Security taxes

34. The Mexican Agriculture Trade Compliance Act (S. 1952), proposed by Senator Charles Grassley (R–IA), would raise tariffs on Mexican agricultural products.

35. In 1997, about 600,000 unauthorized foreign workers held jobs on U.S. farms. At the same time, 17,000 visas were issued for 23,000 jobs certified by employers with the U.S. Department of Labor. Wasem and Collver, "Immigration of Guest Workers," p. 1.

(and any accrued earnings) should be transferred to the Mexican social security system.[36]

Prohibit migrant labor from receiving federal means-tested entitlements. Welfare should not be an incentive to migration. Nor should taxpayers bear the costs of subsidizing cheap labor. As a further disincentive to large-scale migration, those currently in the United States illegally should not be given amnesty.

Expand binational employment information systems to increase awareness of available seasonal and temporary positions, and expand the restrictions on entitlements to discourage speculative trips across the border.

Such measures will not stop illegal migration, but they could reduce the numbers and result in more effective bilateral migration enforcement and anti-terrorist screening.

- **Congress and the Administration should also press Mexico for political, economic, and security reforms** that will enable Mexico to become a more integrated partner in the continental economy. Such reforms—most already advocated by Fox—would:

  Curb official corruption through better citizen oversight of government at all levels, including open primaries to allow any citizen to run for office, tying legislative representatives to districts, and devolving authority to state and local jurisdictions to collect taxes and manage local services, particularly in the northern border zone. This would promote compatibility and improved collaboration with neighboring U.S. jurisdictions.

  Phase out corrupt, inefficient state monopolies to enable reinvestment, renovation, and private ventures in Mexico's energy and telecommunications sectors.

  Broaden access to credit for small Mexican businesses to complement the streamlined licensing process and enable access to loans at rates similar to U.S. and Canadian rates.

  Reform the land tenure system by titling *ejido* holdings so that they can be sold, combined for more productive use, or used as collateral for credit.

  Improve primary and secondary schooling, particularly in rural areas, to enhance employment prospects for workers leaving Mexico's outdated agricultural sector. Stronger local control over schools would improve accountability and loosen the grip of national unions over the education system.

- **The Bush Administration should promote closer cooperation among Canadian, Mexican, and U.S. military and law enforcement agencie**s to enhance regional defense and homeland security. Priorities should include:

  Establishing a tri-national security commission to recommend cooperative procedures and reforms. Members should include representatives from the Mexican Defense and Interior Ministries, Canadian Defense and Interior Ministries, and U.S. Departments of Defense, Homeland Defense, and State, as well as an observer from the Organization of American States.

  Inviting Mexico to participate in combined North American military exercises. Canada and the United States participate in each other's defense exercises. If Mexico is to become a partner in continental commerce and defense, it should join the team.

  Establishing exchanges with Mexican law enforcement, immigration, and justice system personnel through existing U.S. public diplomacy and foreign exchange programs.

  Expanding training opportunities for Mexican armed forces and law enforcement agencies beyond counternarcotics to promote common standards and competencies.

36. See David C. John and Stephen Johnson, "How a U.S.–Mexico Social Security Agreement Can Benefit Both Nations," HeritageFoundation Executive Memorandum No. 849, January 16, 2003, at *www.heritage.org/Research/SocialSecurity/em849.cfm.*

Offering judicial and legal training to promote compatible standards and competencies in the rule of law, backing up gains in law enforcement and improving Mexico's investment climate.

Conclusion

Mexico's bid for increased cooperation and integration is not a take-it-or-leave-it proposition. Because Mexico is the United States' close neighbor and second largest trading partner, its success inevitably helps to determine U.S. success. To a degree, that relationship extends further south throughout the hemisphere. President Fox's *Plan Puebla hacía Panamá* makes it plain that conditions in other Latin American nations affect Mexico and the United States as well.

Americans should welcome Mexico's willingness to join in deeper commercial and security ties, as well as appreciate the long-term vision of Mexican leaders like Ernesto Zedillo and Vicente Fox who have nudged Mexico in the direction of democratic and free-market traditions—the bedrock of U.S. and Canadian prosperity. The United States should support that agenda by improving existing areas of cooperation, reforming immigration policy to address mutual concerns, and gently pressing Mexico to undertake reforms that will help its workforce achieve parity in earning power and develop commonality in law enforcement, immigration procedures, and defense.

Progress toward integration can help to ensure a stable and prosperous neighborhood. Such a pursuit should not suggest creating a common market that over-promises, over-regulates, and stifles innovation, nor should it result in some supranational government. Rather, it should support a flexible relationship that guarantees citizen freedoms as well as safety. It should proceed as Mexico's reforms take hold.

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The Benefits of Horse Trading

On May 8, 2003, U.S. Representatives Cass Ballenger (R–NC) and Bob Menendez (D–NJ) introduced a non-binding "sense of Congress" amendment to the pending Foreign Relations Authorization Act, Fiscal Years 2004 and 2005 (H.R. 1950), recommending that the United States and Mexico restart stalled negotiations on a migration accord, but only when the Mexican government opens the state oil company Petróleos Mexicanos (Pemex) to U.S. private investment.

The measure touched a raw nerve in Mexico where politicians have long claimed that Pemex is a national patrimony and that privatizing it or selling off assets is not an option. Mexico's Ambassador to the United States, Juan José Bremer, told reporters that the proposal was more remarkable for its news value than for its chances of ever being accepted.

Nevertheless, it suggests a useful model. According to Armand Peschard-Sverdrup, Director of the Mexico Project at the Center for Strategic and International Studies:

> [T]hough the timing and energy-specific focus of the Ballenger–Menendez sense of Congress was inadvertently counterproductive to U.S. interests, the premise of bilateral horse trading has some merit. A thoughtful, diplomatically crafted and presented proposal could be constructive in leveraging the Mexican congress to take on some structural reforms that would not only strengthen Mexico domestically, but make it a more self-reliant neighbor.[1]

1. E-mail to Stephen Johnson from Armand Peschard-Sverdrup, December 6, 2003.