

# WebMemo



Published by The Heritage Foundation

No. 2202  
January 12, 2009

## Calderon and President-elect Obama Meet: A New Start in the Neighborhood

*Ray Walser, Ph.D.*

On January 12, 2009, President-elect Barack Obama will meet his Mexican counterpart President Felipe Calderon in Washington. Such an early encounter between neighboring heads of state has become a diplomatic tradition, emblematic of the importance of the relationship. Ties between the U.S. and Mexico remain vitally important in good times and even more so in bad.

Today the U.S. and Mexico are joint stakeholders in complex and challenging issues that range from an intense trade and investment relationship to concerns over energy, migration, and illicit drugs. The meeting of presidents must set a tone for a constructive relationship between the U.S. and Mexico. It also offers an opportunity for Obama to demonstrate readiness to build on the substantial accomplishments of the Bush Administration.

Once dominated by a single party, Mexico's political system is now highly competitive, with three major parties routinely vying for national leadership. Elected in 2006 by the thinnest of margins, Calderon has attempted to strengthen governing institutions while introducing much-needed fiscal, electoral, and energy reforms. Calderon has demonstrated considerable leadership skills and macroeconomic maturity and has maintained a friendly posture toward the U.S. He has also avoided populist, anti-American diatribes that have become the hallmark of Latin American leaders like Venezuela's Hugo Chávez.

**Economic Concerns.** Monday's meeting between Obama and Calderon occurs at a time when Mexico, like the U.S., is facing substantial economic

and social challenges stemming from the current global financial crisis. Mexico's economic growth and development rely heavily on oil revenues and sales to the U.S. market, which receives as much as 82 percent of Mexico's exports. Mexican economic growth will likely fall toward zero this year, and Mexican unemployment is rising.

Calderon has offered a moderate but responsible package of economic measures aimed at restraining energy price increases while offering modest stimulants that target the most vulnerable members of Mexican society. Reducing poverty and creating jobs sit high on Calderon's agenda.

Obama needs to reassure his Mexican counterpart that he does not intend to alter the North American Free Trade Agreement (NAFTA) in order to satisfy the demands of organized labor. Additionally, Obama should convey to Calderon that he will not punish American consumers by seeking to establish barriers of protection against trade with Mexico. Both presidents need to find ways to maximize private sector growth, entrepreneurship, and job creation.

**Battling the Cartels.** Soon after taking office, Calderon moved to break up and disband Mexico's

This paper, in its entirety, can be found at:  
[www.heritage.org/Research/LatinAmerica/wm2202.cfm](http://www.heritage.org/Research/LatinAmerica/wm2202.cfm)

Produced by the Douglas and Sarah Allison  
Center for Foreign Policy Studies

Published by The Heritage Foundation  
214 Massachusetts Avenue, NE  
Washington, DC 20002-4999  
(202) 546-4400 • [heritage.org](http://heritage.org)

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

powerful drug cartels. The crackdown unleashed a bloody wave of violence that has claimed thousands of lives. Calderon is using the army, overhauling the police, and carrying out legal reforms to win the battle. The drug cartels are fighting back with relentless terrorism and corrosive corruption. Worried observers fear Mexico may descend into disorder and state failure if the drug cartels blunt the government's offensive and the drug fight loses popular Mexican support. This is a contingency neither the U.S. nor Mexico can allow to occur.

Passed in June 2008, the landmark Merida Initiative provides a new, cooperative U.S.–Mexico paradigm for combating the drug cartels. With the Merida Initiative, the U.S. committed to providing equipment, training, and technology to upgrade Mexico's law enforcement capabilities. Already as much as \$300 million of the approximately \$1.5 billion program has been delivered. The Merida Initiative process needs to continue and will likely require strengthening. The border situation with Mexico, as well as Mexico's internal stability, may be as critical to U.S. national security as more distant threats in Iraq and Pakistan.

Obama and Calderon cannot dance around issues related to controlling the U.S.–Mexican border. Although both the unlawful population in the United States and the number of attempted illegal border crossings are on the decline, immigration reform in the U.S. remains long overdue. Successful programs—from building border obstacles to enforcing immigration laws and strengthening the surety of identity credentials like driver's licenses—need to continue. For Obama to stop now would roll back progress.

Mexico's voice on hemispheric and international issues is an important one. Working with his Mexican counterpart, Obama can explore areas for diplomatic cooperation and encourage Mexico to abandon its often neutral, non-interventionist stance in order to speak out on issues of democratic governance in the Western Hemisphere. He can also encourage Calderon to join with other market-friendly governments in the Americas to promote growth and social development.

In 2005, the Bush Administration launched the Security and Prosperity Partnership (SPP) with

Mexico and Canada. The SPP was designed to coordinate a range of policies and regulatory controls that ensure efficiency, reliability, and safety across borders. Obama should indicate that the U.S. will continue to support such vital objectives, but he also needs to reassure citizens of the U.S. that the SPP is not and will not become a stalking horse for a larger North American Union. Indeed, the SPP process requires adequate congressional oversight, complete transparency, and a robust mechanism for receiving citizen input and participation.

**Recommendations.** In his initial meeting with Calderon, Obama should:

- Recognize that Mexico's economic health is critical to the U.S. He should reaffirm a commitment to NAFTA, urge Calderon to continue efforts to reform Mexico's economy by breaking up monopolies and other oligopolies, and look for ways to assist with the agricultural and commercial development of rural and southern Mexico.
- Offer strong support for a robust, cooperative counter-drug campaign while urging Mexico to undertake all necessary institutional and legal reforms necessary to such a campaign. Obama should pledge a renewed commitment to reducing the flow of illegally trafficked guns, bulk cash, and precursor chemicals from the U.S. into Mexico. Together, the U.S. and Mexico should reach out to Colombia and Central America to strengthen international cooperation critical to bursting the narcotics balloon.
- Recognize that anyone—Mexican or otherwise—who enters, remains in, and works in the United States illegally is in ongoing and extensive violation of U.S. law. This has a corrosive effect on civil society and undermines confidence in the immigration process and the rule-of-law principles that govern our nation. Consequently, Obama should commit to a balanced and well-constructed temporary worker program that diminishes incentives for illegal immigration.
- Demonstrate that a change in Administrations will not lessen the U.S. commitment to building better border security. Obama should enlist the Mexican government as a stakeholder and responsible partner in a comprehensive strategy

for controlling the border against all forms of illicit activity, from illegal migration to drugs and terrorism.

- Make clear that while the U.S. seeks neither union nor political integration in North America it wishes to advance a shared, vibrant, and productive relationship of commerce, investment, and properly regulated movements of people between sovereign nations.
- Invite Mexico to work with the U.S. in the Americas to advance democratic governance, open trade, and social development.

**An Important Opportunity.** The January 12 meeting of two North American leaders initiates an

exploratory discussion that over the next four years will become intense, frequent, and vital for both parties. In the first encounter, neither party should raise expectations unduly. Nevertheless, Obama has an opportunity to set a tone for relations with Mexico that recognizes our nations' substantial differences and separation points but lays out a policy course for constructive action on security, trade, migration, and other pressing issues.

—Ray Walser, Ph.D., is a Senior Policy Analyst for Latin America in the Douglas and Sarah Allison Center for Foreign Policy Studies, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation.