

MEXICO'S NORTHERN BORDER REGION AND U.S. RELATIONS

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ABSTRACT

The importance of Mexico's northern border in bilateral relations with the United States grows apace with the region's increasing economic weight. At the border, oil, *maquiladoras*, undocumented workers, national security and tourism interface in a complex interaction crucial to the future of the United States. As for Mexico, the border region's impact upon the whole of the national economy will force a change in thinking regarding the relationship between the two countries. Several scenarios suggest themselves: a "third country," a North American common market, and a border areas compact. There are obstacles to any new arrangement. Hegemonic tendencies die hard, a problem for the United States to overcome. Mexico's suspicions of the northern neighbor are equally difficult to eliminate. But the many problems that exist between Mexico and the United States should be viewed as problems between friends, therefore resolvable in principle by friends.

RESUMEN

La importancia de la franja fronteriza norte de México en las relaciones bilaterales con Estados Unidos aumenta a la par de la creciente fuerza económica de la región. En la frontera, los trabajadores indocumentados, las maquiladoras, el petróleo, la seguridad nacional y el turismo llevan a cabo una interacción que es crucial para Estados Unidos. En lo que a México respecta, el impacto que tendrá la región fronteriza sobre el grueso de la economía nacional obligará a un cambio en su postura en las relaciones entre los dos países y se pueden contemplar varios escenarios: un "tercer país", un mercado común norteamericano, y un pacto de las zonas fronterizas.

Para llegar a cualquier acuerdo hay obstáculos, las tendencias hegemónicas son difíciles de borrar. Aún así, los muchos problemas que existen entre México y Estados Unidos deberán contemplarse como contratiempos entre amigos y su solución deberá provenir por principio, de esta amistad.

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In the last four years, the area of Mexico's U.S. border has come of age. As the area evolved into an urbanized region, its metamorphosis was characterized by a number of specific traits. These characteristics emanate from the two crucial socioeconomic elements that inform the border region as a whole: proximity to the United States and the specific form of integration between the two economies. Industrial development on the Mexican side constitutes the highlight of the area's evolution. The importance of Mexico's northern border in bilateral relations with the United States grows apace with its larger economic weight. This paper summarizes the key elements of the region's political economy and examines prospects for binational policy in the region.

Demographic Background

Growth on the Mexican side of the border has been very rapid, exceeding that on the U.S. side. For example, the population of Mexico's border counties and cities grew at almost twice the rate of U.S. border counties and cities between 1950 and 1980. Despite this, the U.S. side, meaning the counties adjacent, still had more than 4 million inhabitants compared to Mexico's 2.9 million in 1980.

Global figures on border demographics provided by the 1980 Mexican population census reveal interesting aspects of the area's population growth. The growth of the last several decades has increased the relative weight of the western side of the border, specifically Baja California. The Baja California cities of Tijuana and Mexicali grew rapidly between 1960 and 1980.¹

For decades, American visitors to Mexican border cities have viewed them as exotic and unique. But they are not as singular as casual observers may think. They share much in common with urban centers in the rest of Mexico, Latin America, and the Third World. They are a variant of a phenomenon known as the "Third World City," the "underdeveloped cities," "cities of peasants," and so forth.² This syndrome could be reduced to one principal trait: urban centers characterized by the development of modern industry, commerce, and service, superimposed on a pervasive productive infrastructure reminiscent of colonial and/or feudal times.

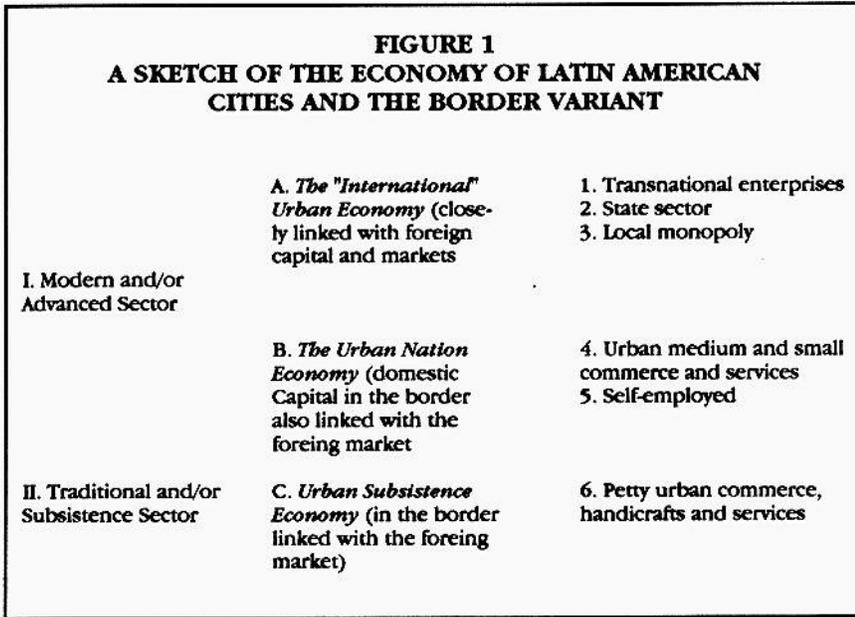
1 An analysis of census figures is presented by Mario Margulis and Rodolfo Tuirán, "Nuevos patrones migratorios en la frontera norte: la emigración," *Demografía y Economía*, 18:59 (1984). The population of Mexican border towns may well have been underestimated by the 1980 census. For an overall critique, see Sergio Noriega Verdugo *et al.*, *Censo de Población y vivienda; 1980. Datos Relevantes, metodología y problemas principales para la investigación y el desarrollo. Cuadernos de Ciencias Sociales, Serie 2, núm. 4*, Instituto de Investigaciones Sociales, Universidad Autónoma de Baja California, 1985. Many observers of the border cities feel that the population of Tijuana, for example, was considerably underestimated. In 1980 it was probably close to 800,000, and it hovers around 1 million today.

2 See, among other, Bryan Roberts, *Cities of Peasants: The Political Economy of Urbanization in the Third World*, Arnold, 1978; Ray Bromley and Cris Gerry, eds., *Casual Work and Poverty in Third World Cities*. New York: Wiley, 1979.

This dichotomy has been implicitly recognized for many years. Sociologists of Latin America, attempting to devise ever-superior descriptive models, continue to generate descriptions that involve the notion of heterogeneous structures, usually of a dual nature— i.e., modern vs. traditional, integrated vs. marginal, formal vs. informal, etc. As Worsley might suggest, the “sociological interpretation would be that they [the sociologists] confront a similar reality.”³

Industrial Effects of Adjacency

Figure 1 presents as a working hypothesis a model of contemporary socioeconomic structure for a typical Latin American city.



Within this general structure, the border cities of Mexico can be distinguished by their closer relations with the foreign market -not only at the level of large enterprises (foreign or local) and the state sector, but also in terms of medium and small enterprises, even in the traditional of Within this general structure, the border cities of Mexico can be distinguished by their closer relations with the foreign market- not only at the subsistence sector. Thus, while they resemble their sister cities in Mexico and Latin America, even in terms of spatial layout and physical structure,⁴ they possess some distinct characteristics as well.

3 Peter Worsley, *The Three Worlds*. Chicago; University of Chicago Press, 1984, p. 210.

4 See Ernst Griffin and Larry Ford, “A Model of Latin American City Structure,” *Geographical Review* 70 (1980): 397-422 for an interesting comparison of Bogotá, Colombia and Tijuana, B. C.

The peculiarities of the border cities—based upon their contiguity and integration with the United States—emerge in all sectors of urban activity but especially in industry. In Mexico's border cities, the urban subsistence economy plays a small role in employment, contrary to the trend in much of urban Latin America where "urbanization without industrialization"⁵ occurs. In the area of industry, the adjacency to the United States produces a significant impact upon employment activities and differentiates these cities from other Mexican urban centers.

Manufacturing employment in northern Mexico is available via the Border Industrialization Program (BIP). What was begun in the late 1960s as a stopgap program designed to decrease unemployment and produce other useful byproducts has become a weighty economic element in the region.⁶ As of 1988, there were more than 1,400 plants in BIP industry nationwide, employing approximately 400,000 people and generating nearly \$2.3 billion in foreign exchange. The total production of these Mexican plants represents up to 30 percent of the value of all products assembled abroad and imported into the United States under tariff schedule exemptions.⁷ Ninety percent of these plants are located in the border cities.

The *maquiladora* sector has grown in twenty years to approximately 400,000 workers, over 14 percent of Mexico's industrial work force, quantitatively speaking, the BIP may already constitute the most "dynamic sector" of Mexico's industrial production. Has the center of gravity of Mexico's manufacturing shifted from Mexico City (and Monterrey) to the Mexican-American border region?

The BIP and the Economic Crisis

Many of the recent changes in the BIP stem from Mexico's economic debacle in the 1980s and the policies designed to resolve it. Although the crisis is not yet over—and there are conflicting views on its origin and develop-

5 Worsley, 1984: 175 For a contrary view, see Joan B. Anderson, "Causes of Growth in the Informal Labor Sector in Mexico's Northern Border Region," *Journal of Borderlands Studies* 3:1 (1988): 1-12.

6 The early shortcomings of the Border Industrial Program I pointed out years ago. See Raúl Fernández, "The Border Industrialization Program on the United States-Mexico Border," *Review of Radical Political Economics* 5 (1973): 37-52.

7 Evidence and evaluation of BIP performances are presented by J. Manuel Luna Calderón, "México: crecimiento orientado por exportaciones y segmentación de proceso productivo; la industria maquiladora." México, D. F.: Centro de Investigación y Docencia Económicas, 1983; Joseph Grunwald, "Internationalization of Industry: U.S. -Mexican Linkages," in Lay James Gibson and Alfonso Corona Rentería, eds., *The U.S. and Mexico:*

Borderland Development and the National Economies. Boulder, Colo.: Westview Press, 1985, pp.

110-138; Edward Y. George and Robert D. Tollen, "The Economic Impact of the Mexican Border Industrialization Program," *Working Papers*, Center for Inter-American and Border Studies, No. 20, University of Texas at El Paso, 1985; Norris C. Clement, "An Overview of the Maquiladora Industry," in Paul Ganster, ed., *The Maquiladora Program in Trinational Perspective: Mexico, Japan and the United States.* Institute for Regional Studies of the Californias, Border Issues Series, No. 2, San Diego State University, San Diego, California, 1987.

ment—the following sketch must suffice for our purpose.

Some of the better-known aspects of the problem are the huge foreign debt (upwards of \$100 billion), runaway inflation which reached 150 percent in 1987, severe unemployment, and widespread poverty and malnutrition. This is occurring in a country with a highly pronounced maldistribution of income and wealth. Economists agree that over half of the national income goes to 10 percent of the people—the elite. The economic depression has hit Mexican labor particularly hard. In 1982 wages fell almost 20 percent, in the sharpest drop since 1950. They continued to drop another 5 percent in 1983, nearly 7 percent in 1984, 6 percent in 1985, and close to 20 percent in 1986, 3 percent in 1987 and 6 percent in 1988.

To alleviate the balance-of-payments problem and the debt situation, Mexico's government has engaged since 1982 in a policy of alternating drastic devaluations in the value of the peso with a permanent downward sliding rate on its value. This combination had positive consequences for the BIP and the border economy. Consider the following: in mid-1987 the value of the dollar had soared by 5,000 percent against the peso since 1983, inflation was running at an all-time high of 120 percent, the foreign debt had climbed to more than \$100 billion, and the country's gross domestic product had contracted by 3.7 percent during 1986. Nevertheless, one city in the border was a showcase of growth. Tijuana's economy expanded by 7 percent in 1986 and boasted a one percent unemployment rate. Attracted by the relative cheapness of labor, border industry has continued to boom, attracting international capital not only from the United States but from Japan, Spain, and other European countries. The industrial growth, coupled with the low rate of unemployment and increased tourism looking for a bargain, has led to a construction boom as well. There is a demand for offices, factories, and warehouses, as well as luxury residences for entrepreneurs arriving from Mexico City, Guadalajara, and Monterrey. With the additional boost provided by government programs, the BIP will constitute an increasingly important element in the employment and production picture of urban Mexico. In 1986, exports from assembly manufacturing became the number two source of Mexico's foreign earnings—displacing tourism and surpassed only by oil. The BIP's rapid growth will strengthen the trend toward industrial decentralization.

The BIP's Role in Mexico's Growth

Critiques of the BIP focus on several of the program's aspects. First, there is the paradoxical result that while the BIP creates employment *it does not succeed in resolving the unemployment problem*. This is the case because the BIP employs a disproportionate amount of young women. The BIP's predominant employment of women provides a characteristic of industrial employment—and alters the level of female labor force participation—which differentiates this region from the rest of Mexico. Additionally, the conditions of women's employment in the *maquiladora* industry have been the

subject of severe criticism.⁸

Secondly, economists have pointed out that the *maquiladora* industry is a virtual industrial *enclave* within Mexico's manufacturing production.⁹ Forward and backward linkages are nonexistent; minimal local inputs are utilized in the assembly process and BIP output does not reenter manufacturing cycles in Mexico in the form of inputs. As a result, many potential "multiplier" effects do not come to fruition.

Technological linkages have also been kept to a minimum. Little local capital has been invested in the operation, and the U.S. subsidiaries have little incentive to engage in unnecessary education and training of local personnel. The experience of the BIP in this regard stands in contrast to similar programs in the Far East. In South Korea, Taiwan, Singapore, and Hong Kong, assembly operation moved quickly beyond that stage. Native entrepreneurs quickly adopted necessary technologies and became international competitors of U.S. firms.¹⁰

Thirdly, the BIP's long-term impact needs to be weighed against the shortcomings of Mexico's overall industrial development. Within the BIP growth surge, the concentration of manufacturing has occurred primarily in the branches of nondurable consumer goods and capital goods.¹¹ Already by 1975, the proportions of consumer goods (38 percent) and 25 durable and capital goods (45 percent) were above the national averages, 30 percent and 25 percent, respectively.¹² On the other hand, the production of intermediate goods, necessary as inputs for other industries, reached only 14 percent, contrasting with a national 43 percent. The relatively greater degree of integration between sectors of industry in the rest of the

8 See, among others, María Patricia Fernández-Kelly, "Mexican Border Industrialization, Female Labor Force Participation and Migration," in June Nash and María Patricia Fernández-Kelly, eds., *Women, Men and the International Division of Labor*. Albany: State University of New York, 1983; Frieda Molina, "The Social Impacts of the Maquiladora Industry on Mexican Border Towns," *Berkeley Planning Journal* 2: 1-2 (Spring-Fall 1985): 30-38; Albert Levy Oved and Sonia Alcocer Marbán, *Las maquiladoras en México*. México: Fondo de Cultura Económica, 1983; Sandra Arenal, *Sangre joven: Las maquiladoras por dentro*. México: Editorial Nuestro Tiempo, 1986;

Joan B., Anderson, "Female Participation and Efficiency in Mexican Electronic and Government Assembly Plants," *Campo Libre: Journal of Chicano Studies* 2: 1-2 (Winter-Summer 1984): 87-96; Devon Pena, "Skilled Activities among Assembly Line Workers in Mexican-American Border Twin-Plants," *Ibid.*, pp. 189-208.

9 See J. Manuel Luna Calderón, *op. cit.*; Joseph Grunwald, *op. cit.*

10 Joseph Grunwald, "U.S.-Mexican Production Sharing in World Perspective," in Paul Ganster, ed., *The Maquiladora Program in Trinational Perspective: Mexico, Japan, and the United States*. Institute for Regional Studies of the Californias, Border Issues Series, No. 2, San Diego State University, San Diego, California, 1987.

11 Capital goods and durable goods (e.g., machine tools) are items utilized in the production of other products. Intermediate goods encompass industrial raw materials and other goods used as inputs in manufacturing. Consumer nondurables comprise food, clothing, and other items for direct human consumption.

12 BIP operations include maquila beef-the processing of live cattle imports from the United States for export back to the United States and Japan. See Steven E. Sanderson, "The Receding Frontier: Aspects of the Internationalization of U.S.-Mexican Agriculture

country requires a better -but by no means satisfactory- balance among means of production (capital and durable goods), intermediate goods (to be used as inputs in other sectors), and consumer-oriented nondurables. The BIP'S high export nature and orientation has produced a different structure of manufacturing here as compared to the rest of Mexico.

Despite these caveats, the sheer quantitative impact of the BIP upon wages and employment is considerable, especially at a time of national economic instability.¹³ The current economic cycle has stimulated other policies that are pertinent to the regional development of the Border Industrial Program. For example, Mexican government measures which modify earlier export restrictions upon local automobile production have led U.S. firms to investment in automobile plants in the north of Mexico and along the border.¹⁴

Since 1977, General Motors, Chrysler, Ford, Renault, and VAM have built assembly and engine plants close to the border. The Ford plant in Hermosillo, which began production in 1987, was the largest single investment in Mexico since 1982. The pattern of employment in the auto industry has already been felt. Whereas in 1977 all employment in the automobile industry was located in central Mexico near Mexico City, by 1983 almost 14 percent of auto employment had shifted to the north.¹⁵ This shift to the north, and to the export market, also meant that automobile companies could obtain inputs for their export cars from BIP plants -albeit under certain restrictions. For example, General Motors first assembles wiring harnesses and seat belts in BIP plants and then installs them in their car assembly plants.

Aside from establishing linkages with the Border Industrial Program, the production of automobiles for exports in northern Mexico will give an added boost to the economic weight of Mexico's northern region vis-à-vis both the United States and Mexico.

Recent developments in the crucial area of energy resources are also likely to facilitate industrial development and intensify links between the two countries. In the last decade the discovery of important reserves of natural gas south of the Río Grande, oil in Baja California, and coal in Coahuila have been accompanied by a 1980 accord between Mexico and the United States to maintain permanent connection between their power grids.

and Their Implications for Bilateral Relations in the 1980s". *Working Papers in U.S.-Mexican Studies*, Program in United States-Mexican Studies, University of California, San Diego, 1981.

13 See Bernardo González-Aréchiga and José Carlos Ramírez, "Productividad sin distribución: cambio tecnológico de la maquiladora mexicana (1980-1986)" and Rocío Barajas, "Hacia un cambio estructural en la industria maquiladora de exportación en México," in *Frontera Norte* 1:1 (January-June 1989), El Colegio de la Frontera Norte, Tijuana, for detailed analysis of recent changes in the maquiladora processes.

14 See Douglas C. Bennett, "Regional Consequences of Industrial Policy: Mexico and the United States in a Changing World Auto Industry," in Ina Rosenthal-Urey, ed., *Regional Impacts of U.S.-Mexican Relations*. Monograph Series, No. 16. Center for U.S.-Mexican Studies, University of California, San Diego, 1986.

15 Bennett, *op. cit.*, p. 144.

Power from geothermal sources near Mexicali is now sold directly to California communities. And since January 1980, a Mexican gas pipeline feeds into the Texas system of gas pipelines.¹⁶

Mexico's border industrial urban centers -increasingly important in the economic life of both countries, yet vulnerable to the vagaries of the market and national policies- are here to stay. United by economics, and perhaps even by ecological concerns in the not-too-distant future, they differ from U.S. cities and are also distinct from other Mexican urban centers. These concentrations of newcomers constitute the beginning of a new urban order which will exercise a significant impact upon the economies of both countries and the relationships between the two.

The Future of Growth and Policy

The last forty years have witnessed the maturation of the Mexican-American border region. This great transformation involved a decades-long mass migration, regional urbanization, the rise of industrialism,¹⁷ mechanization of agriculture on both sides of the border, and harnessing water in the U.S. southwest and Mexican north -including some of the greatest engineering feats of the twentieth century.

What development paths will the region take in the coming year? Will a "third country" be formed in the area? In the near future the Mexican-American border region may well develop unevenly, much as its development has been a sudden departure from Mexican national development. Border subregions will rise as diversity increases. Incipient differentiation in agriculture, commerce, and service has already occurred. We witness growing specialization in Mexico's border cities- from Reynosa,¹⁸ linked to the national petrochemical industry in Central Mexico, to cities like Tijuana that are far more directly linked to the U.S. economy. Urban centers away from the boundary line such as Saltillo and Hermosillo -centers of automobile production- may become the new subregional poles of development. Conflicts typical of large, contemporary urban centers will continue to increase, bringing in their wake new difficulties, ranging from pollution to law enforcement.

A new civilization has emerged in this regional desert in the last forty years. While water resources that provided the impetus for growth seem near depletion, an unusual human resource still remains: the zone on both sides of the border is populated almost entirely by migrants, looking for social change and economic improvement. This is a powerful force of unlimited potential and dynamism.

16 Jean Revel Mouroz, "La frontera México-Estados Unidos: mexicanización e internacionalización," *Estudios Fronterizos* 2:1: 4-5 (May-December 1984).

17 In this essay I focus upon the importance of growth in Mexico's north. For an extended treatment of the economic past, present, and future of the U.S. Southwest, see my *The Mexican-American Border Region*. Notre Dame, Ind.: University of Notre Dame Press, 1989.

18 See Mario Margulis y Rodolfo Tuirán, *Desarrollo y población en la frontera norte: el caso de Reynosa*. México, El Colegio de México, 1980.

The economic development of the Mexican-U.S. border region has already gained a pivotal role in the growth of both the United States and Mexico. A few years ago "The Mexican factor had become the link for a range of issues, all keyed to the future of the Southwest."¹⁹ Today we must change that statement: the "Mexican factor" is now keyed to the future of the entire U.S. economy. At the border, oil, *maquiladoras*, undocumented workers, commuters, national security, and tourism interface in a complex manner crucial to the future of the United States. As for Mexico, the border region's impact upon the whole of the national economy will force a change in thinking regarding the position of the one within the other. For many decades, the Mexican central government strained to integrate the northern border provinces into the national political economy.²⁰ But the rapid demographic, agricultural, and industrial growth of the north, increasing limits to the further development of the Federal District,²¹ and the impact of the ongoing crisis of the 1980s open the way for the northern segment of the country to *lead* future national progress rather than to follow it.

The border region constitutes the most important growth pole in Mexico and a significant variable in United States growth. In the last few years, several studies prognosticated that industry and agriculture, and the employment opportunities that come with those sectors, will experience limited growth in Los Angeles and Southern California.²² Growth in the Sun Belt is generally expected to level off, if not decline, in the next few years. On that basis it is reasonable to expect that the western segment of the Mexican border may experience a similar slowdown in its economic, demographic, and industrial growth in the immediate future. But factors working in the opposite direction are also at play. Thus, while forecasts for job creation in the Far West and Sun Belt may be at an all-time low, sectors that depend on cheap labor—such as the assembly plants program—will nevertheless continue to set up shop in border towns. The development of the automobile industry in northern Mexico will draw closer links between the U.S. and Mexican economies. Clearly the border region may rank as a major industrializing area by the year 2000, with significant influence upon the economies of the two adjacent countries. *The Border and Mexico's Political System* Suggestions for future policy in the border region assume that Mexico's

19 Peter Wiley and Robert Gottlieb, *Empires in the Sun*. New York: G.P. Putnam's Sons, 1982, p.246.

20 For the early period, see David J. Weber, *The Mexican Frontier, 1821-1846: The American Southwest under Mexico*. Albuquerque, N.M.: University of New Mexico Press, 1982. For the modern era, see Raúl A. Fernández, *The U.S.-Mexico Border: A Political-Economic Profile*. Notre Dame, Ind.: University of Notre Dame Press, 1977, chap. 7.

21 The increasing difficulty in providing adequate services to Mexico City has led the Mexican government to consider building a new capital further to the south. See Jorge G. Castañeda, "Should Mexico Move Capital to New City?" *Los Angeles Times*, August 19, 1987.

22 Kevin P. McCarthy, "The Slow-Growing Orange, A Demographic's Look at Future Los Angeles", *The Rand Paper Series*, April 1984; Thomas Muller, *The Fourth Wave*, Urban Institute Press, 1984.

present system of government will remain unchanged for the near future. The PRI (Partido Revolucionario Institucional) has held power in Mexico since its inception more than half a century ago. It has done so through a shrewd combination of control mechanisms. These include electoral fraud, institutionalized corruption, silencing criticism of the Chief Executive, cooptation of dissidents, and, if necessary, repression. With these methods the PRI succeeded in maintaining a public image of a “revolutionary” party in power, holder of an “independent” foreign policy vis-à-vis the United States -despite Mexico’s tremendous economic dependence on its northern neighbor. The Mexican president exercises almost absolute power. The PRI controls Congress and the entire bureaucratic establishment. Whenever cooptation does not work, the government does not shy from outright repression, as the 1968 massacre revealed.

It cannot be denied that the Mexican government maintained until recently a generous program of social services. The PRI itself served as a channel for upward social mobility. But in the end, the decades of rule served to consolidate in power a wealthy elite which governs through an ambiguous amalgamation of authoritarianism and revolutionary rhetoric.

While prosperity reigned, Mexico’s political system functioned like clock-work. But discontent with the PRI’s sixty-year rule is being felt. In 1982, the opposition PAN party (Partido Acción Nacional) gained 50 of the 100 seats “reserved” for the opposition -the PRI holds a monopoly over 300 seats. The PAN -with strong business-sector backing- has shown strength in the northern border states. In 1983, the PAN won seven of sixty-seven municipal elections in the northern state of Chihuahua. In the last two years, the PAN has buffeted the PRI with campaigns against the latter’s fraudulent electoral methods. Internal dissension also afflicts PRI cohesive-ness. Internecine conflict reached a climax with the departure of several PRI leaders in 1988 who subsequently mounted —via the FDN (Frente Democrático Nacional)- the strongest electoral challenge to the PRI to date.²³ In 1989, the PAN won the electoral contest for the governorship of Baja California, the first time the PRI had lost a governorship to an opposition party. But the power of the PRI still remains preeminent, if not unchallenged. In the border states it has developed closer links with the business community.²⁴ In short, there is as yet no organization with an alternate program, or political apparatus, that can strongly challenge PRI hegemony at the national level. Given this state of affairs, a number of alternative, somewhat overlapping, scenarios for border policy can be constructed.

23 See Tonatiuh Guillén López, “La cultura política y la elección presidencial de 1988: Hacia un análisis del neocardenismo” *Frontera Norte* 1:1 (January-July 1989) for an analysis of the Neocardenist movement.

24 Lorenzo Meyer in “La Simpson-Rodino, una parte del todo,” *Foro Internacional* 107 (January-March 1987) suggested that what some perceive as support for the PAN as an alternative to the PRI may result in a political crisis—a vacuum of power—primarily because the PAN is far from being able to take on that role.

Scenario I: A Third Country

The problems that have arisen as the region grew in population and economic importance cover the spectrum of economy, ecology, access to natural resources, joint pollution control, etc. Because two separate bureaucracies with distinct legal-historical traditions are involved, issue resolution seems to some to be more complicated than normal. This has evoked calls for restructuring border zones in a way that local decision-makers would have a more direct say in local affairs, without need to refer urgent matters to the central bureaucracies in Washington, D. C. and Mexico City. These calls come largely from the United States. They vary from vague recommendations for "transboundary cooperation mechanisms"²⁵ to "increase borderlands autonomy"²⁶ to more explicit suggestions for the formation of a "third country."²⁷

The possibility of a long-fantasized "co-production zone" in the area loomed behind the amnesty provisions and employer sanctions in the Immigration Reform and Control Act of 1986. The early House of Representatives version of the bill authorized negotiations with the government of Mexico to establish a U.S.-Mexico free trade co-production zone. Although this did not become part of the final legislation, an order to the Ways and Means Committee of the U.S. Congress to carry out hearings on the co-production zone proposal did survive into the final stages of resolution of the migra issue. The suggested co-production zone would be a free-trade, free-immigration zone. Not only would there be different immigration rules, but there would also be different minimum-wage laws, compensation laws, OSHA rules, etc. This plan calls in essence for the formation of a "third country," one that, to paraphrase Manuel Castells, would be equipped with twenty-first century technology and provide for nineteenth-century working conditions.

These demands are farfetched in pronouncing the premature death of international boundaries, declaring them to be obsolete obstacles to progress. Sometimes proponents of border integration have suggested that cooperative agreements between Western European countries serve as models in the U.S.-Mexico border region. But plans based on general analogies are fraught with dangers. Countries in the European Economic Community are neither superpowers nor Third World nations; they enjoy relatively similar levels of economic development. Using their agreements as a model is inappropriate in an area where the juxtaposition of the world's

25 Niles Hansen, "The Nature and Significance of Border Development Patterns," in Lay James Gibson and Alfonso Corona Rentería, eds., *The U.S. and Mexico: Borderland Development and the National Economies*. Boulder, Colo. and London: Westview Press, 1985, p. 12.

26 Richard R. Fagen, "How Should We Think about the Borderlands? An Afterword," *New Scholar* 9:9.

27 *Baja Times* 8:12 (December 1986):15. The notion of a "third country" is not novel, but up to now its usage has been largely metaphorical. See Tom Miller, *On the Border*. New York: Ace Books, 1981.

largest industrial superpower and a populous Third World country has produced a unique configuration of socioeconomic factors.

Beyond that, some of the clamor for joint administration of the border areas seems to arise from popular pressures on the U.S. government to control border-zone pollution, much of which originates in Mexico. Yet perhaps one of the worst ecological disasters in recent memory occurred, not on the U.S.-Mexico border, but near Basil, Switzerland, resulting in considerable damage to the entire Rhine watershed and affecting France, Germany, and Holland.

Scenario II: A North American Common Market

Another idea -crucial to border development- which surfaces from time to time is that of a North American Common Market. It was raised by several U.S. politicians during the early stages of the 1980 presidential campaign. While the notion is not entirely dead -it was mentioned from time to time by President Reagan throughout his two-term administration- it elicited a very unfavorable reaction from both Mexico and Canada. Governing circles in both countries perceived the proposal as designed mainly to improve the international trade of the United States. The conception of a North American Common Market defied the norms that characterize similar agreements among other groups of countries. For example, other common market agreements involve countries whose relative national products are close in volume. In the European Economic Community, the largest gross national product is 6.5 times larger than the smallest. In the Eastern bloc's COMECON the ratio is 2.1 to 1, and in the Andean Group in South America, 5.6 to 1. By contrast the gross national product of the United States is more than 25 times that of Mexico.²⁸

Third World countries -as in the case of the Andean group- enter into such agreements expecting that each member country will attract and develop specialized forms of industry. The motivation for advanced countries -as in the case of the EEC- lies in reducing production costs by taking advantage of economies of scale. By contrast, the political impetus behind the North American Common Market idea stemmed from the U.S. strategic interest in insuring oil supplies at a time of shortages and high prices. Events in the 1980s -the decline in oil prices and the worldwide oil glut- have dampened the enthusiasm exhibited earlier.²⁹ Bilateral agreements will likely precede a tripartite market.³⁰

In September 1987, the United States and Canada initiated a process that will pull down all trade

28 Alicia Puyana, "La idea del Mercado Común de América del Norte y las implicaciones para México," in Lorenzo Meyer, comp., *México-Estados Unidos*, México: El Colegio de México, 1982.

29 For a Mexican view on the potential for Canada-Mexico relations, see Humberto Garza Elizondo, "México y Canadá en el decenio de los ochenta," *Foro Internacional* 105 (July-September, 1986).

30 But see Gustavo del Castillo, "Política de comercio exterior y seguridad nacional en México: Hacia la definición de metas para fines de siglo," *Frontera Norte* 1:1 (January-June 1989) for the benefits to be derived from tripartite exchanges between the United States, Canada, and Mexico.

barriers between them. The United States and Mexico recently created a legal framework for resolving trade disputes, and President Salinas, in his first (October 1989) visit to Washington, signed an agreement designed to promote free trade and investment between the two countries.

Scenario III: Binational Compact

Given the disparity between the United States and Mexico, the implementation of a localized autonomous mechanism of administration and/or the creation of a supranational structure will threaten Mexico's sovereignty and national interests and result in lopsided advantages for the United States. The best one could hope for would be that the Mexican system obtain with the United States, not the quasi-contract being suggested in the "third country" notion, but something more akin to a Lockean "compact." This arrangement would encompass items of concern including but not limited to border areas. Such a compact might stimulate the formation and strengthening of a community comprising nationals of both countries in the border region, without necessarily requiring the institution of a structure approaching a separate autonomous entity.³¹

The form that such a compact may take is unpredictable. What can be foreseen are the possible pitfalls to be avoided by the parties involved. A meaningful agreement cannot be based merely on localized economic desires or even ecological imperatives. Because the political structures involved go beyond the border region, solutions and agreements have to come at the highest political levels and cannot be of a piecemeal, technocratic nature. This is not to deny the need for local decision making at a technical or administrative level covering cooperative agreements over fire control (as between Calexico and Mexicali), earthquake preparedness (as between San Diego and Tijuana), control of river pollution, and so forth. But while necessary, such policy-making will prove an insufficient remedy to the entire problematic of the region's future in the long run. Certainly the duration and beneficial effects of a "border areas compact"³² will depend largely upon how encompassing its scope.

Some observers of the border reality consider that the inclusion of wider problems -such as the current conflicts in Central America- complicates the discussion about the future of the Mexican-American border region. That is a myopic perspective. Bringing in wider issues does not necessarily complicate the situation; on the contrary, it forestalls hastiness and over-

31 For Locke, the process of compact creates a community, whereas the establishment of administrative units of political power constitutes a distinct process of "contract of government." See John Locke, *Two Treatises of Government*. Mentor Books, 1965, p. 126 and ff. The political system of Mexico is often referred to by PRI leaders as the Mexican "social pact"; the terminology is familiar to students of the border region's economy where the Colorado River Compact played a significant historical role.

32 This is a paraphrase of the speculation contained in Warner Bloomberg and Rodrigo Martínez-Sandoval, "The Hispanic-American Urban Order: A Border Perspective," in Gary Gappert and Richard V. Knight, eds., *Cities in the 21st Century*, vol. 23, Urban Affairs Annual Review, Sage Publications, 1982.

simplification. Events in Central America are directly relevant to border issues. Increasing numbers of Central Americans migrate to the United States via Mexico, a matter of concern to both countries.³³ The whole issue of “national security” must be included in a long-term compact between the United States and Mexico as well. While recognizing that both Mexican and American political figures sometimes employ issues of “national security” to scare their neighbor country into promoting or defeating legislation not to their liking, the question of national security is more than a symbolic exercise. External influence upon insurgencies south of Mexico and in the Caribbean basin are a source of shared concern.³⁴ In this and other areas there is a need for “linkage” between localized issues and wider geopolitical perspectives.

Approaches to a bilateral border region agreement that utilize a “market” model as more than just a starting point of discussions face serious difficulties. Witness the recent debates on restricting immigration to the United States and on the movement of foreign capital to Mexico. Typically, Mexican analysts argue that the United States must learn to recognize that what is perceived as a migration problem is merely the result of market demand for labor in the U.S. Southwest. It should not, they argue, be construed as a source of national conflict and instability. Similarly, American observers sometimes chide their Mexican counterparts for their perspective on assembly plant manufacturing carried out by U.S.-based firms in northern Mexico, viewing the *maquiladoras* as exerting an unwarranted foreign influence. This represents presumably another failure to see the bilateral interaction as the result of market forces in operation. But even if all key demand- and supply-side issues were recognized, that would not constitute an adequate basis on which to establish a compact between the two nations. There are political, legal, and human issues involved which cannot be resolved by the market equation. Market mechanisms are very useful for short-run, narrowly focused issues, but they fall short as a long-term, broad-view guide to development.

Obstacles to a Border Compact

There are also some particularly thorny issues that could pose serious obstacles. First is the issue of centralization vs. decentralization. Administrative structures in Mexico are far more centralized than those in the United States; this more centralized method of operation is perceived by some in the United States as one of the gravest difficulties for the two countries in the borderlands. A border component in the revolt against big government in Washington has been identified as a force pushing toward greater autonomy for the border region. Similarly, in the northern border states of

33 See Leo Chávez, Estevan T. Flores, and Martha López-Garza, “Migrants and Settlers: A Comparison of Undocumented Mexicans and Central Americans in the United States,” *Frontera Norte* 1:1 (January-June 1989) for a comparison of the recent experience of Mexican vs. Central American migrants to the United States.

34 David Ronfeldt, *The Modern Mexican Military: Implications for Mexico's Stability and Security*. Santa Monica, Calif.: The Rand Corporation, 1985.

Mexico, there have been manifestations of dissatisfaction with the central government³⁵ and a desire for greater independence in economic decision making by local elements. Be that as it may, the United States must take care not to utilize the efficiency norm in such a way as to impinge upon the sovereignty and national interests of Mexico. As a matter of fact, centralization may turn into a blessing in disguise since it could facilitate reaching a broad binational agreement.

Second, the United States must recognize that many of the problems of concern to U.S. policymakers, especially as regards water and air pollution, are the ecological fallout from the years that the Mexican-American region served as an economic cornucopia for U.S. industrial and agricultural business. It is not so much a problem that Mexico must resolve as it is an issue in American politics between advocates of economic growth and defenders of a pollution-free environment. Those concerned over the flow of sewage north from Tijuana toward La Jolla where "the effluent meets the affluent"³⁶ -must recognize the flow's connection, even if several levels removed, with U.S. utilization of cheap labor in Mexico for the benefit of its industrial and agricultural enterprises on both sides of the border. The U.S. side cannot have its cake and eat it too. It cannot take advantage of Mexico's resources and then require that Mexico take absolute responsibility for the by-products.

Mexico for its part must look at the question of integrating the border into the national economy in a new light. For decades, "integration" has been of concern to the Mexican government. But the question of integrating the national economy -integrating industry with agriculture, for example- is not limited to the border area. Using input-output or similar devices, one might argue that Mexico City is no more integrated into the rest of the national economy than are cities on the northern border. It is important not to confuse geographical isolation with lack of integration; one needs to look at concrete economic relations to make that determination. For example, the problem of dependence on foreign inputs in manufacturing is a general problem in the Mexican economy, not limited to the border area. We should turn the issue around and ask: How can the dynamic economy of the border area be utilized to further national economic integration and development? Both countries have overlong considered the Mexican-American border region as "a zone where problems are spawned, not a zone where they are resolved." Mexican and American policymakers need to look at the border region as part of a solution, not part of the problem of the national ills.

A broad agreement would avert the dislocations that changes in the

35 See Jesús Tamayo, "Frontera, política regional y políticas nacionales en México," Programa de Estudios Regionales, Centro de Investigación y Docencia Económicas, México, D. F., 1986. % -

36 This poignant description has been attributed to Dr. Paul Ganster. For a detailed discussion which demonstrates the anti-Mexico bias of some U.S. press accounts of this problem, see Roberto Sánchez, "La negociación de conflictos ambientales entre México y Estados Unidos," *Frontera Norte* 1:1 (January-June 1989).

international economy might cause in the border region -with deleterious consequences for both countries but especially for Mexico, the weaker of the two. For example, the growth based upon cotton agriculture which typified development in the Mexicali Valley until 1960 came to an abrupt end when an international fall in the price of cotton coincided with the destruction of agricultural acreage by salinity from the Colorado River. Today the valley's more diversified agriculture, based on truck and garden vegetables, is threatened by the Cerro Prieto geothermal plant. But Cerro Prieto responds to enormous pressure to develop these resources in order to sell electrical power to San Diego and other U.S. communities and obtain much needed foreign exchange. Once again, international economic circumstances threaten economic dislocation in the border region.

A compact between the United States and Mexico -centered on border issues but covering other aspects of the total economic and political relationship between the two countries- has always seemed illusive. An editorial in a widely circulated Mexican weekly recently stated that "la amistad con los Estados Unidos, para México, es claramente imposible."³⁷ This popular opinion is based upon the unequal economic power of the two countries. A recognition of economic inequality must include an accurate appraisal of trends. The United States has declined in power since approximately 1975. The world is increasingly multipolar, and even in Latin America the United States is no longer the hegemonic superpower that it once was. The weakening position of the United States as a world power has brought it increasingly close to, and even dependent on, Mexico. Any examination of economic relations between the two countries -including direct investment, energy, bank loans, tourism, trade, oil, labor, etc.-demonstrates how the two economies have drawn together. The size of the U.S. Embassy in Mexico City, second only to the one in London, is witness to the strength of these links.

Given present international realities and the PRI's concern with rising opposition, Mexico should strive to extract a broad negotiated package from the United States -one in which border region development can be a linchpin. Despite the many differences and conflicts, there is much at every level that unites the two countries. Mexico should highlight those positive aspects and push for a compact that would result in benefits to both countries. Mexico should strive to reconfigure the relationship, aiming for something more advantageous to Mexico than the present arrangement. There are obstacles. Hegemonic tendencies die hard: that is a problem for the United States to overcome. Mexico's suspicions of its northern neighbor are equally difficult to eliminate. But the problems that exist between Mexico and the United States should be viewed as "non-antagonistic contradictions," as problem between friends, therefore resolvable in principle by friends.

37 *Siempre* 1777 (July 15, 1987): 16-17.

Border Policy and Academic Research

An agenda for research directions must of necessity reflect the growing importance of the border region and the velocity of the changes within it. From the perspective of the political-economy method applied here, the following appear as unavoidable guidelines for future investigation. First, continuing historical research—interpretation and reinterpretation—will place new developments in perspective. For example, a recent work on the 1821-46 Mexican period in the Southwest clearly presents a contrast with the present configuration of the Mexican government's policies toward the northern border.³⁸

Second, border scholars need to address the appearance of growing subregions —the product of uneven development. This type of research, anticipated by Dunbier,³⁹ already boasts a masterful analysis of the Texas border from the perspective of applied political geography.⁴⁰ The location of heavy industry in northern Mexican states, although not necessarily in border towns, looms as a significant development portending great impact upon the economies of both countries and upon the conception of the border region. The convergence of cheap labor and abundant energy supplies near the largest consumer market in the world foreshadows dynamic economic growth in the next decades.

Third, variations on the old theme of northward migration must be explored. In particular, the possibility that the numbers of “commuting” migrants may increase makes research on this type of migration very relevant, since it will affect employment and wages north of the border.

Fourth, there is a sense in which balance between research demands and needs will improve the overall quality of this area of studies. Cooperation between scholars can lessen the gap between narrowly focused monographs on sociology and history, and the exigencies for broader macroeconomic and historical perspectives. Likewise, further research on all stages of the history of northern Mexico should be matched by increased utilization of these materials by U.S. scholars.

Lastly, border studies should emphasize the kind of comparative work that characterizes recent research on Latin American migrations. Other “border areas” in the Americas -e.g., the Venezuela-Colombia region- have recently acquired new economic and political relevance. Comparisons between these distant, but not altogether dissimilar, situations will enhance our knowledge of the Mexican-American border region.

38 David J. Weber, *op. cit.*

39 Robert Dunbier, *The Sonoran Desert*. Tucson: University of Arizona Press, 1968.

40 John W. House, *Frontier on the Rio Grande*. Oxford: Clarendon Press, 1982.