STUDY PROJECT

FREE TRADE WITH MEXICO AND U.S. NATIONAL SECURITY

BY

MR. AL PEREZ
United States Department of State

USAWC CLASS OF 1993

U.S. ARMY WAR COLLEGE, CARLISLE BARRACKS, PA 17013-5050

SECURITY CLASSIFICATION OF THIS PAGE

REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

1a. REPORT SECURITY CLASSIFICATION
UNCLASSIFIED

1b. RESTRICTIVE MARKINGS

2a. SECURITY CLASSIFICATION AUTHORITY

2b. DECLASSIFICATION / DOWNGRADING SCHEDULE

3. DISTRIBUTION / AVAILABILITY OF REPORT
APPROVED FOR PUBLIC RELEASE.
DISTRIBUTION IS UNLIMITED.

4. PERFORMING ORGANIZATION REPORT NUMBER(S)

5. MONITORING ORGANIZATION REPORT NUMBER(S)

6a. NAME OF PERFORMING ORGANIZATION
U.S. ARMY WAR COLLEGE

6b. OFFICE SYMBOL
(If applicable)

7a. NAME OF MONITORING ORGANIZATION

6c. ADDRESS *(City, State, and ZIP Code)*
ROOT HALL, BUILDING 122
CARLISLE, PA 17013-5050

7b. ADDRESS *(City, State, and ZIP Code)*

8a. NAME OF FUNDING / SPONSORING ORGANIZATION

8b. OFFICE SYMBOL
(If applicable)

9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER

8c. ADDRESS *(City, State, and ZIP Code)*

10. SOURCE OF FUNDING NUMBERS

PROGRAM ELEMENT NO.	PROJECT NO.	TASK NO.	WORK UNIT ACCESSION NO.

11. TITLE *(Include Security Classification)*

FREE TRADE WITH MEXICO AND U.S. NATIONAL SECURITY

12. PERSONAL AUTHOR(S)
AL I. PEREZ, FOREIGN SERVICE OFFICER, U.S. DEPARTMENT OF STATE

13a. TYPE OF REPORT
STUDY PROJECT

13b. TIME COVERED
FROM ________ TO ______

14. DATE OF REPORT *(Year, Month, Day)*
22 FEBRUARY 1993

15. PAGE COUNT
38

16. SUPPLEMENTARY NOTATION

17. COSATI CODES

FIELD	GROUP	SUB-GROUP

18. SUBJECT TERMS *(Continue on reverse if necessary and identify by block number)*

19. ABSTRACT *(Continue on reverse if necessary and identify by block number)*

(SEE REVERSE SIDE)

20. DISTRIBUTION / AVAILABILITY OF ABSTRACT
☒ UNCLASSIFIED/UNLIMITED ☐ SAME AS RPT. ☐ DTIC USERS

21. ABSTRACT SECURITY CLASSIFICATION
UNCLASSIFIED

22a. NAME OF RESPONSIBLE INDIVIDUAL
DR. GABRIEL MARCELLA

22b. TELEPHONE *(Include Area Code)*
717/245-3207

22c. OFFICE SYMBOL
AWCAB

DD Form 1473, JUN 86 *Previous editions are obsolete.* SECURITY CLASSIFICATION OF THIS PAGE

USAWC MILITARY STUDIES PROGRAM PAPER

Accesion For	
NTIS CRA&I	X
DTIC TAB	☐
Unannounced	☐
Justification	
By	
Distribution /	
Availability Codes	
Dist	Avail and / or Special
A-1	

FREE TRADE WITH MEXICO AND U.S. NATIONAL SECURITY

AN INDIVIDUAL STUDY PROJECT

by

Al Perez
United States Department of State

Dr. Gabriel Marcella
Project Adviser

U.S. Army War College
Carlisle Barracks, Pennsylvania 17013

ABSTRACT

AUTHOR: Al I. Perez, Foreign Service Officer, U.S. Department of State

TITLE: Free Trade With Mexico and U.S. National Security

FORMAT: Individual Study Project

DATE: 22 February 1993 PAGES: 31 CLASSIFICATION: Unclassified

On August 12, 1992, the United States, Mexico and Canada agreed on a trade pact calling for free commerce and investment among the three countries (North American Free Trade Agreement, NAFTA). If the three countries' legislative branches approve the NAFTA it will become effective January 1, 1994. This paper analyzes the trade accord within the context of U.S. national security, and looks specifically at its economic, immigration and political impact on Mexico. This analysis draws three conclusions: One, NAFTA will have a positive impact on the United States and Mexico, but in the United States the impact will be statistically marginal because Mexico's small economy is unlikely to affect the much larger U.S. economy to any significant degree; in the long term NAFTA will provide U.S. businesses with an important competitive advantage. Second, NAFTA will not have a significant impact on Mexican undocumented immigration to the United States because of the current and expected labor surplus in Mexico and the likelihood that wages in the United States will remain substantially higher than in Mexico for years to come. While support for democratization remains a cornerstone of U.S. foreign policy, the United States has refused to leverage NAFTA to compel Mexican reforms, and NAFTA-driven economic liberalization in Mexico will not necessarily lead to democracy. Adam Przeworski's theoretical paradigm predicts two possible outcomes for authoritarian regimes such as Mexico's: political reform leading to full democracy; or, political reforms that are immediately reversed and followed by a return to authoritarian stasis. There is persuasive evidence that Mexico's regime is pursuing the second outcome, and that NAFTA can be helpful to the regime. In the long term, the most important contribution NAFTA can make to our foreign and security policy is to help create a Western Hemisphere free trade zone that will provide the United States with economic and political advantages as it competes for export markets with other world powers.

INTRODUCTION

On August 12, 1992, President Bush announced that the United States, Canada, and Mexico had completed negotiation of a North American Free Trade Agreement.[1] The Agreement provides for the phasing out of trade barriers and for the elimination of investment restrictions in North America. If the U.S., Canadian, and Mexican legislatures[2] approve the Agreement, it will create a huge open market with over 350 million people and over $6 trillion in annual output.[3] This paper will place the Agreement (hereinafter "NAFTA) within the context of U.S. national security and explore some of the economic and political implications for the United States and Mexico.[4]

CHAPTER I

THE ECONOMIC CHALLENGE

The end of the Cold War and the breakup of the USSR is having a profound impact on U.S. foreign and security policy. For nearly five decades, U.S. policies were anchored in containing and countering the Soviet threat. Our concern for the threat shaped our political, economic, and foreign aid policies around the world. U.S. political leaders and the common American generally understood the threat and developed an enduring consensus on how to deal with it. With its economic power and military strength, the United States became the undisputed leader of the Free World.

The United State retains its economic and military might, but the bipolarity that defined world politics for so long has ended. The United States is seeking a new vision to help define its new role in the world. There is no national consensus on how we should approach the next century,[5] but there is an emerging view that the United States must learn to live in a multipolar world where international decision-making is more equally shared with other industrial giants, and that continued U.S. global power will depend largely on our ability to respond to fierce economic competition from a Germany-led European Community and a Japan-led Asia. As stated by Lester Thurow:

> In 1992 there is one military superpower, the United States standing alone, and three economic superpowers, the United States, Japan, and Europe, centered on Germany, jousting for economic supremacy. Without a pause, the contest has shifted from being a military contest to being an economic contest.[6]

TRADE AND NATIONAL SECURITY

Post-World War II U.S. foreign policies consistently supported economic growth based on free markets and expanding trade. This was driven, inter alia, by our national security interests.[7] Free trade would generate prosperity. Prosperous nations would be immunized against the communist virus[8] and would join the United States in confronting the Soviet threat. Our policies succeeded brilliantly. Democratic European and Asian countries developed world-class, export-oriented economies and became key allies against a slumping Soviet empire.

While our allies became export powers our own export performance lagged. U.S. economic growth was instead driven by internal demand. While in 1991 the United States regained its status as the world's largest exporter, and since 1989 we have had record overseas sales, these impressive gains only accounted for about 10 percent of our Gross Domestic Product (GDP).[9] Comparable figures for Japan and Germany are 13.5 percent and 28 percent.[10] In the words of one analyst, the United States became the "world's biggest export underachiever."[11] One explanation is that our economy is so huge that U.S. businesses can prosper by satisfying domestic demand. Another is that foreign governments have been much more willing to support export promotion than has our own government.[12]

A NEW DIRECTION

U.S. policy makers are keenly aware of the economic and trade challenge we face from the European Community and Asia. The 1991 White House National Security Strategy explicitly noted that "while the U.S. trade deficit has continued to decline, trade imbalances with Japan and many other countries remain substantial. Reducing these imbalances remains a priority."[13] In announcing the NAFTA agreement, the White House declared on August 12, 1992, that "The President's trade strategy, which is a key part of his overall economic growth plan, is designed to create new markets for American products and provide new opportunities for American companies and workers."[14] While campaigning in 1992, President Clinton repeatedly stressed the need to be more competitive in the global economy and said it was one of our greatest challenges.[15] Former Deputy Secretary of State Lawrence Eagleburger emphasized in 1991 that:

> America's economic health is the country's number one national security interest. As that trend continues the Department [of State] will assume a greater and more vigorous role in the promotion of American interests overseas.[16]

There was another cloud on the horizon driving U.S. trade concerns. As Bergsten observed, "If the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) were to fail, ... European-U.S. trade conflict would join existing Japanese-U.S. tensions to threaten a two-front trade war that would elevate the economic priority even more rapidly."[17]

LOOKING FOR TRADING PARTNERS

As the global economic and trade competition stiffened, the United States took steps to safeguard export markets in the hemisphere. In the late 1970's the Carter Administration proposed the idea of a North American energy accord. In the early 1980's President Reagan surfaced the concept of North American free trade cooperation. In both instances the Mexicans demurred.[18]

In 1989, the U.S. and Canada entered into a free trade agreement, which the Bush Administration viewed as the first step toward an eventual North American regional trade bloc.[19] In June 1990, President Bush announced the Enterprise for the Americas Initiative (EAI) stating that "To expand trade, I propose that we begin the process of creating a hemispherewide free trade zone...."[20] Even before this announcement, however, the Administration had been reviewing a request for free trade talks from an unlikely source -- Mexico.

A "STUNNING POLITICAL ACT"

In February 1990, Mexican President Carlos Salinas arrived in Switzerland for a gathering of the World Economic Forum. Salinas was to headline the meeting and deliver a major address extolling Mexico's dramatic economic reforms -- privatization of state industries, reduced inflation and government spending, GATT membership, Brady Plan on debt, and more liberal treatment of foreign investment.[21] He hoped to lure European investors to help finance his new economic program. Salinas returned home empty handed. European investment capital, he was told, was already earmarked to help Eastern Europe's development.[22]

Shortly thereafter Salinas called President Bush and in a "stunning political act"[23] requested free trade talks. The Administration moved quickly and on June 10, 1990 Presidents Bush and Salinas met in Washington, D.C., and issued a communique stating their conviction that "free trade between Mexico and the United States can be a powerful engine for economic development, creating new jobs and opening new markets."[24] Soon after the communique, Mexican and U.S. trade experts (joined later by their Canadian counterparts) launched marathon negotiation sessions which concluded with the August 12, 1992 announcement that the United States, Mexico and Canada had concluded A North American free trade accord.

President Bush's reaction to Salinas' appeal was consistent with the support he had expressed for free trade with Mexico during the 1988 presidential campaign and his hemispheric free trade goal set forth in the EAI. For Salinas this was a dramatic departure from generations of Mexican foreign policy. Mexico had traditionally taken pains to project independence from U.S. foreign policies, was wary of perceived U.S. hegemonic designs and a strong leftist component within the government and the ruling PRI (Institutional Revolutionary Party) had long been hostile toward the United States. As a leading Mexican opposition leader noted, "Mexico's entire history has been an effort to increase our economic and political independence from the superpower we have as our neighbor. Now we are turning our back on everything."[25]

CHAPTER II

> Looking at the U.S. economy as a whole, many economists say a U.S.-Mexico free-trade pact won't be terribly significant. The U.S. economy is 25 times the size of the Mexican economy. In this sense, U.S. objectives in pursuing an FTA may be more political than economic.[26]

IMPLICATIONS FOR THE UNITED STATES

The Bush Administration urged that a free trade pact with Mexico would promote U.S. national interest by increasing U.S. exports and creating jobs, ending (eventually) Mexican illegal immigration, and promoting stability in Mexico. The Clinton Administration concurred with this analysis, although it called for supplementary agreements to increase protection for U.S. workers and strengthen environmental requirements. It would be useful, then, to approach an assessment of NAFTA's implications for the United States by looking at these three elements. Since Mexican stability is of major concern for U.S. foreign and domestic policy, the main thrust of the analysis will focus on how NAFTA could impact on Mexico's political structure.

Table I below sets forth some key economic/social indicators for the United States and Mexico.

TABLE I

SOCIAL/ECONOMIC INDICATORS[27]

	UNITED STATES	MEXICO
POPULATION (EST. FOR YR. 2000)	275,604,000	100,039,008
POPULATION GROWTH RATE (1992)	0.8	2.3
PERCENT POP. UNDER 25 YEAR (EST. FOR YR. 2000)	33.9	48.7
GROSS DOMESTIC PRODUCT	$5,673 BILLION	$289 BILLION
HOURLY WAGES	$14.83	$1.85

The most striking factor is the enormous difference in GDP between the two countries. U.S. economic output is roughly 20-25 times that of Mexico. Mexico's per capita GDP is one seventh that of the United States -- $3,200 compared to $22,500.[28] Equally striking is the gap in hourly wages; a Mexican worker earns about 12 percent of his U.S. counterpart. Clearly Mexico offers a vast pool of cheap labor. Moreover, Mexico's young population (about half of its population will be under 25 by the year 2000) and comparatively high population growth rate suggest Mexico will have surplus labor for years to come.

Current trade figures indicate the two economies are increasingly connected. Due to lower trade barriers and other economic changes implemented by Mexico under the de la Madrid and Salinas governments, Mexico is becoming an important U.S. trade partner. Between 1986 and 1992, U.S. exports to Mexico soared from $12 billion to $44 billion, making Mexico our third largest customer after Canada and Japan.[29] Mexico has overtaken Japan as the second largest market for our manufactured exports. In 1991, the United States recorded a substantial trade surplus with Mexico, for the first time in ten years. Despite sharp differences in wealth between Mexico and EC countries, on a per capita basis Mexicans buy more from the United States annually than do EC citizens -- $295 compared to $263.[30] About seventy cents of each Mexican dollar is spent on U.S. goods and services. U.S. jobs supported by exports to Mexico have doubled to our current 600,000.[31]

Notably, only about five percent of U.S. exports go to Mexico and about five percent of U.S. imports come from Mexico. In contrast, about 70 percent of Mexico's exports are to the United States and about the same percent of its imports are from the United States.[32] Essentially, the Mexican economy is almost totally dependent on U.S. economic activity.

ECONOMIC IMPACT OF FREE TRADE

What will NAFTA do? Economists agree that NAFTA will stimulate trade with Mexico by reducing, and in many cases eliminating, tariff barriers on U.S. exports. Approximately 65 percent of U.S. industrial and agricultural exports to Mexico will be eligible for duty-free treatment either immediately or within five years.[33] Studies done by the U.S. International Trade Commission found that NAFTA "would increase U.S. real GDP by up to 0.5 percent per year once it is fully implemented."[34] The Institute for International Economics has projected that by 1995, over 1 million jobs will be supported by U.S. exports to Mexico under NAFTA.[35]

NAFTA will also increase U.S. global competitiveness by providing U.S. industry with a source of low-wage labor. Analysts note that Japan's ability to remain globally competitive is a result of its ability to find low-wage factory labor in other Asian countries.[36] NAFTA will provide low-wage Mexican labor to help lower production costs, permitting U.S. corporations to retain a competitive edge and in some instances making it possible for them to survive. As Delal Baer noted, "NAFTA will enhance U.S. competitiveness vis-a-vis Europe and Asia through the economies of scale and specialization in production with continental rationalization."[37]

NAFTA opponents, especially U.S. organized labor, claim that free trade with Mexico will cost us jobs because businesses will move to Mexico, and workers in certain U.S. sectors will be unable to compete with Mexico's cheaper labor.[38] Most analysts agree. They caution, though, that the cost of labor is only one factor businesses consider in deciding whether to relocate outside the United States. Other factors include the level of education of the work force, capacity of the infrastructure, distance from consumers, and long term political stability. Compared to the United States, Mexico is disadvantaged in all these areas. In an interview with Fortune Magazine, Mexican President Salinas made the telling point that in macroeconomic terms the "United States is losing jobs not to countries with lower wages but ones with higher wages like Japan and Germany."[39] What Salinas is pointing out is that large chunks of U.S. industries and corresponding jobs (i.e., automotive and consumer electronics) have been lost not to underdeveloped countries in Africa and Latin America, but to the more advanced countries such as Japan and Germany.

Also, while organized labor has tended to point to the number of U.S. workers that will be displaced by cheaper Mexican labor, it has failed to give proper weight to the number of U.S. jobs that will be created by NAFTA. More importantly, the jobs gained will be high-wage/skill, while those lost will be low-wage/skill.

A point usually lost in the political dialogue is that even without NAFTA U.S. corporations have been shifting production abroad, in the case of Mexico through the "maquiladora" program wherein U.S.-produced parts are sent to Mexican border areas for assembly and then re-exported here as finished goods. This trend will continue with or without NAFTA, but NAFTA could be an inducement for U.S. corporations to move to nearby Mexico and not to countries much further away.[40] Also, NAFTA would also place the "maquiladora" program within the larger free trade context and help open Mexican markets for our exports. As concluded by Rudiger Dornbusch from the Massachusetts Institute of Technology:

> The choice is not so much to keep jobs here or lose them to Mexico. Competition from low-wage countries has been going on for more than a decade. The right question to ask about free trade with Mexico is whether we should prefer that, when jobs do go abroad, that they go south rather than Asia.[41]

Finally, NAFTA'S economic and trade impact has to be placed in a macroeconomic context. It is doubtful that most Americans really grasp the enormity of the U.S. GDP, and what it takes to affect significantly U.S. economic activity. The Mexican economy is too small and insufficiently diversified to really influence the U.S. economy. For example, in a study using five computational general equilibrium models to identify short term gains and costs of a North American free trade agreement, the authors concluded that, while increasing welfare in all three countries, an agreement with Mexico will <u>not</u> be a big source of overall gains (or losses) in the United States and Canada.[42]

IMMIGRATION

Closely linked to U.S.-Mexican economic activity is the flow of undocumented Mexican workers to the U.S. Immigration from Mexico to the United States has a long and troubled history. While NAFTA does not provide for the free flow of labor in North America, it was inevitable that the illegal immigration issue would be linked to the trade pact. U.S.Trade Representative Carla Hills, for example, told the Senate Finance Committee that NAFTA would improve living conditions in Mexico and ease

> ... pressures for illegal immigration. The lesson is clear. If opportunities do not go to the people, people will go to the opportunities.[43]

For Mexico, movement of its workers to the United States has long been an escape valve during its economic hard times. These workers also have been an important source of revenue for the families they left behind. In the United States, these workers have been a source of controversy -- they are breaking the law, they are too many, and they are over here. With few exceptions, nobody really sees Mexican workers as a threat to the national interest. Political and social sentiment for or against them generally reflects U.S. economic conditions, and, to some degree, racial stereotypes. The fact that the United States is getting able bodied workers for which it paid nothing to rear and nurture is lost in the debate.

Will NAFTA really have an impact on this immigration? The answer is no in the short term, and not clear in the long term. As Table I shows, almost half of the Mexican population is under 25, and over 50 percent will be between 15-49 years of age by the year 2000[44] The Mexican birthrate is about 2.5 times that of the United States. The U.S. population is graying and some economists postulate we will need to "import" workers in the years ahead. The wage differential is large and likely to remain so for years to come. Finally, the U.S. economy will continue to generate jobs in low-skill service industries that low-skill immigrants can perform.

The wage differential is crucial since even if Mexicans find work in their country, the more energetic and talented will continue to migrate to the United States as long as these wage disparities exist. Looking at the long term effect of free trade on Mexico's wage levels Peter Morici concluded that:

> although free trade will eventually narrow the wage gap between semiskilled workers in the United States and Mexico, it will not do so quickly.... In 1990, the wage of the average Mexican industrial worker was 12 per cent of his U.S. counterpart. Even if Mexican real wage growth were to exceed performance by an unlikely 7 percentage points a year, Mexican wages would only reach 25 per cent of U.S. levels after 10 years and 50 percent in about 20 years.[45]

As a way of comparison, Morici goes on to note that due to a large labor surplus wage levels in four East Asia newly industrializing countries increased only from 12 per percent of U.S. levels in 1980 to 25 percent in 1990.

U.S. Border Patrol figures show that the number of people caught entering the United States illegally from Mexico decreased from around 1.6 million in 1986 to about 800,000 in 1989, but spiked to 1.1 million in 1990.[46] The decrease in illegal immigration was probably due to the 1986 federal law making illegal the hiring of undocumented workers. The volume picked up again in 1990, however, and analysts have concluded that the effect of the employers sanctions legislation was only temporary. A student of immigration determined that there were "push" and "pull" factors operating beyond the control of either the United States and Mexico: the shift in the United States from a manufacturing to a service economy, which created a demand for low-skilled workers; the aging of the U.S. population; and the growth of the Mexican population. "Furthermore," noted Rodman D. Griffin, "the case can be made that so long as wages are 10 times higher in the United States than in Mexico, mass immigrations will continue, regardless of U.S. immigration policy or Mexican economic policy."[47]

CHAPTER III

> "The perfect dictatorship is not communism, not the Soviet Union, not Cuba, but Mexico.... It may not seem to be a dictatorship, but [it] has all the characteristics of [a] dictatorship."
> Mario Vargas Llosa[48]

DOMESTIC POLITICAL IMPLICATIONS FOR MEXICO

With a population of about 100 million, a 2,000 mile common border, and over 50 billion barrels of proven oil reserves,[49] Mexico's political stability is crucial to U.S. interests. Political unrest there would create enormous problems for us here.

Most people in the United States have taken Mexico's stability for granted, and overlooked that Mexico has a closed political system and one party (PRI -- Institutional Revolutionary Party) has been in power for most of this century. In recent years Mexico has implemented a major privatization program, mended relations with the Catholic Church and changed the "ejido" cooperative system to allow land users to buy/sell their plots. Still, Mexico's political structure has been characterized as a "Tammany Hall-style political system,"[50] "authoritarian system,"[51] "thuggish one-party regime,"[52] "presidencialismo, dictator, anachronistic and indefensible,"[53] "extreme form of presidential government,"[54] and other similar designations. A more charitable assessment is that Mexico has a qualified democracy: "The country's political system is dominated by one party, but there is a significant -- and increasing -- degree of pluralism."[55] The consensus, however, is that Mexico lacks real democracy.

Democracy has been defined as a system in which parties lose elections in political competition organized by rules.

> Democracy is the act of subjecting all interests to competition, of institutionalizing uncertainty. The decisive step toward democracy is the devolution of power from a group of people to a set of rules.[56]

Since its founding in 1929 the ruling PRI has won nearly every national election by a landslide.[57] Furthermore, while Mexico has a constitution and an electoral code, there is persuasive evidence that the PRI leadership has ignored the rules and manipulated the electoral system to win elections.[58]

One of the basic tenets of U.S. foreign policy is the support of democracy. The 1991 National Security Strategy has as one of its key objectives "A stable and secure world, where political and economic freedom, human rights, and democratic institutions flourish."[59] For years, the United States has sought to nudge Mexico toward true democracy, but it has clearly not pursued this goal aggressively because (1) our relations with Mexico were determined by our communist containment strategy and as long as Mexico remained non-communist it met our overall strategic interests, (2) Mexico's authoritarian regime maintained stability in our southern flank, assuring substantial social order and providing a buffer from Central America's recurring conflicts, and (3) Mexico was an important player in Latin America, requiring us to temper our criticism of its domestic politics in order to secure its cooperation for our key of foreign and security policies in the region.

The Bush Administration contended that NAFTA would make Mexico a "more stable neighbor,"[60] but it has not expressly claimed that NAFTA will democratize Mexico. The Administration and others contended that Mexican political stability would best be assured by the long term economic growth NAFTA would provide.[61] If this stability is based on one party, authoritarian rule so be it. (In fairness to the Bush Administration, in an interview in 1992, U.S. Department of State officials privately expressed hope that NAFTA would promote democracy in Mexico.)[62] President Clinton also has not linked NAFTA to Mexican democratization, but he appears more sensitive to critics who oppose NAFTA because of Mexico's authoritarian regime.

There are some, however, who believe that NAFTA will help democratize Mexico.[63] How real is this scenario? Will political liberalization (and presumably, stability) follow from the liberal economic policies NAFTA would require of Mexico? The answer is that economic liberalization does not automatically lead to political liberalization. Peter Smith, for example, contends that NAFTA can lead to four possible scenarios in Mexico: NAFTA will contribute to democratization; NAFTA will contribute to the consolidation of authoritarianism; NAFTA will have no meaningful impact on democratization; NAFTA will contribute to the debilitation of the state.[64] To exemplify, Smith points to countries such as Taiwan and Singapore that have open economies but closed political systems. On the other hand, he recognizes that Mexico might go the route of countries such as Chile, where a closed political structure (in this case a military government) created a liberal economic system which led to the restoration of democracy.[65] The changes would be sequential -- first economic and then political. Smith concludes that:

> "free trade and economic liberalization could loosen the social moorings of the present political system in Mexico and, thus, create objective conditions for a far-reaching political transition. However, whether and how this opportunity is used entails the exercise of political will, skill and management at the uppermost levels of power -- especially the presidency. Given a realignment of social forces, it would be just as conceivable for Mexico's leaders to resort to repression and install some new form of authoritarianism as it would be for them to embark on a quest for authentic democracy.[66]

Adam Przeworski is more compelling in concluding that authoritarian regimes such as Mexico's have only two real options when faced with pressures for change: incorporate some new groups and repress everyone else, returning to the authoritarian stasis; or "open the political agenda to the problem of institutions, that is of democracy."[67]

He found that while many authoritarian regimes have sought to stay in power by implementing political liberalization in small doses, they have all failed because "liberalizations are either reversed, leading to grim periods euphemistically termed normalization, or continue to democratization."[68] The reason, according to Przeworski, is that managed political liberalization is impossible when the regime also seeks to perpetuate itself in power. The regime inexorably moves toward democracy or regresses to authoritarianism.

Under this theory, the PRI cannot undertake real political reforms without losing control of the process. It is the fear of losing control of the process and of its power that has prevented the PRI from accepting the democratic principles of "institutionalized uncertainty" and of devolving power to a "set of rules." Judging from recent political developments in Mexico, it is clear that President Salinas has decided to thwart further democratic liberalization and to re-assert the PRI's hegemony.

A key development was the 1988 presidential election. The PRI candidate and current president, Carlos Salinas, wanted to assure that his expected election would be free from fraud and stand up to domestic and international scrutiny. He liberalized the political system by establishing a more transparent electoral process to produce a taint-free outcome. Salinas, however, won with barely 50 per cent of the vote and only after the vote tabulation was apparently manipulated. Subsequently, Salinas engineered changes to the electoral code that strengthens the PRI's power at the expense of opposition parties and orchestrated a national strategy to coopt key members of the opposition.[69] As one study concluded:

> ... it soon became apparent that Salinas' commitment to political liberalization had limits. Despite his post-election promises (to end the virtual one-party system, encourage a competitive political system, and ensure both transparent elections and respect for the vote), the political leadership concentrated its efforts on restoring its political

> authority....
> The regime's broader political agenda focused upon reviving its own waning authority and involved a strategy of coopting various elements, such as the political Right-wing, the business community and the intelligentsia (domestic and international).[70]

This is consistent with one of the outcomes predicted by Przeworski's theoretical construct -- an incipient political liberalization is reversed and followed by a hardening of the authoritarian regime through repression and/or co-optation.[71]

Przeworski's theory also provides one explanation of why President Salinas sought free trade with the United States. Przeworski contends that authoritarian regimes use fear or economic payoff (i.e., "exchange of material prosperity for passive acquiescence" of potential competitors)[72] to maintain power. In the case of Mexico, he concluded that the pre-1982 PRI regime relied on economic payoff to maintain control. After 1982, PRI's control was based on fear. A regime's control through fear generates a lot of resentments, while regimes based on economic payoff are susceptible primarily to economic crisis, the kind Mexico experienced in the mid-1980's. Thus, President Salinas' 1990 decision to ask for free trade with the United States can be seen as a shift in strategy from control through fear to control through economic payoff with NAFTA being the vehicle. That is, it is an attempt by President Salinas and the PRI to maintain power by reverting to economic payoff to secure the acquiescence of disgruntled groups hurt by the mid 1980's economic downturn.[73] And, in fact, recent polls in Mexico have shown a major swing towards the government.[74]

President Salinas makes no apologies for Mexico's political system. In a 1990 interview he said somewhat disingenuously "I keep hearing that in Mexico one party has held power for [70] years, but when I think of how one party has ruled long in countries like Japan and Italy, I pay less attention to the criticism."[75] Salinas further spelled out his views after the opposition called for international supervision of elections following controversial elections in the state of Mexico:

> Our democracy is sovereign. Certainly, yours [the opposition's] is the universal ideal of self-government by means of representation based on a universal secret ballot. But one does not imitate nor subordinate oneself to foreign criteria. Discussion on our democracy knows no bounds and has only one decisive judge: the Mexican people.[76]

FOREIGN POLICY IMPLICATIONS

The United States government is unlikely to press Mexico hard to implement fundamental political reforms. It hasn't in the past, and it refused to include political issues in NAFTA negotiations. The U.S. government has said little publicly of the recent PRI manipulations of the electoral and political process.

Of more apparent importance to the United States is assuring Mexico's political stability and securing Mexico's cooperation in foreign affairs. As former U.S. Ambassador to Mexico, John Negroponte, said in a confidential report to the State Department which was leaked to the press: "From a foreign policy perspective, an FTA would institutionalize acceptance of a North American orientation to Mexico's foreign policy."[77]

In fact, NAFTA can help the PRI maintain control by generating economic benefits which can be used to keep contentious groups passive and acquiescing with the authoritarian regime. If NAFTA fails to generate economic benefits, the PRI, to remain in power, will be forced to carry out further repression.

There is no doubt that NAFTA would increase our economic, political and cultural penetration of Mexico, which might create the environment for U.S.-style democratic practices and institutions, but it is not clear what impact this would have on the Mexico's national political process. Sidney Weintraub provides an optimistic view, noting that expanded U.S.-Mexico economic, cultural and organizational ties are already having some impact on Mexico's political system: "Democracy is entrenched in the United States, whereas it is qualified in Mexico; it is no accident that Mexico's northern border is the region most infected by the yearning for effective suffrage."[78] Miguel Angel Centeno and Sylvia Maxfield found that already a new dominant group (techno-bureaucrats) has arisen within the Mexican political elite, a group that has gained power at the expense of the ruling PRI and traditional politicians.[79] Many of these have been educated in the United States and have experienced our democracy.[80]

This is all well and good, but according to Przeworski as much as the masses might "yearn" for political change they will be unsuccessful unless a liberal element within the ruling elite decides to become reformers and go along with the change. Such liberals have appeared periodically in Mexico, but they have been discredited, paid off, or eliminated by the regime.

In the long term, NAFTA's most profound impact could be in re-defining U.S. relations with Latin America. The goal of the Enterprise for the Americas Initiative to create a Western Hemisphere free trade zone sparked great hope in Latin America. A free trade pact with Mexico would be a powerful message that we want to make the EAI work. This will have enormous implications for our foreign and security policy. NAFTA, and the White House's May 1992 anncuncement that the United States intends to enter into free trade talks with Chile once NAFTA is concluded,[81] are strong inducements for other Latin countries to orient their economic and trade policies toward the United States. This would provide U.S. exporters with a key advantage as they battle for markets. This advantage should not be underestimated, since in 1991 the United States exported more to Latin America than to Japan.[82]

The Bush Administration stressed that free trade with Latin America is an attempt to liberalize global trade and not to create an exclusionary regional trade bloc. Both Fred Bergsten[83] and Robert Pastor[84] have emphasized that the United States and Latin America would benefit from a liberal global trading system. Whether or not regional trade blocs form, however, is not solely in U.S. hands -- witness the creation of the European Community. NAFTA, and by extension a potential hemispheric free trade zone, could be tool to promote freer global trade. As Pastor noted, for the United States "the regionalist option remains a potent reminder to Europe that it will pay a price for protectionism."[85]

CONCLUSION

The pursuit of economic growth through trade is in the U.S. national interest. Mexico has become a major export market for the United States. NAFTA will stimulate further exports from both countries. However, U.S. economic activity is so huge that in the near term NAFTA'S impact on the U.S. economy will be statistically marginal. NAFTA will cost U.S. jobs, particularly in labor intensive industries, but these losses will be offset by NAFTA-created jobs in higher-wage sectors.

In the long term NAFTA has the potential for combining U.S. and Canadian capital and technology and Mexican resources and manpower into a powerful global force that will keep the United States competitive in global markets. As Morici stated:

> The integration of the North American economies would fundamentally alter the composition of resources and market opportunities available to U.S. businesses. It would instigate a major movement of labor and capital from activities emphasizing ordinary factory labor ... to more technology-intensive pursuits. Free trade thus has the potential to be of enormous mutual benefit to the United States and Mexico in the long term.[86]

The major differences in social and economic levels between the United States and Mexico manifest that undocumented immigration from Mexico to the United States will continue. NAFTA is unlikely to influence this trend significantly in the medium term. To cautious observers there is even doubt that NAFTA will have much of a long term impact on this immigration. In fact, it can be argued that by the time NAFTA does have an impact, the free trade pact will have been amended also to provide for the free flow of trans-national labor, eliminating the necessity of Mexican illegal immigration.

While NAFTA would require Mexico to implement economic reforms more consistent with free markets and probably result in new economic and social power centers, this will not per se lead to reform of Mexico's authoritarian regime. Furthermore, the PRI and the Mexican government cannot manage a political liberalization process if the end sought is to remain in power. "The perplexing fact," notes Prezworski, "is that so many authoritarian politicians believe they will succeed where others have failed, and they go on to fail." President Salinas and the PRI do not want to fail. Thus, political liberalization measure made in the late 1980's have been neutralized and a political strategy has been implemented to assure that the PRI's hegemony continues. NAFTA might, in fact, contribute to this outcome.

The United States has refused to leverage NAFTA to secure a more democratic Mexico, and it is unlikely to press for effective democratization in the years ahead even though the communist threat has been eliminated and Central America is enjoying relative peace. The United States still values the PRI-based political stability and there is misplaced expectation that NAFTA will somehow generate a democratic transition.

NAFTA's more important contribution would be to re-define our relations with Latin America. It would anchor an eventual hemisphere wide free trade zone and orient the trade policies of Latin nations toward the United States. This would provide the United States with important trade and political advantages as it battles for export markets with global competitors such as Japan and the EC. NAFTA might or might not be the ideal trade agreement, but it is a clear recognition that our economic future and prosperity are inextricably linked to international economic competition and trade.

ENDNOTES

[1]The White House, Office of the Press Secretary, Fact Sheet on the North American Free Trade Agreement (Washington, DC: GPO, August 12, 1992): 1.

[2]In Mexico, NAFTA will be treated as a treaty and needs only Senate approval. In Canada, the accord will be subject to Parliamentary approval. NAFTA will be presented to both Houses of the U.S. Congress via enabling legislation and will be considered under fast track procedures. Fast track procedures require the Congress to vote up or down on the Agreement and do not permit amendments. Final Congressional action is not expected until 1993. Assuming Congressional approval, the Agreement would enter into force on January 1, 1994. Description Of The Proposed North American Free Trade Agreement, (Prepared by the Governments of Canada, the United Mexican States and the United States of America, 12 August 1992): 43.

[3]Fact Sheet, 1.

[4]The implications of the Agreement for Canada will not be analyzed here. Canada had entered into a free trade agreement with the United States effective January 1, 1989. To protect its trade interest, however, in February 1991 it joined the U.S.-Mexico free trade negotiations.

[5]Reviewing the aftermath of the end of the Cold War and the demise of the USSR, Bergsten asserted that "American foreign policy is at sea." C. Fred Bergsten, "The Primacy of Economics," Foreign Policy 87 (Summer 1992): 3.

[6]Lester Thurow, Head to Head: The Coming Economic Battle Among Japan, Europe and America (New York: William Morrow and Company, Inc., 1992), 14.

[7]NSC-68 noted the need to mobilize the free world's economies to counter the Soviet threat and, among other measures, called for efforts to re-establish an international economy based on multi-lateral trade and declining trade barriers. "In both their short and long term aspects, these policies and programs are directed to the strengthening of the free world and therefore to the frustration of the Kremlin design." "NSC-68: A Report to the National Security Council." Naval War College Review 27 (May-June 1975): 51-108. Reprinted in U.S. Army War College Selected Readings, AY93, Course 2, War, National Policy and Strategy 2 (Carlisle Barracks, PA: U.S. Army War College, 1992): 139.

[8]Thurow contends that after the Second World War the United States promoted economic growth in non-communist countries because "If countries could be made rich, they would be democratic. If their richness depended upon selling in the American market, they

would be forced to be allies of the United States." Thurow, 22.

[9]"North America: USA," World Outlook 1992: Forecasts Of Political and Economic Trends For 1992 in Over 165 Countries, (London, The Economist Intelligence Unit, 1992): 26. Federal trade figures put U.S. 1992 exports at $644.8 billion. Council of Economic Advisers, Economic Indicators, January 1993, (Washington, DC: GPO, 1933): 1.

[10]Stuart Auerbach, "The U.S. as Exporter: Superpower or Subpar?," Washington Post, 20 September 1992, sec. H, p. 1.

[11]Ibid. Quoted from William E. Nothdurft's recently published book, Going Global, (Brookings Institution, forthcoming).

[12]Ibid. Auerbach quotes Nothdurft's conclusion that "European nations spend as much as eight times more than the United States in promoting exports," and that the "federal government has demonstrated repeatedly that it has neither the will to make investments in export promotion comparable with its competitors nor a coherent strategy for doing so."

[13]The White House, "Relating Means to Ends: An Economic Agenda for the 1990s," National Security Strategy of the United States, (Washington, DC: GPO, August 1991): 20.

[14]Fact Sheet, 1.

[15]For example, see "Expanding Trade and Creating American Jobs," Speech by Presidential Candidate Bill Clinton, North Carolina State University, October 4, 1992. Foreign Policy Bulletin 3, no. 3 (November/December 1992): 37.

[16]U.S. Department of State, "Department 'Gets Down to Business' By Assisting US Firms, Promoting American Exports," Dispatch 2, no. 17 (Washington, DC: U.S. Department of State, 29 April 1991): 306.

[17]Bergsten, 6.

[18]Judith Gentleman and Voytek Zubek, "International Integration and Democratic Development: The Cases of Poland and Mexico," Journal of Inter-American Studies and World Affairs 34, no. 1 (Spring 1992): 75.

[19]Ibid.

[20]"Remarks Announcing the Enterprise for the Americas Initiative," Weekly Compilation of Presidential Documents 26:26(2 July 1990) p. 1010.

[21]Morton Kondracke, "Mexico and the Politics of Free Trade," National Interest, 25 (Fall 1991). Reprinted in U.S. Army War College Selected Readings, AY93, Course 2, War, National Policy and Strategy 3 (Carlisle Barracks, PA: US Army War College,1992): 277.

[22]Ibid., 278.

[23]M. Delal Baer, "North American Free Trade," Foreign Affairs 70 (Fall 1991): 134.

[24]"Mexico-United States Joint Statement on Negotiation of a Free Trade Agreement of June 11, 1990," Weekly Compilation of Presidential Documents, 28:20(18 May 1992), p. 28.

[25]Gentleman and Zubek, 73.

[26]Rodman D. Griffin, "Mexico's Emergence: Would a Free-Trade Pact Be Good for the United States?" Congressional Research Quarterly 1, no. 11 (19 July 1991): 501.

[27]"United States," and "Mexico," The World Fact Book, 1992 (Washington, DC, Central Intelligence Agency): 225-226, 358-359.

[28]Ibid., 226, 359.

[29]Peter Morici, "Free Trade With Mexico," Foreign Policy no. 87 (Summer 1992): 89.

[30]Robert Fisher, "The North American Free Trade Agreement: A U.S. Perspective," SAIS Review 12, no. 1 (Winter/Spring 1992): 46.

[31] Office of the U.S. Trade Representative, "Overview," The North America Free Trade Agreement, ((Washington, DC: Office of the U.S. Trade Representative, August 1992): 1.

[32]Nora Lustig, "The North American Free Trade Agreement: A Mexican Perspective," SAIS Review 12, no. 1 (Winter-Spring 1992): 61.

[33]Fact Sheet, 2.

[34]Ibid.

[35]Office of the U.S. Trade Representative, "U.S. Jobs and Adjustment," The North American Free Trade Agreement, (Washington, DC: Office of the U.S. Trade Representative, August 1992):

[36]Morici, 96.

[37]Baer, 140.

[38]The AFL-CIO strongly opposes the NAFTA, claiming that 500 thousand American jobs would be lost because low-wage Mexican labor would lure U.S. companies. Baer states that "these claims probably overstate the likely impact of a free-trade agreement, given the large differences in labor productivity and the fact that Mexico's economy is one-twenty-fifth the size of America's." Baer, 143.

[39]Ani Hadjian, "Salinas Speaks Out on Free Trade," Fortune, 28 December 1992, 47.

[40]In a 1991 Fortune article, the author noted that "Over time, analysts believe, many more labor-intensive industries will move production from Asia to Mexico, creating jobs in the U.S. in sales, warehousing, management, and the manufacture of components." Rebecca Lewin, "Viva Free Trade With Mexico," Fortune, (17 June 1991): 97.

[41]As quoted in Griffin's "Mexico's Emergence: Would a Free-Trade Pact Be Good for the United States?": 501.

[42]Leonard Waverman, "Mini-Symposium: Modelling North American Free Trade, Editorial Introduction," The World Economy 15, no. 1 (January 1992): 9.

[43]"Statement by U.S. Trade Representative Carla Hills to the Senate Finance Committee, September 8, 1992," Foreign Policy Bulletin 3, no. 3 (November/December 1992): 24.

[44]Saul Trejo Reyes, "Labor Market Interdependence Between Mexico and the United States," in The Dynamics of North American Free Trade and Investment: Canada, Mexico and The United States, ed. Clark W. Reynolds, Leonard Waverman, and Gerardo Bueno (Stanford: Stanford University Press, 1991), 251.

[45]Morici, 97.

[46]U.S. Border Patrol figures quoted in Griffin, 499. Since illegal immigration is inherently surreptitious, the precise volume of this flow is impossible to measure. These figures are helpful in providing an indication of the volume of undocumented immigration based on the number of people apprehended entering the United States illegally. It should also be noted, however, that not all of those apprehended are of Mexican origin.

[47]Griffin, 499.

[48]Proceso, no. 723 (10 September 1990), p. 23. As quoted in Andrew Reding, "The Crumbling of the 'Perfect Dictatorship:' Mexico's Democratic Challenge," World Policy Journal 8, no. 2 (Spring 1991): 257.

[49]"Latin America/IPE Atlas: Mexico," International Petroleum Encyclopedia 1992 25, (Tulsa: PennWell Publishing Company, 1992), 124. By one account, President Bush's receptivity to Mexico's request for free trade talks was to reciprocate for President Salinas' decision during Desert Storm/Shield to increase Mexico's oil production to offset the loss of oil due to the U.S. embargo of Iraq. Kondracke, 278.

[50]Griffin, 494.

[51]Peter H. Smith, "The Political Impact of Free Trade on Mexico," Journal of Inter-American Studies and World Affairs 34, no. 1 (Spring 1992): 4.

[52]Walter Russell Mead, "Bushism Found," Harper's Magazine, September 1992, 41.

[53]Andrew Reding, "The Crumbling of the 'Perfect Dictatorship': Mexico's Democratic Challenge," World Policy Journal 8, no. 2 (Spring 1991): 256.

[54]George Philip, "Mexican Politics and the North American Free Trade Agreement," The World Today 47, no. 12 (December 1991): 205.

[55]Griffin, 502.

[56]Adam Przeworski, Democracy and the Market: Political Reforms in Eastern Europe and Latin America (New York: Cambridge University Press, 1991), 14.

[57]When founded in 1929, the PRI was named the National Revolutionary Party; it was re-named in 1938 to the Mexican Revolutionary Party. It became the PRI in 1946 after its political hegemony had been "institutionalized." William D. Halsey, ed., Collier's Encyclopedia, (New York: McMillan Educational Co., 1986), s.v. "Mexico: Government and Politics," by Stanley R. Ross.

[58]For a review of the PRI's electoral machinations, see Reding's article quoted above.

[59]1991 National Security Strategy of the United States, 4.

[60]"Statement by U.S. Trade Representative Carla Hill," 24.

[61]It is illustrative that the U.S. has refused to leverage NAFTA to seek political liberalization in Mexico. Gentleman and Zubek, for example, in noting the recent restrictive nature of the PRI's political posture concluded that "To the Mexican leaders ... it was clear that the United States was determined to ignore the increased hardening of the Salinas governing stance and its reluctance to pursue a more liberal political process. The US

Administration was perceived as (a) willing to overlook the disturbing political drift and (b) intent on pursuing its desire to proceed with integration." Smith went on to quote Assistant Secretary of State for Inter-American Affairs Bernard Aronson as saying that the negotiating agenda for NAFTA did not address political issues: "It's already been decided; commerce and investment, nothing more." Gentleman and Zubek, 81. This is consistent with views expressed to this author by other State Department officials who stressed that "NAFTA was a trade pact, and did not include a political agenda."

[62]This was the position taken by senior U.S. State Department officials in a recent background-only interview.

[63]Baer, for example, contends that "A free-trade agreement may help reinforce decentralized economic decision-making, erode the dirigiste tendency of an authoritarian state and decouple the economy from exclusive party control." Where Baer goes awry, however, is in his assertion that "Liberalized politics tend to accompany liberal economics." Baer, 136.

[64]Smith, 4-19.

[65]Chilean and Mexican political histories are significantly different, so comparing possible democratic transitions can be risky. For example, unlike Mexico, Chile has had substantial periods of democratic rule. Also, Chile's authoritarian regime under General Pinochet lasted 16 years, while the PRI's reign has lasted over 60 years.

[66]Ibid., 19-20.

[67]Przeworski, 60.

[68]Ibid.

[69]For an analysis of these changes see Reding, 258-261.

[70]Gentleman and Zubek, 79, 80.

[71]For further analysis of the tools and strategy the PRI has employed since the 1988 election to coopt and intimidate the opposition, see Stephen D. Morris, "Political Reformism in Mexico: Salinas at the Brink," Journal of Inter-American Studies and World Affairs 34, no. 1 (Spring 1992): 27-57. Morris concluded that "Though hardly an unqualified success, the efforts of President Salinas and the PRI in pursuing their reform objectives have been remarkably effective in the timeframe under discussion. The system has arguably survived its most difficult trial period and can claim the distinction of being one of the few authoritarian systems to outlast the 1980s." p. 45.

[72]Przeworski, 59.

[73]Other forces motivated Salinas to seek free trade with the United States: 40 percent unemployment rate, Western Europe's decision to focus its resources on Eastern Europe to the detriment of Latin America, and the need to modernize the Mexican economy before it got left irrevocably behind. What was clear to Mexico's political elites, however, was that these reforms were also essential to maintain the PRI's legitimacy and power.

[74]Philip, 206.

[75]Tim Padgett, "Reform at Two Different Rhythms," Newsweek, 3 December 1990, 39. In the interview, Salinas also claimed that the lack of political pluralism in Mexico is "due to the weakness of the opposition." As has been noted, however, there is persuasive evidence that Salinas and the PRI have deliberately undermined the political opposition.

[76]From the Excelsior newspaper. As quoted in Jorge Chabat's "Mexico's Foreign Policy in 1990: Electoral Sovereignty and Integration with the United States," Journal of Inter-American Studies and World Affairs 33, no. 4 (Winter 1991): 13-14.

[77]As quoted in Smith, 17.

[78]Sidney Weintraub, A Marriage of Convenience: Relations Between Mexico and the United States, (New York: Oxford University Press, 1990), 155.

[79]Miguel Angel Centeno and Sylvia Maxfield, "The Marriage Of Finance and Order: Changes in the Mexican Political Elite," Journal of Latin American Studies, 24, pt. 1 (February 1992): 84.

[80]Ibid., 68.

[81]"Statement by Press Secretary Marlin Fitzwater on the President's Meeting With President Patricio Aylwin of Chile of May 13, 1992," Weekly Compilation of Presidential Documents 28:20(18 May 1992)
p. 858.

[82]Robert Pastor, "The Latin American Option," Foreign Policy no. 88, (Fall 1992): 108.

[83]Bergsten, 21.

[84]Pastor, 121.

[85]Ibid., 123.

[86]Morici, 96.

BIBLIOGRAPHY

Auerbach, Stuart. "The U.S. as Exporter: Superpower or Subpar?" Washington Post, 20 September 1992, sec. H, p. 1.

Baer, M. Delal. "North American Free Trade." Foreign Affairs (Fall 1991): 132-149.

Bergsten, C. Fred. "The Primacy of Economics." Foreign Policy 87 (Summer 1992): 3-24.

Centeno, Miguel Angel and Sylvia Maxfield. "The Marriage of Finance and Order: Changes in the Mexican Political Elite." Journal of Latin American Studies. 24, pt. 1 (February 1992): 57-85.

Chabat, Jorge. "Mexico's Foreign Policy in 1990: Electoral Sovereignty and Integration with the United States." Journal of Inter-American Studies and World Affairs 33 (Winter, 1991): 1-25.

Clinton, William J. "October 4, 1992, Speech at North Carolina State University: Expanding Trade and Creating American Jobs." Foreign Policy Bulletin 3 (November-December 1992): 2-23.

Davis, Bob. "Exporters, Panel Backs Free Trade Pact, But Faults It on Oil and Entertainment." Wall Street Journal, 17 September 1992, sec. A, p. 3.

Dowd, Ann Reilly. "Viva Free Trade With Mexico." Fortune. 17 June 1991, 97-100.

East, Robert. ed. World Fact File. New York: Facts on File, 1990.

Fisher, Robert. "The North American Free Trade Agreement: A U.S. Perspective." SAIS Review 12 (Winter-Spring 1992): 43-55.

Gentleman, Judith and Zubek, Voytek. "International Integration and Democratic Development: The Cases of Poland and Mexico." Journal of Inter-American and World Affairs 34 (Spring 1992): 59-109.

Governments of Canada, the United Mexican States and the United States of America. Description of the Proposed North American Free Trade Agreement. Washington: 1992.

Griffin, Rodman D. "Mexico's Emergence: Would a Free-Trade Pact Be Good for the United States?" Congressional Research Quarterly 1 (19 July 1991): 491-511.

Hadjian, Ani. "Salinas Speaks Out on Free Trade." Fortune. 28 Dec. 1992, 46-47.

Halsey, William D., ed. Collier's Encyclopedia. New York: McMillan Educational Co., 1986. S.v. "Mexico: Government and Politics," by Stanley R. Ross.

Hills, Carla USTR. "Statement by U.S. Trade Representative Carla Hills to the Senate Finance Committee." Foreign Policy Bulletin 3 (November-December 1992): 25-28.

International Petroleum Encyclopedia 1992. 1992 ed. Tulsa: PennWell Publishing Company, 1992.

Kondracke, Morton. "Mexico and the Politics of Free Trade." In U.S. Army War College Selected Readings, AY93, Course 2, War, National Policy and Strategy. 3 Carlisle Barracks, PA: U.S. Army War College, 1992.

Lustig, Nora. "The North American Free Trade Agreement: A Mexican Perspective." SAIS Review 12 (Winter-Spring 1992): 57-67.

Mead, Russell Mead. "Bushism Found." Harper's Magazine. September 1992, 37-45.

Morici, Peter. "Free Trade With Mexico." Foreign Policy no. 87 (Summer 1992): 88-104.

Morris, Stephen D. "Political Reformism in Mexico: Salinas at the Brink." Journal of Inter-American Studies and World Affairs 34 (Spring 1992): 27-57.

"NSC 68: A Report to the National Security Council." Naval War College Review 27 (May-June 1975): 51-108. In U.S. Army War College Selected Readings, AY93, Course 2, War, National Policy and Strategy. 2 Carlisle Barracks, PA: U.S. Army War College, 1992.

Office of the U.S. Trade Representative. "Overview." The North American Free Trade Agreement. Washington: 1992.

__________. "U.S. Jobs and Adjustment." The North American Free Trade Agreement. Washington: 1992.

Padgett, Tim. "Reform at Two Different Rhythms." Newsweek, 3 Dec. 1990, 39.

Pastor, Robert. "The Latin American Option." Foreign Policy 88 (Fall 1992): 107-125.

Philip, George. "Mexican Politics and the North American Free Trade Agreement." The World Today 47 (December 1991): 204-206.

Przeworski, Adam. Democracy and the Market: Political Reform in Eastern Europe and Latin America. New York: Cambridge University Press, 1991.

Reding, Andrew. "The Crumbling of the 'Perfect Dictatorship': Mexico's Democratic Challenge." World Policy Journal 8 (Spring 1991): 255-284.

"Remarks Announcing the Enterprise for the Americas Initiative of June 27, 1990." Weekly Compilation of Presidential Documents 26:26(2 July 1990) pp. 1009-1013.

Smith, Peter. "The Political Impact of Free Trade on Mexico." Journal of Inter-American Studies and World Affairs 34. (Spring 1992): 1-25.

"Statement by Press Secretary Fitzwater on the President's Meeting With President Patricio Aylwin of Chile." (13 May 1992), Weekly Compilation of Presidential Documents 28:20(18 May 1992) pp. 858-859.

The Economist Intelligence Unit. "North America: USA." World Outlook 1992: Forecasts of Political and Economic Trends for 1992 Over 165 Countries. London: 1992.

The White House. Office of the Press Secretary. Fact Sheet on the North American Free Trade Agreement. Washington, DC: The White House, 1992.

__________"Relating Means to Ends: An Economic Agenda for the 1990s." National Security Strategy of the United States. Washington, DC: GPO, 1991.

Thurow, Lester. Head to Head: The Coming Economic Battle Among Japan, Europe and America. New York: William Morrow and Company, 1992.

Trejo Reyes, Saul, "Labor Market Interdependence Between Mexico and the United States." In The Dynamics of North American Free Trade and Investment: Canada, Mexico, and the United States. ed. Clark W. Reynolds, Leonard Waverman, and Gerardo Bueno, 241-252. Stanford: Stanford University Press, 1991.

U.S. Department of State. "Department 'Gets Down to Business' By Assisting US Firms." Dispatch 2:17(29 April 1991):pp. 306-309.

Waverman, Leonard. "Mini-Symposium: Modelling North American Free Trade, Editorial Introduction." The World Economy 15 (1 Jan. 1992): 1-100.

Weintraub, Sidney. A Marriage of Convenience: Relations Between Mexico and the United States. New York: Oxford University Press, 1990.