



Reconfiguring Mexico Policy

By Eric L. Olson, Washington Office on Latin America

It has become something of a cliché to say that Mexico is of vital national importance to the United States. Considering Mexico's 2000-mile common border, its population of 99 million people, and its status as America's second largest trading partner, it is little wonder that the promotion of peace and prosperity is the stated cornerstone of U.S. policy toward Mexico.

Yet despite the obvious importance of Mexico, current U.S. policy is fragmented, often contradictory, and lacks a clear strategy or focus. U.S. policy is dominated by a counternarcotics strategy that has resulted in greater instability in bilateral relations while failing to curb the flow of illegal drugs. The North American Free Trade Agreement (NAFTA), the centerpiece of U.S. economic relations with Mexico, has failed to produce the broad-based economic prosperity in Mexico that proponents had predicted. Ironically, issues that would contribute to greater peace and prosperity—such as human rights, democracy, and poverty reduction—are completely off the official agenda.

The war on drugs has become the top priority—and the greatest source of friction—in U.S. relations with Mexico. The Clinton administration argues that Mexican drug production and trafficking not only pose a threat to the health and well-being of America, but also threaten to undermine Mexican stability. Because as much as two-thirds of all cocaine enters the U.S. through Mexico, and Mexico is the source of 20-30% of the heroin and 80% of all methamphetamine that enters the U.S., Washington has pursued an aggressive strategy. Largely bypassing what were believed to be hopelessly corrupt Mexican police and

judicial institutions, the Clinton administration turned instead to developing partnerships with the Mexican military. Among other things, the U.S. has sent 73 helicopters and other excess military equipment to aid the Mexican military in counternarcotics operations. In fiscal year 1997 the State and Defense departments spent approximately \$83 million on counternarcotics efforts in Mexico. Their 1998 budget, which did not include helicopter transfers and featured less training, declined to roughly \$28 million. In 1998 approximately \$13

million was spent to train just over 1,000 Mexican soldiers in counternarcotics techniques—more than any other Latin American military. Despite these expenditures, the flow of illegal drugs from Mexico has not been reduced significantly.

A key component of U.S. drug policy is the annual certification process, whereby Clinton must certify before Congress the extent to which other countries are “fully cooperating” with U.S. counternarcotics efforts. Even though Mexico is consistently certified, the process has led to rancorous debate both within the administration and with Congress in the last two years. Spectacular cases of corruption among Mexican military and civilian authorities have fanned the flames of congressional drug warriors bent on decertifying Mexico.

Meanwhile, the certification process, intended to leverage greater cooperation from other countries, has become a major irritant in U.S.-Mexican relations. Mexico sees the process as unilateral, hypocritical, and particularly offensive because the U.S. is the world's biggest consumer of illegal drugs and the driving force behind the drug cartels.

Unlike drug policy, bilateral economic relations have ceased to be an issue of much public debate within U.S. policy circles. Yet the absence of public debate should not cloud the fact that bilateral economic relations—and greater economic integration, in particular—continue to be the centerpiece of U.S. efforts to promote prosperity in Mexico.

NAFTA, now entering its sixth year, is Washington's primary vehicle for Mexican economic integration. The agreement joined Mexico, the U.S., and Canada in the world's largest free trade area and was supposed to usher Mexico into the developed world. But the high expectations it generated have failed to materialize. Despite sparking record trade levels and foreign investment, economic integration has also linked Mexico to an increasingly volatile global economy. For example, the Asian and Russian financial crises have rebounded negatively toward Mexico, eroding investor confidence in most developing countries.

In 1995, and again in 1998, Mexico's economy was ravaged by capital flight and declining investor confidence. Some argue that NAFTA cushioned Mexico's economic slump by facilitating trade and investment. Yet the same NAFTA rules that facilitated the flow of foreign capital into Mexico also guaranteed its rapid repatriation during times of crisis, leaving Mexico's domestic economy in a shambles.

Key Points

- Mexico's stability, prosperity, and peace are vitally important to U.S. national security.
- Despite sparking record trade volume and foreign investment, NAFTA has increased Mexico's vulnerability to international financial turmoil and contributed to a rise in poverty.
- U.S. counternarcotics policy has not only failed to reduce the flow of drugs but has also strained relations between the two countries while exacerbating corruption and human rights violations within Mexico.

Current U.S. policy toward Mexico is fundamentally flawed for three reasons. It undermines peace and prosperity in Mexico by pursuing failed counternarcotics and economic integration strategies. It has largely ignored Mexico's serious human rights situation and blinked at armed conflicts that have a direct impact on peace and stability. It has never seriously encouraged the struggle for democracy under way in Mexico and, at times, has even weakened it.

Although the proponents of economic integration have declared NAFTA an unqualified success due to increasing bilateral trade, an analysis of salaries and poverty statistics suggests another view. By the end of 1997, average salaries for all Mexican workers had fallen to 60% of their 1994 value. In addition, according to a study by Mexico's National Institute of Statistics, Geography, and Information (INEGI), extreme poverty rose by 53% from 1994 while income became increasingly concentrated.

Mexico's economic woes are not solely the result of NAFTA. Record low prices for oil, a key Mexican export, and structural adjustment policies adopted as part of the U.S.-conceived peso bailout package in 1995 have also played a role. U.S. requirements that Mexico follow a liberalized monetary policy as a condition for aid resulted in skyrocketing interest rates. High interest rates, in turn, plunged the Mexican economy into deep recession and crippled the banking system.

U.S. counternarcotics policies have had a destabilizing impact on bilateral relations, because they are perceived by Mexico as unilateral and hypocritical, undermining what little binational cooperation exists. Mexico has consistently protested a policy that judges them for their counternarcotics efforts but does not judge the efforts of the largest consumer of illegal drugs—namely, the United States. Additionally, U.S. promotion of an expanded role for the Mexican military in antidrug and public security operations has further weakened civilian law enforcement institutions, has contributed to the military's greater exposure to corruption, and has sparked a dramatic increase in human rights violations committed by the military. Furthermore, the lines between counternarcotics and counterinsurgency operations have become increasingly blurred in several parts of Mexico, because counternarcotics operations often occur in the same place where military forces are confronting armed insurgents.

The dangers of U.S. counternarcotics strategies are exacerbated by Washington's failure to consider Mexico's dismal human rights record. According to a report issued by the Inter-American Commission for Human Rights in October 1998, counternarcotics efforts in Mexico are often the context for human rights violations. The commission has received numerous complaints of "enforced disappearances and extrajudicial killings, which have taken place in the context of the fight against guerilla groups, drug trafficking, and common crime." A Human Rights Watch report released in January 1999 found that prosecutors routinely use information gathered by the police and

military through illegal means, such as torture, and that judges turn a blind eye to the practice. Recent statements by U.S. State Department spokesman James Rubin concerning persistent human rights violations in Mexico are encouraging and indicate just how urgently human rights need to be integrated into U.S. relations with Mexico.

Particularly troubling is the failure of U.S. policy to grasp the significance of the armed uprisings in Mexico's most impoverished southern states of Chiapas and Guerrero. Washington has shown little interest in these revolts, accepting the Mexican government's explanation that they are internal matters reflecting local conflicts and containing no national implications. Rather than isolated conflicts, these uprisings reflect the growing desperation of a poor rural population that has failed to reap the benefits promised by economic modernization and integration. These folks are tired of the human rights violations and undemocratic practices that they have endured for decades.

The U.S. has shied away from Mexican democracy issues, even though it has long maintained that promotion of democratic societies is the key to global stability. Ironically, though Washington's stake in stability is highest in Mexico, promotion of democracy is seen as nearly impossible there due to Mexican sensitivities to foreign intervention. Furthermore, with counternarcotics efforts and economic integration considered to be more pressing priorities, democracy has slipped off the U.S. agenda. The U.S. has largely accepted as fact that Mexico is irreversibly on a path toward full democratization. Thus Washington has not invested much in promoting electoral or institutional democratization in Mexico.

U.S. policy has been quick to overlook the challenges that remain in Mexico's democratic transition and is overly optimistic about the outcome of Mexico's struggle for democracy. By not paying sufficient attention to the problems, Washington has made two mistakes. First, it tends to view political instability, such as the conflicts in Chiapas and Guerrero, as local matters reflecting local disputes rather than as symptoms of a wider failure of democracy throughout Mexico. These conflicts are not just about poverty or local land disputes, as some have argued, but are also about the right to self-determination, electoral freedom, and gaining a voice in basic decisions about governance. Second, U.S. policy has contributed to undermining Mexico's democratic transition by supporting a greater role for the Mexican military in civilian affairs and by failing to support the creation of strong civilian institutions that are transparent and publicly accountable.

Key Problems

- * U.S. policy undermines peace and prosperity in Mexico by pursuing failed counternarcotics and economic integration strategies.
 - U.S. policy ignores Mexico's dismal human rights situation, and it fails to recognize that the injustices at the root of southern Mexico's armed conflicts are felt throughout that nation.
 - U.S. policy has never seriously encouraged Mexico's struggle for democracy but has instead weakened its fragile democratic transition.
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America's challenge is to define a new foreign policy that ensures peace and prosperity in Mexico by promoting progressive values—such as greater economic equity, participatory democracy, and respect for human rights—without falling into the traditional paternalism of U.S. foreign policy. There are four basic components to such a policy.

Key Recommendations

- Symmetry, cooperation, and mutual respect should be the foundations of U.S.-Mexico policy.
- The U.S. should help reduce poverty and inequality in Mexico by adjusting aspects of NAFTA that have hurt Mexico's poor and by supporting programs within international financial institutions that target poverty.
- The U.S. must end its militarized approach to counternarcotics, including training Mexican soldiers in antidrug tactics. These tactics can be used for counterinsurgency and can lead to increased corruption and human rights violations.

First, U.S.-Mexico relations should be based squarely on symmetry, cooperation, and mutual respect. For example, the current drug certification process urgently needs to be replaced with a new multilateral approach in which countries cooperate to fashion mutually acceptable goals and strategies in combating illegal drugs. Support for the Multilateral Counterdrug Alliance, established during the presidential summit in Santiago, Chile, in April 1998, should be the cornerstone of this new approach.

Likewise, human rights and democracy issues should become an integral part of the

official bilateral agenda and should be discussed at regular binational forums that deal with economic issues, immigration policy, counternarcotics efforts, and other important bilateral concerns. Promotion of human rights should not be limited to one country condemning another. Mexico has legitimate human rights concerns in the U.S., including the treatment of immigrants and migrant workers and the handling of capital punishment cases. Although both formal and informal discussions on human rights issues already occur, they tend to be among lower level officials and are separated from the broader bilateral agenda. By including human rights in the regular bilateral agenda, the issue will gain importance and will become an integral part of all policy discussions rather than something dealt with separately, unrelated to other issues.

Second, the U.S. must make reducing poverty and combating inequality the cornerstone of its relations with Mexico and the rest of Latin America. Although trade can play an important part in Mexico's development, the current free trade model has merely exacerbated the inequalities in Mexican society. Both countries should undertake an objective review of NAFTA and make adjustments to those aspects of the agreement that have

had the greatest impact on poor people, especially in the rural sector. For example, it may be necessary to provide extended tariff protection to producers of basic grains, most of whom are peasants and indigenous farmers.

The U.S. should also exercise leadership in the international financial institutions (IFIs) by prioritizing programs that directly address poverty. Targeted lending by the IFIs to small rural producers and enterprises, indigenous communities, small businesses, and women and children should be a greater priority than protecting foreign investors who gamble on international markets. And Washington needs to demonstrate more flexibility in its bilateral economic relations with Mexico, placing fewer conditions on future loans and assistance and allowing for some restrictions on the flow of capital.

Third, U.S. counternarcotics policy must be fundamentally changed. In the last few years, the U.S. has trained large numbers of Mexican military personnel in counternarcotics courses. There has been an expanded role for the Mexican military in antinarcotics activities far exceeding any external defense concerns, which is problematic if only for that reason. Furthermore, U.S. counternarcotics courses are said to be very similar in content to counterinsurgency courses, and as the U.S. currently does not track where the trained Mexican soldiers are subsequently stationed, it is impossible to know if the skills they learned are used in counternarcotics efforts or in counterinsurgency operations in Chiapas. Instead of a militarized approach to combating drug trafficking, the U.S. must begin from the premise that lower demand at home is the most effective way to combat illegal drugs.

Finally, Washington should make strengthening the rule of law the centerpiece of its efforts to promote greater democracy and human rights in Mexico. Without strong, transparent, and accountable judicial institutions, human rights violations will continue to increase, as will corruption. The U.S. need not dictate reforms, but can just shift its support away from militarized solutions to the difficult but necessary task of building democratic institutions.

U.S. relations with Mexico are in urgent need of change. The risks of staying on the current course are too high for both the U.S. and Mexico. It is time to hold the administration accountable to its commitment to promote peace and prosperity in Mexico and force it to adopt new strategies for meeting these tremendous challenges.

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Statistical Background

Mexico's Major Trading Partners (1998 est)

<u>Exports</u>		<u>Imports</u>	
U.S.	85%	U.S.	74.8%
Canada	2.1%	Japan	4.1%
Japan	1%	Germany	3.5%
		Canada	1.8%

Total U.S.-Mexico Trade

<u>1993</u>	<u>1998 (est)</u>
\$81 billion	\$174 billion

Mexico accounts for 55% of all U.S. exports to Latin America and Caribbean

U.S.-Mexico Trade Balance

<u>1993</u>	<u>1998 (est)</u>
\$16.6 billion	-\$15.7 billion

U.S. Direct Investment in Mexico

<u>1994</u>	<u>1998 (est)</u>
\$16.9 billion	\$25.3 billion

Mexico's External Debt

<u>1997</u>
\$162 billion

U.S. Counternarcotics Security Assistance

<u>1997</u>	<u>1998 (est)</u>
\$83 million	\$28 million

Includes training, excess defense sales, DOD Section 1004, and DOD support for International Narcotics Control Fund

Other U.S. Security/Assistance Sales

Foreign Military and Construction Sales (loans)

<u>1997</u>	<u>1998 (est)</u>
\$37.1 million	\$15 million

Licensed Direct Commercial Sales

<u>1996</u>	<u>1997</u>
\$146.7 million	\$30.9 million

U.S. Economic Aid

<u>1997</u>	<u>1998 (est)</u>
\$16.3 million	\$11.3 million

Includes development assistance, child survival, and Economic Support Funds, and \$1 million in USAID support in 1998 for International Narcotics Control Fund.

Sources for More Information

Organizations

Development Group for Alternative Policies

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Comisión Mexicana de Defensa y Promoción de los Derechos Humanos

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Fray Bartolomé de las Casas Human Rights Center

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<http://www.usmcc.org/>