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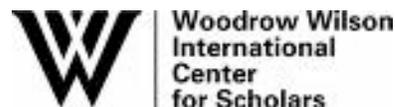
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Mexico and the United States: Confronting the Twenty-First Century

This working paper is part of a project seeking to provide an up-to-date assessment of key issues in the U.S.-Mexican relationship, identify points of convergence and divergence in respective national interests, and analyze likely consequences of potential policy approaches.

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Process Management in the U.S.-Mexico Bilateral Relationship¹

John Bailey and Tonatiuh Guillén-López

Introduction: Bilateral Relations as Basket-Juggling

Mexico and the United States interact with arguably the broadest and densest set of bilateral relationships of any contemporary pair of nations. This is not a case of two countries coordinating their foreign policies. Rather, the domestic politics of each country shape much of the bilateral interaction. The “intermestic” dynamics of policy-making reach deep into their political, economic, and social systems, creating forces that are difficult for their respective capitals to manage. For a variety of historical reasons, the two neighbors have not adopted a joint strategic framework to guide the diversity of policy interactions. Thus, the shared necessity to promote cooperation in public security, trade and finance, energy, migration, border affairs, and a host of other issues constantly challenges the U.S. and Mexican governments to develop effective coordination mechanisms and processes.

In the absence of an overarching strategic framework, it is more useful to conceive of the bilateral relationship as made up of a series of “baskets” of policies and programs. Each of these baskets constitutes a policy subsystem that responds to different arrays of institutions and interest groups; the relative priority of the baskets is typically weighed differently by different actors in each system; and the capacity of central governments to exercise influence varies across subsystems as well. The asymmetric nature of the relationship usually allows the U.S. government to shape the agenda of

priorities; but the Mexican government's more intense focus on the bilateral relationship gives it important leverage in negotiating specifics. In the following inventory of policy baskets note that the first three are structural (economy, demography, and geography), whereas the latter three are more conjunctural in nature (problem-driven):

- *Trade and finance.* This huge basket runs the gamut from agriculture through manufactures and services to tourism. Between 1993 and 2008 U.S. exports to Mexico almost quadrupled, from \$41 billion to \$151 billion; imports from Mexico more than quintupled, from \$39 billion to \$215 billion. Mexico is the United States' third largest trade partner (following Canada and China, and ahead of Japan and Germany).² Of key importance are the complex and time-sensitive production chains that link the two countries. The essential requirement is that movements of goods and services must be predictable, especially in industries (such as the automotive) that require precise coordination of processes in the two countries to culminate in a single product.³ From a long-term perspective, these trade statistics reflect the growing interdependence of the two economies. Asymmetry figures here as well: the trade is relatively more important for Mexico. Of Mexico's total exports in 2008, 80.1 percent was destined for the U.S. market, and 49.1 percent of its imports came from that market.⁴
- *Emigration/immigration.* About 11.8 million Mexican-born residents (more than ten percent of the country's population) currently live in the U.S., up from about 4.4 million in 1990.⁵ Significant here is both the integration of labor markets and the ethnic composition of U.S. society. The trends underline social and cultural exchanges with millions of everyday expressions, particularly at the border. For

Mexico, this scale of migration implies redefining national public policies and to some extent the government institutions themselves, considering that more than 10 percent of its citizens reside in the U.S.

- *Border affairs*: This spans the range of issues, from alcohol regulation to waste management, water, border infrastructure, environment and natural resources, that arise as nearly fourteen million residents share a geographic community along a two-thousand mile land border.⁶
- *National/public security*: This includes responses to threats to democracy and state institutions, as well as threats to individual persons and to property caused by terrorism, criminal violence, corruption, natural disaster, disease, and the like. As other chapters of this volume attest, drug-trafficking and organized crime have become priority concerns.
- *Law enforcement and justice administration*: Here we have the “normal” array of legal issues that involve citizens of the two countries. Consider only the hundreds of routine criminal (e.g., vehicle theft, burglary) and civil (e.g., divorce, child custody, wills) trials each year that engage the two legal systems.
- *Political affairs*: This refers to the foreign policy stances of the two governments in multi-national organizations.

The basket image obviously distorts and oversimplifies, and one might dedicate separate baskets to particularly pressing issues such as energy or drug trafficking. Also, issues spill over from one subsystem to another. Energy and water, for example, pop up in trade, national security, and border affairs. Undocumented workers figure in trade, law enforcement, and--from a U.S. perspective--public security. Educational exchanges might

fit in trade or political affairs. Even so, the imagery conveys the complexity of the individual policy “whirlpools” and their interactions. The metaphor of the baskets illustrates how the networks of interdependence had gradually emerged, each for their own route, following practical needs and less complying with any bilateral agreement (with the notable exception of NAFTA in 1994).

The huge scale and diversity of networks in the contemporary relationship between Mexico and the United States operate on solid structural foundations, which influence the content and main lines of the bilateral interaction. As noted above, there are at least two: the economic interdependence and the social interaction (migratory flows and social exchanges). Both dynamics are structural precisely because are based on factors beyond political preferences. They are products of large-scale market and demographic processes. These, in turn, pose the need for political-institutional agreements that allow a more rational development for the benefit of both countries.

The intensity and growing importance of the bilateral relationship have led to the formation of an “institutional map” equally broad and complex, which serves shared needs. Starting with NAFTA in 1994 and running through the Mérida Initiative in 2007, the agencies and instruments of the bilateral relationship have expanded and the pace of interaction has become more intense. For this period, the relationship can be described by the long list of institutions, commissions and agreements, which also include the executive powers, the legislative powers, and the border states and municipal governments of both countries.⁷

Without assessing the effectiveness of each of these “points on the map”, what is relevant is the very existence of this diverse institutional network and its expansion,

which requires a comprehensive vision to promote its consistency and coherence.⁸ It is clear that the evolution of this institutional network has responded more to the short-term problems in specific policy areas. This relative segmentation of decision-making frequently generates friction inside the chain, instead of coherent joint action. Nevertheless, as a whole the institutional webbing of the relationship reflects the increasing density of the shared issues and the need to manage them bilaterally.

An additional feature that characterizes the bilateral relationship and its institutional map is the increasing relevance of the border area as the priority axis. Economic, social, environmental, and security issues assume tangible forms in the border region. To an important extent, the bilateral relationship is rooted in border affairs. If this observation is correct, the management of the border is not only a component of the bilateral relationship, but increasingly represents the bilateral relationship.

The broader political-institutional context sets constraints on process management in bilateral relations. Democracy functions in both countries to produce narrow, shifting pluralities. Neither country has a clearly established governing majority party or coalition. Mexico's President Felipe Calderón of the National Action Party (PAN) won a hotly disputed election in 2006 by less than one percent and governed without a partisan majority in congress in the first half of his term. The July 2009 midterm elections gave the Institutional Revolutionary Party (PRI) the likelihood of forming an opposition majority coalition, which will further constrain the president for the remainder of his administration. The Mexican congress plays an increasingly active role in bilateral relations; particularly the Senate has the authority to oversee foreign policy. Even so, the

no-reelection rule inhibits the development of issue expertise and leadership; thus the bilateral relationship lacks influential congressional policy advocates.⁹

Similarly, President George W. Bush won a disputed election in 2000, and his party lost control of the Congress in the last two years of his second term (2006-2008). President Barack Obama governs with a Democrat majority in both houses, but one that is divided, if not opposed, with respect to closer cooperation with Mexico on trade and migration. The Obama administration is focused on crises in Asia and the Middle East, and its top domestic priorities center on finance reform, health care, energy, and education. In institutional terms, both national governments operate with complex federal systems. Thus, policy agreements hammered out between national capitals must be implemented through layers of state and local governments with diverse political leanings and variable administrative capacity. Finally, both governments confront a profound financial-economic crisis which will require several years to overcome.

The first decade of Mexico's democratic transition (2000-2010) did not basically alter the country's foreign policy. Nor did foreign policy figure importantly in presidential campaigns or electoral outcomes. In institutional terms, the Mexican legislature plays a less important role in foreign than in domestic policy. In addition to high turnover, the legislature lacks sufficient staff and related resources to play an effective oversight role, even if it chose to do so. Further, the Senate lacks specific procedures to enable it to carry out its constitutional role in oversight of foreign policy, and attention to this gap is not a priority on the Senate's agenda.¹⁰

Mexico's party-electoral arrangements put substantial power in the hands of party leaders, who in turn exercise more influence over their members in the legislature than is

the case of the United States. To this point, PRI and PAN have generally formed majority policy coalitions, and they are relatively close on foreign policy issues. This agreement has given the executive considerable latitude in foreign policy. Points of tension between the legislative and executive branches in the Fox administration were due more to incompetence or diplomatic blunders than to programmatic differences.¹¹ With this record, President Calderon chose to be more discreet and focused on repairing damage in relations with various Latin American countries and on avoiding conflicts with the legislature.

Even so, the potential exists for significant congressional influence in the future. One scenario for change after 2012 is a majority policy coalition between a strengthened PRD and the PRI. This would have the potential to change significantly the legislature's foreign-policy stance and alter its relationship with the president.

Democracy reflects the climate of public opinion, which also complicates closer cooperation between Mexico and the United States. Between 2004 and 2008 Mexicans expressing lack of confidence in the U.S. increased from 43 percent to 61 percent. Two-thirds of Mexicans interviewed in 2008 considered that the NAFTA should be renegotiated. On a ten-point scale of cooperation with the U.S. (with 10 as close cooperation) the majority of Mexicans opted for a 6, the minimal passing grade. At the same time there was a strong streak of both pragmatism and nationalism reflected in survey results. Forty-nine percent agreed with respect to U.S. agents working with Mexican counterparts in airports, ports, and on the border; 58 percent supported extradition of Mexican criminal to the U.S., and 55 percent supported accepting U.S. aid to combat narco-trafficking. As to nationalism, 67 percent rejected any accord that

permits U.S. investment in the petroleum sector, and the number remained high even if inducements of aid or access to U.S. employment were offered (Gonzalez Gonzalez et al. 2008, 68-72).

On the U.S. side a 2008 Chicago Council on Global Affairs survey reported that access to energy had risen to the top of U.S. foreign policy concerns (on par with protection of jobs), with 80 percent registering concern. Opinion about immigration was generally negative: 61 percent indicated that it is bad for the U.S. economy, and 46 percent supported reducing legal immigration. A majority (55 percent) viewed NAFTA as bad for the U.S., up from 43 percent in 2004 (Chicago Council on Global Affairs 2008, 19-20).

We do not want to infer too much from these scattered data, given the volatility of public opinion across time and topics. However, they would seem to suggest little public backing for major innovation in the overall relationship. The pattern suggests support for cooperation in some areas (e.g., public security and law enforcement), while other areas (e.g., the gas and petroleum elements of energy policy; immigration) remain sensitive.

From the time perspective of the beginning of the Barak Obama administration (2009-2013) and the second half of Felipe Calderón's term (2006-2012), the relevant questions are: What are the priority challenges in the ongoing effort to manage the various baskets of policies and programs that make up the bilateral relationship? Are the two political systems developing mechanisms and processes that can successfully manage the baskets? Should success in policy management be measured by a "maximalist" standard, e.g., ". . . to find strategic ways of building synergies among these multiple, disjointed, and often competing efforts that tie into a broad agenda for collaboration with

Mexico around clearly defined objectives that are in the national security interests of both countries”? (Mexico Institute 2009, 4) Or does success mean something less: muddling through to address pressing issues and avoid unnecessary conflicts and inefficiencies?

Our central argument is that the structural axes of trade-finance, migration, and border affairs are the fundamental drivers of bilateral relations but that national/public security became preeminent after September 2001. Threat perceptions differ between the countries: the U.S. gives priority to anti-terrorism, while Mexico focuses on the violence and corruption associated with organized crime, especially drug trafficking. The ascendance of security has promoted important new forms of bilateral cooperation, but it has complicated the management of other baskets, especially trade and finance, migration, and border affairs. Thus the challenge for the future is to create a more positive dynamic between the security imperative and the powerful structural drivers.

The first section of the chapter traces the path in bilateral relations to the current setting; the second looks at the policy and programmatic issues associated with the rise to preeminence of security; and the third examines efforts to “rebalance” security with other issue areas. The last speculates about challenges likely to emerge in the Obama administration and the second half of the Calderón presidency.

The Path to the Current Setting

There remains a residue of historical distrust in Mexico that is the product of U.S. interventions in the nineteenth and twentieth centuries and was promoted as a central theme in the populist legitimacy formula of the Institutional Revolutionary Party (PRI) over seven decades of hegemonic rule (1930-2000).¹² The tectonic shift toward closer

political and economic ties came in the latter 1980s. The severe economic and fiscal crises of the 1980s in effect forced Mexico to abandon a development model based on a protected market and extensive government involvement in both promotion and welfare. The opening toward the international market began with Mexico's accession to GATT in 1987 and was consolidated with the implementation of NAFTA in 1994. These commitments altered the paradigms of economic growth, laying the foundations of formal economic interdependence between Mexico and the United States, despite the obvious asymmetries. From a long-term perspective, beyond its economic contents NAFTA has a deep historical significance for the bilateral relationship. The same PRI-government regime, which endured for decades with an ideology that held its powerful neighbor at a distance, was forced at the moment of greatest economic weakness to create the foundations of the new economic integration.

We can identify two subperiods in this process: 1987-2000 and 2000-2009. In the 1987-2000 period we note for the U.S. the end of the Cold War and the adoption of a "3-D" foreign policy toward Latin America—democracy; drugs, and development (market forces in stabilization and structural adjustment); for Mexico the end of ISI and acceleration of the dual transition (market liberalization and democratic transition). Mexico's accession to the GATT is the prelude to a step-level change in the bilateral relationship, the negotiation of NAFTA in 1989-94, which energized the bilateral and North American agenda. By the latter 1990s, however, we sense drift and neglect in the NAFTA, and the search for a "NAFTA-plus" agenda (e.g., a customs union, or immigration reform and labor market integration) proved fruitless. Even so, several new

agencies evolved in the bilateral terrain to deal with environment, labor, border infrastructure, among others.

In this period the annual U.S.-Mexico Binational Commission mechanism, created in 1981, served usefully for policy coordination. The annual meetings served as well to force issues up through channels for consideration by the cabinet secretaries. Nominally, the foreign ministries of the countries prepared and managed the meetings, but their bureaucratic influence ebbed with the direct contact among the other ministries. The Mexico-U.S. Interparliamentary Group, begun in 1961, met regularly, serving more symbolic than substantive purposes. In 1980, the Border Governors Conference held its first event, starting a long period of protocolary annual meetings; after 2006 the BGC improved their lobbying functions and assumed the need of coordinated public actions to address border affairs. The BGC represents the greatest advance in the decentralization of the bilateral policy between the two countries, while still with significant limitations of organization to expand its potential.

The year 2000 began a new subperiod. The election of Vicente Fox of the National Action Party (PAN) ended rule by the PRI, and the Fox administration took the initiative to promote integral immigration reform: “*la enchilada completa*.” The U.S. focused on responses to 9/11 terrorist attacks, which led to a far-reaching overhaul of security policy and bureaucratic arrangements. The drift in the bilateral relationship deepened; NAFTA effectively went on the defensive. With weaker public and legislative support, efforts to promote integration flowed more through bureaucratic channels. Following contested presidential elections in July 2006, the Calderón administration aggressively responded to trafficking organizations. The March 2007 Merida meeting

between Presidents Bush and Calderón led to a new language of “co-responsibility” to respond to criminal violence. The Merida Initiative presented in September 2008 suggested a qualitatively greater involvement in public security by the U.S. with respect to Mexico, Central America, and the Caribbean.

With respect to policy coordination, the Binational Commission annual meetings were ended in 2000, without formal announcement. Effectively, policy coordination between the countries had become routinized to the point that policy-makers from the various agencies in one country simply telephoned their counterparts the other to discuss pending issues. The foreign ministries focused on the “political basket” and on monitoring communications among other agencies.

For Mexico, the presidential election in 2000 ushered in a new political system. This was much more than a typical presidential succession, as happens in the United States. Arguably, the election of Barack Obama in 2008 had a greater impact on culture and political symbolism than on the structure of the regime. Consequently, in the Mexican case one would expect a shift in vision and a more innovative foreign policy, including the relationship with the U.S. The Fox government made some attempts in that direction, but these were poorly implemented and caused unnecessary conflicts with Latin American countries and with the U.S. government. This explains why the Calderon’s government opted for prudence and recognized the priority of security. In any case, the interesting point is the absence of a new vision for Mexico’s foreign policy arising from the new political system, a vision capable of reconciling new policies with historical traditions and of adjusting its content for the global society and contemporary relationship with the United States.

Consequently, after 16 years of NAFTA, it appears that Mexico's new democracy has been unable to promote a new impulse for the development of North America. The Fox administration unsuccessfully tried immigration reform, based on the "democratic bonus"; Calderon privileged security, in step with the priority set by the U.S. But the security focus has limited the margin of maneuver for a bilateral or trilateral agreement to enhance the capabilities of NAFTA, or to lead to new horizons of cooperation.

For the present, Mexico's new political regime confronts the real weight of the international context and the priorities of the dominant actor, who is also its neighbor and main economic partner. These are the real limitations on its foreign policy and bilateral relations. What is new is the Calderón government's empathy with the priority to security in contrast to the Fox government in the first moments after September 11 and in the Security Council of UN.

On the other hand, the democratic transition in Mexico contributed to the growing importance of border relations between the two countries. Democracy has helped to revitalize the federal system, separating more clearly the interests of the states and municipalities from those of the federal government. The traditional chain of political subordination by the PRI regime has been broken and states now have greater strength and authority to exert influence on the intergovernmental map.

Different types of inter-governmental associations, as is the case of the National Conference of Governors and municipal associations, are contributing to new policy-making processes. In this context, organizations such as the Border Governors Conference (BGC) have assumed a role of growing influence in the bilateral scenario. Comprised by the governors from the six Mexican and four US contiguous states, the

Conference has become a place for gathering and negotiations. Less encumbered by national-level constraints and issues and generally more pragmatic in outlook, the governors have shown imagination and innovation in their approach to addressing common problems. It is likely that the BGC will increase its relative weight, as a decentralized actor in the bilateral relationship. It is significant that the last Conference in Monterrey (2009) ratified an Indicative Plan for cross-border development as a shared strategy for the region as a whole.¹³

In effect, we are seeing rather little change in the executive-legislative relationship in Mexico's new democracy but significant change in inter-governmental relations between the central government and the states. The Mexican border governors states are joining their U.S. counterparts to make the BGC a complementary and visible actor in the bilateral relationship. Governors in both countries are generally pragmatic problem-solvers, more interested in concrete issues than in protocol. Their agendas deal with immediate challenges and opportunities across a variety of policies. However, at the same time that democratic dynamics are making state-level governments more significant policy actors, the security issue is drawing ever more national-level involvement to the border. The challenge for both countries is to create coordination mechanisms that create a new balance between security and the other policy baskets and between the two national governments and the states.

Security Preeminent

This section will assess the rise to prominence of national/public security in the two countries and the effects on trade-finance, migration, and the border.

US policy issues: Is terrorism an act of war with the defense-intelligence sector taking the lead, or is it a criminal offense with the law-enforcement justice sector in the lead? Comparable for Mexico: Is organized crime an issue of national security (*guerra contra el narcotráfico*), with the defense ministry in the lead; or is it an issue of as justice administration? More practically the issue is the ways in which defense-intelligence and justice-law enforcement baskets are rearranged and blended. This implies far-reaching bureaucratic and programmatic reorganization and innovation in both countries. US: intelligence reform; Department of Homeland Security; new missions for existing agencies; expanded role for the National Security Council; fusion of NSC with the Homeland Security Council. Expansion of use of fusion centers to better coordinate military, intelligence, police, and other agencies across the federal-state-local levels.¹ Mexico: legal and judicial reforms; new police organizations; Public Security Secretariat; policy-making through a new national security council; implementation of the Sistema Nacional de Seguridad Pública, improving quality of police forces at the state and municipal levels; coordinating roles of CISEN within Mexico's security apparatus and in the bilateral relationship; control of money laundering and better intelligence against organized crime. Changes in both countries bring military forces into more prominent roles internally and bilaterally. In bilateral relations the focus on security leads to a hardening of the border. Issues of illegal immigration become more closely connected with national security. The border agreement announced in March 2002 tries to harmonize security with trade. For much of the Fox administration Mexico continues to

¹ On fusion centers: http://www.dhs.gov/xinfoshare/programs/gc_1156877184684.shtm

prioritize trade and finance, along with immigration reform; the U.S. is wholly focused on anti-terrorism.

Deepening of Mexico's public security crisis. Political-economic transition and breakdown of the PRI regime's structure of corporate controls, which regulated to some degree forms of organized crime. The emergence of a "perfect storm": ample supplies of combatants; continuous flows of illicit drugs into the U.S. and Mexico's internal markets; continuous flows money and weapons into Mexico; pervasive corruption in the police-justice system; ineffective responses by the Fox administration; diversification of criminal enterprise into kidnapping, extortion, and penetration into the informal and formal economies.

Significance of the Merida Initiative (process and substance). The Calderón administration had sufficient confidence in the bilateral relationship to lay out in clear and candid terms the depth of Mexico's public security crisis and to request U.S. assistance. President Bush committed the U.S. government to a quick, significant response. Unlike Plan Colombia where US took the initiative to reshape the Colombian strategy, the Merida Initiative was designed to respond to Mexico's security strategy.

There were two immediate problems from the U.S. perspective: first, unlike Colombia or other countries in the region, the U.S. had not previously administered a large, complex, multi-agency program in Mexico; second, coming in the middle of a complex budget cycle there was no separate appropriation for Merida, and the response had to be cobbled together from bits and pieces of agency resources and from a line in an emergency Defense appropriation. Also, there is no direct transfer of funds to Mexico; rather, the assistance is given in goods and services. The result was that the Initiative

looked like a complicated “shopping list” of equipment and services rather than a coherent strategy. Each of the items in the list was grounded in statutes that stipulated constraints monitored by various different Congressional committees and subcommittees. In addition, U.S. involvement in security matters was much more sensitive politically in Mexico than in other cases. Thus, issues such as involvement of the U.S. Defense Department, human rights, Congressional oversight of Mexico’s uses of equipment and services, all had to be managed with extreme care. Unlike Plan Colombia, the Merida Initiative does not fund programs in development or social assistance (Bailey 2008).

From the Mexican perspective, Merida presented significant political and bureaucratic challenges. Overt U.S. involvement on the scale of the Merida initiative inevitably generated deep suspicion and the automatic label, “Plan Merida.” Managing the bureaucratic tensions among the defense, justice, and public security ministries presented additional problems.

For the bilateral relationship, the Merida Initiative formalized a common vision between the two governments on the line of security and its relationship with drug trafficking. Secondly, meant a higher level of co-responsibility between the two countries, which is the most relevant aspect for the mexican diplomacy; the diagnosis of the problem and its alternatives have a shared recognition that must be addressed with resources of this nature.² There are still other problems of instrumentation, associated with the arms control at the border and the illegal capital transfers, which by its enormous quantities allow the continuity of an attractive drugs market and criminal groups ready to

² Carlos Rico F., “La Iniciativa Mérida y el combate nacional al crimen organizado”, *Foreign Affairs en Español*, v. 8, n. 1., 2008, pp. 3-13

supply it. While these last problems prevail, the scope of the Merida Initiative is restricted and its instrumentation will have high human costs.

Rebalancing the Baskets

In the absence of broad political support for a NAFTA-plus agenda, immigration reform faltered, despite President Bush's support. Most of the attention to the border has been driven by U.S. conceptions of security. For example, the strongest point of consensus on immigration reform was that the border must be secured before other elements of reform (e.g., guest worker program or regularization of status of undocumented residents) could be considered. At the same time, there was growing awareness that the NAFTA members were facing increasing challenges of competitiveness, particularly from China and India, but the responses were muted. Much of the presidential-level meetings after 2000 led to program adjustments through bureaucratic consultations rather than a deepening of North American integration. Some observers are dismissive of the progress achieved through these channels.¹⁴ In our view, however, the Security and Prosperity Partnership deserves closer examination.

The Security and Prosperity Partnership of North America (SPP) is a trilateral initiative, launched in March 2005, that is intended to increase cooperation and information sharing in an effort to increase and enhance prosperity in the United States, Canada, and Mexico. The SPP is a government initiative that was endorsed by the leaders of the three countries, but it is not a signed agreement or treaty and, therefore, contains no legally binding commitments or obligations. It can, at best, be characterized as an endeavor by the three countries to facilitate communication and cooperation across

several key policy areas of mutual interest. Although the SPP builds upon the existing trade and economic relationship of the three countries, it is not a trade agreement and is distinct from the existing North American Free Trade Agreement (NAFTA) (Villarreal and Lake 2009, 1).

The SPP was largely an initiative by the U.S. executive branch, intended to keep some momentum in economic integration given the priority to security and the reality of NAFTA's unpopularity in Mexico and the United States. The Partnership produced scores of recommendations and dozens of practical adjustments. Over June 2005 through February 2008 the SPP produced three annual reports. Their work led to the designation of five priority areas: (1) enhancement of the global competitiveness of North America; (2) safe food and products; (3) sustainable energy and the environment; (4) smart and secure borders; and, (5) emergency management and preparedness (Villarreal and Lake 2009, 2). The bureaucratic-technical arena avoided the problem of asymmetry, as technocrats from the three countries could focus on specific issues. It also promoted cooperation and shielded the process from the rising tide of anti-integration sentiment. But its virtues are also its defects. "Flying under the radar" stoked suspicions that SPP was integration by stealth. The U.S. Congress was excluded from the consultations, which reinforced concerns about lack of transparency. Without Congressional support, the SPP relied heavily on the commitment of the three chief executives, especially that of the U.S. It remains to be seen whether the Obama administration will renew the SPP process, alter it in important respects, or abandon it altogether.¹⁵

From the Mexico's perspective, the Merida Initiative and other bilateral agreements with the United States have weakened the relevance of SPP. This appears to

be the same experience for Canada. The SPP has reduced its profile for Mexico and its presence did not reach relevance in the agenda of the three chief executives in their last meeting of Guadalajara (August 2009). For the Mexican legislature, SPP never was a relevant topic for debate, nor among the Mexican public opinion. In comparison, Merida Initiative has been more active as a political object. In this context, SPP simply has vanished from the Mexican public scene and possibly is happening the same for the administrations of Obama, Harper and Calderon.

The early signs from the Obama administration suggest a continuation of the primacy of security in the bilateral relationship. The most visible policy-makers are Homeland Security Secretary Janet Napolitano and Attorney General Eric Holder, with efforts by Secretary of State Hillary Clinton to make the bilateral relationship about more than security. In a narrow bureaucratic politics sense, one would expect the domestic priorities of homeland security and justice to trump foreign policy. As former governor of Arizona with previous experience in law enforcement, Secretary Napolitano will play a key role in balancing security with trade-finance.¹⁶

On the Mexican side we find a much greater willingness to actively engage the U.S. government in the effort to deal with public security challenges. As the same time we note a certain frustration on the part of President Calderón and attorney general Medina Mora about the slowness of the actual implementation of the Merida Initiative. Unlike the United States, Mexico's strategy to combat organized crime actively using the armed forces has encountered some resistance and there are visions that require alternative strategies such as social and economic development of the country's regions

associated with drug trafficking, as well as the modernization of police forces in states and municipalities, along with other reforms of the judicial system to end impunity.

Challenges ahead

1. U.S. Immigration reform: perception of a more secure border implies inter-agency cooperation with Mexico on movement of persons and goods and an effectively managed guest worker program; for the U.S. it requires an employer identification system, processes for regularization of status, and mechanisms to expedite deportation of criminal aliens.
2. Security cooperation: issue is whether the evolution of the Merida Initiative remains focused on Mexico, Central America, and the Caribbean, or is expanded to other countries; question of the organizational forms of the Initiative (whether it remains ad hoc cooperation, is channeled through existing organizations, is administered through a new organization); priority to effective methods of intelligence sharing.
3. Trade-finance: will SPP or a similar process be adopted? How will the legislatures and civil society of the two countries become more actively involved? Will the annual meetings between members of the Mexican and U.S. legislatures become more productive? Will the Border Governors Conference have a greater importance in guiding the bilateral relationship and cooperation for development?
4. Border management: Border issues are addressed with fragmented policies by a list of federal and local institutions in both countries. Alan Bersin's appointment by President Obama as "czar" of the border may improve coordination, and it is

desirable that the Mexico's government had an equivalent figure, as it partially happened during the administration of President Fox; but now is needed sufficient powers to be effective.

5. Interdependencia más profunda y compleja, además con rápida evolución de los mecanismos bilaterales para el acuerdo y negociación. La frontera con creciente relevancia como espacio para la cooperación y desarrollo, al mismo tiempo que sujeta a las presiones del narcotráfico y a las prioridades de seguridad nacional de Estados Unidos, dominando estos últimos en el corto y mediano plazos.

NOTES

¹ A previous draft was presented at a policy seminar at the Inter-American Dialogue, June 23, 2009, and at the Colegio de México, July 31, 2009. We thank Peter Hakim, Michael Shifter, and Gustavo Vega for hosting the discussions.

² U.S. Census Bureau. Foreign Trade Statistics (www.census.gov/foreign-trade/top)

³ Alejandro Ibarra-Yúnez, "Fronteras seguras y facilitación de comercio: análisis de Economía Institucional", *Gestión y Política Pública*, v. XVII, n. 1, 2008, pp. 3-33.

⁴ Grupo de trabajo, INEGI, BM, SAT, SE (2009)

⁵ Bureau of Census, Current Population Survey (CPS) 2007

⁶ In 2005, municipalities and border counties of both countries had a population of 13.4 million. If we broaden the scope to the six Mexican and four U.S. states contiguous at the border, the population in this region is 84.1 million. INEGI and U.S. Bureau of Census.

⁷ The list is extensive, from long-standing institutions like the Internacional Water and Boundary Comisión (1889) up to the Merida Initiative of 2007, spanning the North American Free Trade Agreement, North American Development Bank, COCEF, the Binational Commission's legacy of specialized groups, the Security and Prosperity Partnership, specialized binational groups (health, migration agreements, border ports of entry), interparliamentary meetings of border governors and legislators, border state commissions, and cross-border municipal agreements.

⁸ Robert A. Pastor describe con ironía esta dinámica expansiva del tejido institucional como un juego de Scrabble, haciendo énfasis en sus aspectos ineficaces y en la necesidad de una visión compartida y más integrada de América del Norte. [Robert A. Pastor, "The Future of North America. Replacing a Bad

⁹ Members of the U.S. Congress have commented on the problem of turnover in Mexico's Congress. This may be a factor in the relatively low priority that U.S. members assign the annual U.S.-Mexico parliamentary exchange.

¹⁰ Senator Rosario Green proposed that the Senate should have the authority to ratify the nominee to serve as secretary of foreign relations, arguing that the lack of such procedures undermined the necessary co-responsibility of the executive and legislative branches in foreign policy-making (Velasquez Flores 2008, 133).

¹¹ We have in mind particularly Mexico's disputes with Cuba and Venezuela.

¹² Lorenzo Meyer, "Estados Unidos y la evolución del nacionalismo defensivo mexicano", *Foro Internacional* n. 185, v. XLVI, 2006 (3), pp. 421-454

¹³ See XXVII Conferencia de Gobernadores Fronterizos, Monterrey NL (http://www.nl.gob.mx/?P=conferencia_gobernadores_fronterizos_2009).

¹⁴ Robert Pastor (2008, 154), for example, has written that, "Ningún presidente se ha reunido más con sus contrapartes de Canada y Mexico y ha logrado menos que George W. Bush." Between February 2001 and April 2008 Bush met eighteen times with Mexico's president and twenty-one times with Canada's prime ministers. The three leaders met jointly on two occasions. Pastor suggests the meetings generated a game of "North American scrabble." Bureaucratic responses generate acronyms instead of results. "Si se mide al progreso a partir del crecimiento del comercio, la reducción en los tiempos de espera en la frontera y el apoyo del público a la integración, todas estas iniciativas han fracasado rotundamente" (*ibid.*, 155).

¹⁵ We draw here on the evaluation of SPP by Anderson and Sands (2008).

¹⁶ Secretary Napolitano summarized the US initiatives as of June 15, 2009, in a meeting with Mexico's finance secretary Carstens: "So, enforcement, training, and documentation for legal trade are three of the major elements contained under this protocol—under this letter of intent. These three things are added to the other areas that we have already been focusing on to secure our shared border: the Merida Initiative, which is being used to fund many of the items I just listed; our southwest border counter-narcotics strategy, which we released with the attorney general and with the head of the Office of National Drug Control Policy [ONDCP] in Albuquerque a week or so ago; and our own Department of Homeland Security [DHS] southwest border action plan, which includes border enforcement teams, border liaison officers, officers from the U.S. side to work on the southbound strategy to stop guns and weapons from going into Mexico, and the deployment of more equipment and technology to the southwest border" (DHS .

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