The California-Mexico Relationship: Challenges and Opportunities

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Broad topics to cover

- Recent developments in Mexico & Latin America
- Recent developments in the U.S.
- Issues facing U.S.-Mexico relations
- Challenges & opportunities for us here in California
I. The economic record of the Fox Administration, 2000-2006

- Failed to spark growth and effect structural reforms due to blind insistence & sole reliance on failed neoliberal prescriptions
  - From a promise of 7% annual growth to a sexenial record of stagnation, with 1-to-2% annual growth rates; very few jobs created.
  - Windfall revenue from non-renewable & dwindling oil production squandered & mismanaged
  - Income inequality accelerated: Carlos Slim, 2nd wealthiest man; Gini coefficient grew to 0.460 (2004); the top 10% earns 45 times what the lowest 10% earns
  - Real salaries shrank by half since ‘94 and have stayed down despite sharp growth in labor productivity: “trickle up economics”
Other failures of the Fox Administration

- Rampant corruption, narcotrafficking, unemployment & informality led to heightened social & economic insecurity
- Educational attainment inequality between income deciles grew (from 3 to 3.8 times between the top & bottom 10% of the population).
- Only NAFTA-driven, mostly megacorporate, international trade continued to grow, but at the expense of thousands of bankrupted Mexican small & medium businesses and the virtual collapse of the rural campesino economy.
Case: The loss of food sovereignty in Mexico & the Tortilla Crisis of 2007

- While Mexico is 4th producer of corn (22MT), the U.S. is 1st (280MT), and controls 70% of world trade.
- Corn is grown in Mexico mostly for human consumption; its production, distribution, & pricing used to be regulated by the government to protect Mexican farmers, grinding mills, and consumers.
- This ended with NAFTA: by 1998, three agro-conglomerates began to control everything: ADM-MASECA, MINSA-CPIA, and Cargill-Continental.
- In 2005 US, Brazil, Group of Eight, decided to mass produce ethanol from corn, rising its world price.
- Since 1994, the price of tortilla has increased 738%.
Latest effect of deregulation & trade liberalization on corn prices in Mexico, 2007

2006-2007 Corn Prices

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Source: Ana de Ita, data from producer organizations SNIM and USDA
II. The disappointing diplomatic record of the Fox Administration, 2000-2006

- From seeking a robust bilateral engagement with the U.S. on the immigration issue to becoming a mere *cheerleader* of Bush initiatives & *spectator* to the failed U.S. congressional reform debates and the increasing war on immigrants.
  - Meanwhile, net Mexican emigration rate increased from ~400K to ~560K a year: by 2006, 11.4 million Mexican-born lived in the U.S., ~ 6 million of which were undocumented.
  - Border crossing deaths rose to over 500 per year (562 in ‘07)
  - Remittances reached $24 billion in 2007, second only to oil revenues; this dramatic increase kept over 40% of the population from starving.
- Mexican pro-FTAA & anti-Cuba/anti-ALBA policies alienated South America, while its tepid U.N opposition to going to war in Iraq alienated the Bush Administration.
  - Fox ended his term in almost complete international isolation
III. Democratic advances in Mexico under Fox
Percentage of states and municipalities governed by parties other than PRI, 1985-2005

Source: World Bank
Senate electoral results, 2006

- PAN (16)
- PRI-PVEM (5)
- PRD-PT-C (11)
Congressional deputies electoral results, 2006
Regional polarization in the 2006 presidential elections
The Mexican electoral fiasco of 2006

- April 2005: The Fox-PRI-PAN pre-emptive congressional impeachment (desafuero) of AMLO: back-pedaled after a million marched in Mex. City
- Jan-July ‘06: Massive illegal federal & corporate funding of media campaign vs. AMLO (un peligro para México) and pro Calderon.
- July-Aug ‘06: IFE-Fox-TRIFE fraudulent handling of vote count & recount to secure & declare 0.58% “victory margin” to Calderon without a full recount
- July ‘06-Jan ‘07: Massive civil disobedience in D.F.
- Jan ‘07 to now: AMLO’s presidencia legítima; Calderon weak and illegitimate, trying to shore up things militarily and via a PRI alliance, while political tensions with PRD continue (e.g. Calderon’s first informe).
Conclusion: *Increased chances of large-scale social unrest & state repression during Calderon’s term*

- Unless Calderon delivers, APPO-like, CND, campesino, unions & Zapatista mobilizations will continue to challenge the prevailing economic model with increased militancy
  - 19 million more Mexicans are living in poverty than 20 years ago, and today, a quarter of Mexico’s population cannot afford basic foods.
- Mexico faces a possible large wave of repatriated immigrants from the U.S.
- Heightened militarization in the name of fighting narcos, Ley Gestapo just passed
- Calderon preparing new gambit to privatize PEMEX/CFE; it may spark massive popular unrest & rebellion, as in Bolivia from 2000-2006
Recent developments in Latin America

- Growth of regional economic integration in South America, based on the rejection of neoliberalism & forging political unity (ALBA)
- China & EU are now major players in Latin A.
- Bolivian revolution 2000 to now has yielded:
  - First Indigenous president & MAS-led congress
  - Nationalization of natural gas
  - New constitution will be voted on May 4, 2008
- Orderly & peaceful transfer of power in Cuba after 49 years of Fidel Castro in power.
- The short-lived Colombia-Equador-Venezuela crisis of March ‘08, and the unhelpful U.S. response, portend grave danger but also greater political opportunity by OAS & parties.
Prospects for Latin America in 21 Century

- The continent is definitely *on the move* to address & resolve its long history of regional imbalances, profound social deficits, environmental destruction, lack of participatory democracy and festering political divisions.
- It seeks to follow a separate path of sustainable development without U.S. or IMF, or WTO impositions or direction.
- It faces many challenges, intra-continental and vis-a-vis all world players.
- If it endures, it will play a bigger role in world affairs, contributing to the construction of a new, more equitable & sustainable world order.
Recent developments in the U.S.

- The disastrous war in Iraq, since 2003
  - The dramatic erosion of civil liberties at home and U.S. leadership abroad: twilight of the neocon imperial plans
- The deepening economic crisis:
  - Plunge of the dollar, skyrocketing debt & trade deficits, mortgage speculation crisis, recession
- The presidential elections of 2008 & the new visible role Latinos & African Americans are playing, demographically and as candidates.
The new immigration rights movement in the United States

- The appearance of a mighty new immigrant rights movement in 2006 dramatically altered the political & social landscape for the long term.

- In the short term, it has failed so far to change the immigration laws & hostile status quo:
  - Didn’t stop the fast proliferation of hate groups (888 groups in 2007) and the avalanche of local & state anti-immigrant laws.

- But it holds great promise for change and Latinos are destined to play a great role in this “Human Rights Movement for the 21st Century.”
Latinos will become a quarter of the U.S. population by 2050
Latinos already are over a third of California and will become its majority before 2040

Fig. 2A California Population Projection, 2000-2050, by Panethnicity
California population growth has been entirely Latino driven.
Importance of Latinos in the United States & California:

- 44.3 million in 2006 (13 million in CA); 60% native-born (the average age of native born is 17 years old);
- There were 2 million Latino-owned businesses in 2004
- The Latino consumer market is now about $1 trillion.
- In California 1,167 Latinos held elected office in 2007 (5,056 nationwide), & held 25% of the State Senate, 23% of the State Assembly seats.
- The anti-Latino/anti-immigrant stereotypes are wrong:
  - Latinos as a whole are on average younger, healthier, and work more than the other ethnic groups.
  - Latino immigrant males 18 to 39 have incarceration rates 5 times lower than native-born males.
  - If only 23% of Latino immigrants speak English fluently, 88% of their children do, and so do 98% of their grandchildren.
Immediate issues facing U.S.-Mexico relations

- Stopping the war against immigrants and renew negotiations for a new immigration regime in the region.
- Renegotiate NAFTA & come up with a serious plan to converge the region’s economies and rekindle growth.
- Cooperate to deal with growing narco-trafficking and other crime but not at the expense of civil liberties & participatory democracy.
Future goals of U.S.-Mexico relations

• Need to reconceptualize North America
  • Its **statehood**: build an equitable, balanced, prosperous *Community of North American Nations* capable of relating as equals to EU, China, ALBA, AU, etc.
  • Its **social contract**: expand the notion of *citizenship* beyond current national boundaries & replace corporate globalization and neoliberalism with a new, more equitable, more sustainable, development model
  • Its **world role**: embrace the deeper democratization of both societies and world governance; abandon U.S. exceptionalism & all forms of aggressive militarism

• Some say this is the exclusive concern of the U.S. superpower, but the record shows otherwise.
  • U.S. alone will not be able to continue much longer, nor can Mexico afford it.
Do we have the political leadership to address these immediate issues & future goals?

- Only partially in both countries
  - Calderon’s vacuous recent visit to the US
  - Current presidential vacuous debates in the U.S. leave much to be desired
- The only thing that will change this situation will be for the grassroots social movements in both countries to coordinate to:
  - help elect the best candidate to the White House in 2008 (and in Mexico in 2012)
  - and after the elections, organize & mobilize to apply relentlessly pressure on both governments to move in a bold new direction
Challenges & opportunities for us here in California

- How do we transform our enormous & growing Latino presence into effective national political leadership & clout?
  - e.g. Latinos are already a majority in 161 California municipalities, but very few Mayors
- How do we launch our own set of diplomatic, economic, business & labor, educational & cultural, & environmental initiatives with our Mexican counterparts?
Challenges & opportunities for us here in California

• Our greatest “comparative advantage” is at the people-to-people level of interaction, since we enjoy the largest Mexican immigrant population in the U.S. Their enormous social capital is readily available for all sorts of joint projects in both CA and Mexico. This is also true of Central Americans.

• Therefore, we should conceive all our initiatives as “immigrant-friendly”, if not “immigrant-centered”.
Challenges & opportunities for us here in California

• Example: the easiest, best way to begin to move to a “fair trade” regime in North America would be to massively support, encourage, and rely on immigrant entrepreneurs, associations, collectives, and other social networks with producers in Mexico & Central America. We can do that here already!
Challenges & opportunities for us here in California

• Another example: Latino U.S.-born children of immigrants are fast becoming the largest segment of California’s student body & work force for the 21 century.

• California has the most extensive systems of K-12 education and higher education.

• Mexico’s population, including emigrants, has the largest educational deficit of all immigrant sending countries, though it has many fine public and private university systems, such as UNAM.

• Why not connect governments, institutions, faculties and students in many win-win projects?
Challenges & opportunities for us here in California

- The same can be said of California’s high tech, agricultural, media, financial, manufacturing, environmental, and tourist industries: collaborations with Mexico via California Latino partnerships have great potential for benefiting all parties.
Challenges & opportunities for us here in California

- The Spanish colonial system of California Missions was completed just as the colonial concept itself was being successfully challenged by “Americans” on the other, east side of the continent.

- The U.S. national system of borders and asymmetrical economic, political, & social relations is now being challenged by “Latinos” and “undocumented immigrants” from the other, southern side of the continent.
Challenges & opportunities for us here in California

- The issue is *not* which model of society will prevail, for that is as “self-evident” as the rights to “life, liberty, and the pursuit of happiness” - why else do people migrate?
- The questions *is* how much blood, sweat, and tears will it take to enlarge the “We, the People”
- And the answer to that, besides involving the great powerful forces molding the world today, is ultimately up to each and everyone of us.
- California is as good a place to be for this new century’s *rendezvous with history*. 