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## **THE NAFTA DEBATE, PART II: A PRIMER ON POLITICAL, SECURITY, AND HUMAN RIGHTS ISSUES**

### **INTRODUCTION**

If passed by the Congress, the North American Free Trade Agreement (NAFTA) will remove most tariff and non-tariff barriers between the United States, Canada, and Mexico. Building on the existing U.S.-Canada Free Trade Agreement (FTA), the NAFTA will create the world's largest and wealthiest market—some 360 million people, with an economic output of approximately \$6 trillion. The NAFTA also would accelerate North America's economic growth, bolster its global economic competitiveness, create new U.S. jobs, address environmental concerns, and improve the standard of living for citizens of all three nations.<sup>1</sup>

Despite the trade pact's benefits to the U.S. economy, opponents of the NAFTA have mounted a fierce campaign to derail it. Labor unions like the AFL-CIO have made defeating the NAFTA their "number one priority for 1993," claiming, without evidence, that it "would be a disaster for millions of working people in the U.S., Canada, and Mexico"<sup>2</sup> Other opponents, such as Texas billionaire H. Ross Perot and environmental organizations, also charge that the NAFTA will cost American jobs, increase pollution, especially along the U.S.-Mexico border, and encourage U.S. companies to move to Mexico to take advantage of cheaper labor.

Opposition to the NAFTA is based not only on labor and environmental concerns, but on accusations regarding political, security, and human rights conditions in Mexico.

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- 1 For more information on environmental and labor issues relating to the NAFTA, see Wesley R. Smith, "The NAFTA Debate, Part I: A Primer on Labor, Environmental, and Legal Issues," Heritage Foundation *Background* No. 936, April 9, 1993.
  - 2 John R. Oravec, "AFL-CIO Lists Problems with Mexican Trade Pact," *The Journal of Commerce*, March 1, 1993.

These include Mexico's purported lack of democracy, its poor human rights record, rampant corruption, and a flourishing drug trade. Some who have made these charges are Senators Tom Harkin of Iowa and Jesse Helms of North Carolina, as well as Representative Charles Rangel of New York.

These and other Members of Congress are not the only ones linking the cause of human rights to the NAFTA. During his confirmation hearings before the Senate Foreign Relations Committee last January, Secretary of State Warren Christopher asserted that human rights and democracy will be the "cornerstones of America's foreign policy." In response to the criticism by NAFTA opponents, the Clinton Administration is quietly urging Mexican President Carlos Salinas de Gortari to hasten the pace of political, law enforcement, and human rights reform in Mexico.

Salinas, however, already is making such reform a top priority. His democratic reforms have liberalized the Mexican political system. Salinas also has imprisoned many federal police officials involved in drug trafficking and appointed as Attorney General Jorge Carpizo, former director of Mexico's Human Rights Commission and a staunch supporter of anti-narcotics and anti-corruption initiatives within the government. Moreover, he has waged an effective campaign against drug cultivation and trafficking inside Mexico.

While human rights, security, and political problems do exist in Mexico, the best method of attacking these problem at their roots is by bringing Mexico closer to the U.S. and Canada, which the NAFTA will do. Better economic ties with its northern neighbors will help modernize Mexican society, thereby producing the stable, democratic, and prosperous country which NAFTA critics purportedly want. The NAFTA is a key element in President Salinas's modernization program, and the pact's repudiation would be a serious setback for the causes of democracy and human rights in Mexico. A defeat of the NAFTA would embolden Mexico's authoritarian opponents of political and economic reform. It also could trigger an increase in the flow of drugs and illegal immigrants across the Rio Grande into the U.S. as Mexicans turned to illegal drug trafficking and immigration as unemployment grew, and as border cooperation between the two countries deteriorated.

## **CORRECTING THE RECORD: ANSWERING NAFTA CRITICS**

Critics of the NAFTA have raised a number of questions regarding Mexico's record on political reform, security issues, and human rights. Unless they are answered satisfactorily, the NAFTA could go down to defeat in Congress.

**Q: How successful are Salinas's efforts to promote democratic and electoral reform in Mexico?**

**A:** Salinas is well known for his free market revolution. Less well known, however, are his democratic reforms. For example, after taking office in 1988 in what critics charge were fraudulent elections Salinas orchestrated the July 1990 passage of a new electoral law, known as the Federal Code of Electoral Institutions and Procedures (COFIPE). This made possible the creation of a non-partisan Federal Electoral Institute (IFE) to oversee elections and a multiparty Federal Electoral Tribunal to settle election dis-

putes. Salinas also mandated preparation of a new voter registration list, the issuance of new voter credentials, and multiparty observation of polling stations on election days.<sup>3</sup>

Salinas executed other reforms as well. Last November, for example, he called for greater disclosure of campaign financing, limits on election expenditures by his own Institutional Revolutionary Party (PRI), and equal access to the media for all political groups. Mexico's two main opposition parties, the center-right National Action Party (PAN) and the leftist Party of the Democratic Revolution (PRD), however, argue that these reforms are inadequate. They maintain that the PRI uses state funds to promote its candidates and that its strong control over the Mexican press gives it an unfair advantage. While election rigging still occurs in Mexico, the Organization of American States and other outside observers concur that incidents of it are increasingly isolated and are not supported by the Mexican government.

Many of Salinas's political reforms are paying off for Mexico's opposition parties. The PAN, which often has supported much of Salinas's free market and political reform program, today controls three of the 31 state governorships: Baja California Norte, Guanajuato, and Chihuahua. Only four years ago, PRI members occupied all the governors' offices. The July 1992 election of PAN candidate Francisco Barrio Terraza as governor of the northern border state of Chihuahua has become a symbol of the Salinas Administration's efforts to democratize Mexico's electoral system. Barrio Terraza's election was not tainted by the usual fraud and intimidation that had plagued previous elections in the state of Chihuahua.

**Reaching Out to the Opposition.** Gubernatorial elections held that same month in the PRD stronghold of Michoacan, the home of former PRD President Cuauhtemoc Cardenas, were called free and fair by a team of impartial election observers that included U.S. Embassy officials and specialists from Mexican and U.S. universities. Following months of protests, however, PRI gubernatorial candidate Eduardo Villasenor—who had defeated PRD candidate Cristobal Arias in the election by a margin of two to one—was forced to step aside only three weeks after he was sworn into office. The impetus for Villasenor's ouster came from Salinas himself. The Mexican president had sacrificed a PRI governorship to prevent further chaos and violence, and to reach out to the political opposition.

Negotiations are underway between the PRI and the major opposition parties to launch a new round of electoral reform in Mexico. The new electoral law is likely to incorporate high priority opposition demands, including electoral college reform and the addition of a third senatorial seat from each state for minority parties. In exchange, PAN and PRD leaders will pledge to end all future post-electoral protests. This is the first time since Salinas was elected in 1988 that the PRD actually is participating in the political reform process. If the government and opposition parties succeed in brokering a new electoral code, it will be a major victory for Mexican democracy.

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3 The Office of the President of the Republic of Mexico, "The Mexican Agenda," 11th Edition, April 1991, pp. 69-75.

**Q: Why is Salinas promoting democratic reform?**

**A:** President Salinas has pledged to transform Mexico from a backward, socialist, and isolated nation into a modern country fully integrated into the global economy. Salinas knows that Mexico cannot escape the democratic and free market revolutions that have swept the globe, especially in Latin America. Salinas understands that in order to sustain economic growth, he has to liberalize the Mexican political system. He also believes that only a strong executive branch of government can implement the many difficult free market reforms needed to modernize the Mexican economy. As *The Wall Street Journal* noted last June 15, "The [Mexican] government strategy is somewhat paradoxical: Mr. Salinas is using the sweeping powers of the Mexican chief executive to diminish the power of his successors."

Salinas understands that political reform in Mexico depends on the implementation of the NAFTA. He is counting on the NAFTA to bring Mexico the investment and trade it needs to continue growing economically. For Salinas, the free trade pact will institutionalize his free market program and bind the hands of his successors, who otherwise might attempt to undo many of his accomplishments.

This being the case, the best means to ensure that Mexico stays on course toward democratic reform is through closer ties to the U.S. If the U.S. Congress defeats the free trade pact and isolates Mexico, it will inevitably weaken Salinas, who has staked his reputation on the agreement. A defeat of the NAFTA also could divert foreign investment from Mexico and trigger a return to protectionist trade policies, damaging Mexico's economy. If Mexico remains a poor country, its chances for genuine democratic development will be reduced greatly.

**Q: What is Salinas doing about human rights abuses in Mexico?**

**A:** Human rights violations have long been a problem in Mexico. Since the Mexican Revolution early this century, the country has been ruled by a single party—what is now known as the PRI. The PRI has maintained political stability through a mixture of political patronage, corruption, and intimidation and repression of opposition groups.

The Salinas Administration has addressed human rights conditions directly. The most important step to advance the cause of human rights in Mexico was the June 6, 1990, creation of the National Commission for Human Rights (CNDH). The CNDH, though linked administratively to the Mexican Secretariat of Interior, is financially and politically autonomous from the government. It is tasked with investigating and issuing recommendations on human rights complaints.

Since its inception, the CNDH has published some 180 reports and studies on human rights issues, and has sponsored approximately 350 training courses and seminars on the need for safeguarding human rights. The work of the Commission has been supported and applauded by international human rights groups, including Amnesty International, and is being modeled at the state level in Mexico.

Although human rights violations have not been eradicated, there is some indication that measurable progress is being made. According to the Bureau of Human Rights and Humanitarian Affairs at the U.S. State Department, 588 police and other govern-

ment employees in Mexico have been disciplined for human rights complaints since the CNDH was founded. Of these, criminal charges were brought against 246 state employees, and investigations are still pending in 141 cases. The CNDH also was responsible for the release last year of some 500 prisoners that it determined had been detained illegally.<sup>4</sup>

Another measure taken by the Salinas government to protect human rights was the creation of the so-called Pluralistic Committee of Citizens on March 12, 1992. This nine-member citizen's group represents various political parties. It was established by the Office of the Attorney General to review the daily activities of federal prosecutors and the Federal Judicial Police. Its task is to ensure that human and constitutional rights are observed and respected by Mexican law enforcement officials. Like the CNDH, the Committee acts independently of the Mexican government. Its responsibilities include: supervising conditions in Mexico's federal prison system, verifying that all detentions are carried out in a lawful manner, reviewing the selection and promotion procedures within the Attorney General's Office and the Federal Judicial Police, and developing new methods of reporting and reviewing complaints against public officials.

**Q: How bad is Mexican corruption and how will it affect the NAFTA?**

**A:** Allegations of corruption in Mexico most recently made headlines when a British citizen, a broker for International Business Machines (IBM) in Mexico, charged that three government officials solicited over \$1 million in exchange for their help in securing a government contract. The contract was to supply the Mexican Communications and Transportation Secretariat with a new nationwide air traffic control and radar system. This allegation represents a common but increasingly rare form of Mexican corruption, in which government officials seek bribes in return for contracts, licenses, or concessions from the government.

Almost immediately upon taking office, Salinas sent a signal that he planned to take a hard line against corruption. In January 1989 he arrested Joaquin "La Quina" Hernandez Galicia, head of the notoriously corrupt and powerful Oil Workers Union, on arms smuggling, tax evasion, and murder charges. "La Quina" had been considered untouchable by Mexican officials.<sup>5</sup> Soon thereafter, Salinas placed Eduardo Legorreta, one of the PRI's most powerful leaders and the head of Mexico's largest brokerage firm, behind bars for massive stock fraud. The Salinas Administration also arrested Miguel Angel Felix Gallardo and Rafael Caro Quintero, drug kingpins linked to the torture and murder of U.S. Drug Enforcement Administration (DEA) agent Enrique Camarena Salazar in 1985. These attacks on crime and corruption were unprecedented for a Mexican president and reflect a new attitude in Mexico toward law and order.

This past year Salinas stepped up his campaign against graft, corruption, and lawlessness in Mexico. The appointment of Jorge Carpizo as Attorney General sent a clear sig-

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4 For more information, see: "Mexico Human Rights Report," Bureau of Human Rights and Humanitarian Affairs, U.S. Department of State, 1992.

5 Larry Rohter, "Mexican Labor Chiefs Feel the Heat," *The New York Times*, February 27, 1989.

nal to criminals that they can no longer break the law with impunity. DEA Administrator Robert Bonner says that "The [new] Mexican Attorney General recognizes the challenge to professionalize the Mexican federal judicial police and the federal criminal justice system in Mexico."<sup>6</sup> To crack down on criminal activity and corruption in the Mexican countryside, Carpizo has ordered roadblocks on federal highways to check for weapons, drugs, or stolen vehicles. The Mexican Attorney General's office also announced on June 16 that it has dismissed 67 federal narcotics agents, some of whom will be charged with criminal offenses and inappropriate relationships with underworld figures.

The NAFTA will lessen corruption in Mexico as business practices there become more professional, as they are now in the U.S. and Canada. The free trade agreement, if approved by the U.S. Congress, will make business and financial transactions in Mexico more transparent. As this happens, fewer politically inspired contracts will be set aside exclusively for domestic companies. As government and other projects are opened up to the scrutiny of foreign competition, the amount of corruption in the Mexican economy will decline.

**Q: How successful is Mexico in fighting the war on drugs?**

**A:** The May 24 killing in Guadalajara by drug cartel members of Cardinal Juan Jesus Posadas Ocampo, the number two man in Mexico's Roman Catholic hierarchy, proves that drug violence remains a serious problem in Mexico.<sup>7</sup> The enormity of the drug problem was further dramatized on June 3 when U.S. and Mexican authorities discovered a 1,450-foot tunnel stretching from Tijuana to the outskirts of San Diego. Jack Hook, a spokesman for the U.S. Drug Enforcement Administration, estimates that drug traffickers could have used the \$1.5 million tunnel "to ship multi-ton quantities of cocaine into the U.S. undetected."<sup>8</sup>

Opponents of the free trade agreement with Mexico often cite the fact that as much as 70 percent of the cocaine entering the U.S. from South America is transhipped through Mexico. They argue that the increase in cross-border commerce caused by NAFTA will provide new opportunities for drug traffickers to smuggle cocaine, marijuana, and heroin into the U.S.

The Salinas Administration, understanding that such security-related problems require strong action, has sent a clear signal to the drug cartels. In addition to the arrest of 86,000 individuals on drug-related charges over the past four years, Mexican Federal Police officials announced on June 10 that top drug boss Joaquin Guzman Loera was arrested in Guatemala along with five of his closest associates. According to the Mexican government, Guzman was the intended target in the Guadalajara shootout.

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6 Dianna Solis, "Mexico's Top Law Official Faces Battles with Drug Cartels as Violence Mounts," *The Wall Street Journal*, June 1, 1993.

7 Mexican law enforcement officials believe that the assassins mistook the Cardinal, who was arriving by car at the Guadalajara airport, for a rival drug syndicate boss. Others believe that Posadas may have been the actual target, because of his active campaign against drug trafficking and abuse in Mexico.

8 "U.S. and Mexico Hunt for More Drug Tunnels," *The New York Times*, June 4, 1993, p. A11.

Prior to Guzman's detainment, at least thirteen arrests had been made, twenty narcotics safe houses discovered, and a \$5 million reward offered by the Mexican government in the Posadas case.<sup>9</sup> DEA chief Bonner called the latest actions by the Salinas Administration "a turning point in terms of the resolve of the Mexican authorities to take strong action against some of the most powerful Mexican drug traffickers."<sup>10</sup>

Salinas has done more to fight the international drug problem than any of his predecessors. In 1992, the government of Mexico seized nearly 40 metric tons of cocaine, 213 pounds of heroin, and 405 metric tons of marijuana. Mexican anti-narcotics authorities also destroyed some 16,944 acres of opium-producing poppy plants and an estimated 29,887 acres of marijuana.<sup>11</sup> Under Salinas, the eradication of drug cultivation fields has increased by 30 percent annually, to reach a total destruction of 211,624 acres of marijuana and poppy. This means that 38,950 metric tons of marijuana and 37 metric tons of heroin never found their way to American streets. Moreover, in 1992 alone, Mexican law enforcement officials arrested 27,577 individuals on drug-related crimes.

**Formidable Anti-Drug Air Fleet.** The Salinas Administration is placing special emphasis on the eradication of drug farming fields. The efforts made to destroy drug crops in Mexico have no precedent anywhere in the world. The Mexican Secretariat of National Defense and the Attorney General's Office deploy an average of 10,000 men to locate and eradicate drug cultivation fields using U.S.-supplied aircraft for transportation and aerial photography. Mexican counternarcotics officials operate more than 150 aircraft, including reconnaissance and spray helicopters, as well as fixed-wing airplanes. This makes it the largest anti-drug air fleet in the developing world. The number of personnel assigned to these missions is increased significantly during the peak growing season in the spring and early summer. The result has been the destruction of 75 percent of the total estimated drug crop in Mexico. Mexico's drug field eradication activities were especially successful in the first two months of this year. Compared to the previous year, eradication of marijuana and poppy fields increased 88 percent and 34 percent, respectively.<sup>12</sup>

Mexico's vigorous campaign against illegal drugs was highlighted in July 1992, when the government announced that it was taking over all of the costs of its counternarcotics programs. These had been funded previously by the U.S., which appropriated some \$26 million in anti-narcotics assistance for Mexico in 1992. Under the new plan, the Salinas government will fund its own anti-drug program by selling automobiles, airplanes, homes, property, and other assets seized from drug traffickers. Since taking office in 1988, the Salinas Administration has confiscated more than \$1 billion in drug-related property and over \$100 billion in illegal narcotics. As the U.S. anti-

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9 Robert L. Bartley, "Drug-War Death: Cardinal's Blood to Purify Mexico?" *The Wall Street Journal*, June 9, 1993.

10 Tim Golden, "Mexicans Capture Drug Cartel Chief in Prelate's Death," *The New York Times*, June 11, 1993.

11 For more information see: "International Narcotics Control Strategy Report," U.S. Department of State Bureau of International Narcotics Matters, April 1993.

12 "Drug Control Efforts Made by Mexico (December 1988 - February 1993): A Comprehensive Report," Embassy of Mexico, April 12, 1993.

drug assistance is phased out, Washington nevertheless will continue to supply specialized law enforcement training and technical aid to Mexican authorities.

**Q: How will the NAFTA affect the war on drugs?**

**A:** According to a senior U.S. anti-narcotics official (who wishes to remain unnamed), a rejection of the NAFTA would result in "a serious setback in U.S.-Mexican cooperation in the fight against drug trafficking." Salinas would view it as "a slap in the face," says the official, and his government would likely be "far less willing to work closely with the U.S. in interdicting drugs and destroying drug crops in Mexico." A rejection of the free trade pact, therefore, would present an added strain in bilateral ties that could impair law enforcement cooperation on both sides of the border.

A rejection of NAFTA also would hurt Mexico economically, hobbling the Mexican government's ability to wage an effective campaign against the drug traffickers. Scarce financial resources that could have been dedicated to fighting international criminal activity might be channeled elsewhere. Moreover, if investment in Mexico is curtailed and exports to the U.S. limited in the wake of a NAFTA defeat, Mexican unemployment will rise. With increasing levels of unemployment and poverty, more Mexicans would turn to drug cultivation or trafficking to earn a living. This could increase the amount of drugs being grown in Mexico and sent to the U.S.

**Q: How will the NAFTA affect the problem of legal and illegal immigration?**

**A:** The U.S., a nation of immigrants, continues to admit more foreign nationals than any other country in the world. For many years, large numbers of Mexican workers have been coming to the U.S., legally or illegally, in search of higher wages and a better life. In 1990, for example, there were approximately 4.5 million Mexican-born residents living in the U.S. This number, which does not count all illegal aliens, represents about 21 percent of all foreign-born residents. Germans, with 1.2 million residents, or 5.4 percent of total foreign-born residents in the U.S., make up the second largest group.<sup>13</sup> Moreover, in 1992 alone, the U.S. Border Patrol arrested 1.2 million people attempting to cross illegally into the U.S. from Mexico.<sup>14</sup> Some, such as California Republican Representative Duncan Hunter, and Ralph Nader's Public Citizen lobbying group, argue that the NAFTA will only invite more Mexican immigration into the U.S.

The NAFTA's critics, however, are mistaken. As economic growth in Mexico leads to real gains in wages and living standards, some of the pressure to emigrate will subside. The NAFTA will mark the beginning of an unprecedented experiment in economic integration. The free trade pact will help raise Mexican living standards through sustained economic growth. The increase in foreign direct investment in Mexico under a NAFTA is expected to be in the \$25 billion to \$52 billion range from 1992 to 2000.<sup>15</sup> According to the Washington-based Institute for International Economics, eco-

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13 "U.S.-Mexico Trade: Pulling Together or Pulling Apart?" U.S. Congress, Office of Technology Assessment, January 1993, pp. 116-117.

14 "Mexico: Respect Restored," *The Economist*, February 13, 1993, p. 4.



conomic growth rates in Mexico under the free trade pact could reach as high as 6 percent a year over the next decade. This economic surge will produce an estimated 609,000 new jobs south of the border over the next ten years.<sup>16</sup>

Many of the new jobs will be in rural areas and smaller cities. This will shift control from the bureaucrats in Mexico City to entrepreneurs in the regions. Indeed, one of the reasons Mexico City is so large—its population is around 20 million—is because over-centralization of the economy has led to mass migration from the countryside to Mexico City. Once they are concentrated in Mexico City, the next step for Mexico's poor is to look for a job in the U.S. According to Marshall Breger, Senior Fellow and labor expert at The Heritage Foundation, "Once Mexican workers are uprooted from their homes in the search of better employment, they are then more likely to continue moving northward looking for new sources of income. Decentralization of the Mexican economy will stop this trend." Further, once the NAFTA is in place, wages in Mexico are expected to grow by as much as 16 percent over the next several years.<sup>17</sup> The allure of higher paying and better quality jobs in Mexico will convince many Mexicans to stay at home and contribute to their own economy.

**Q: What will be the long-range political consequences of a NAFTA defeat?**

**A:** The U.S. has a tremendous stake in the success of Salinas and the NAFTA. Not only does the U.S. share a 2,000-mile porous border with its southern neighbor, but Mexico is a rapidly growing country with some 85 million citizens. At present growth rates, Mexico's population will increase to 100 million by the year 2000. Prolonged political and economic crises in Mexico could cause an upheaval which, according to some official estimates, could result in as many as 10 million refugees fleeing to the U.S. This would create enormous economic and social problems for American border states.<sup>18</sup>

This dangerous scenario need not happen. Two nations that once were referred to as "distant neighbors" have developed over the past four years into economic and political partners. Relations are better today than at any time in history. Salinas and other Mexican leaders will view a defeat of the NAFTA as a direct rejection of Mexico by the U.S. government. The increasingly cooperative ties developing between Washington and Mexico City may be damaged irreparably.

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15 "Investment, Trade, and U.S. Gains in the NAFTA," U.S. Council of the Mexico-U.S. Business Committee, The Council of the Americas, 1992, p. 12.

16 Gary Clyde Hufbauer and Jeffrey J. Schott, *NAFTA: An Assessment* (Washington, D.C.: The Institute for International Economics, February 1993.)

17 For more information on the impact of the NAFTA on the Mexican economy see: "Potential Impact on the U.S. Economy and Selected Industries of the North American Free Trade Agreement," U.S. International Trade Commission, January 1993, p. viii.

18 See Michael G. Wilson, "The Security Component of U.S.-Mexico Relations," Heritage Foundation *Backgrounder* No. 688, January 26, 1989. p. 2.

**Q: How will the NAFTA help spread economic prosperity and political stability throughout the Americas?**

**A:** Latin America is experiencing a free market revolution unparalleled almost anywhere in the world. Statist and populist regimes from Mexico to Argentina have given way to governments committed to free trade, the privatization of state-owned industry, lower taxes, and the free market deregulation of the economy. Latin America also is the fastest growing export market for the U.S. in the world. U.S. exports to the region increased 19.5 percent from 1991 to 1992, compared with 4.4 percent growth to the rest of the world. With U.S. sales jumping in 1992, Latin America and the Caribbean was the only region where the U.S. had a trade surplus—estimated at \$886 million last year. One in seven dollars in U.S. exports now goes to Latin America and the Caribbean, and U.S. businesses are extremely competitive in the region. This trend has been accompanied by improvements in human rights conditions and a strengthening of regional democracy. Today, the only remaining dictatorship in this hemisphere is in Cuba.

The spread of free trade policies in Latin America and the Caribbean began in earnest following the 1990 decision by Bush and Salinas to launch free trade talks. This trend was reinforced following Bush's June 27, 1990, declaration of his Enterprise for the Americas Initiative (EAI). Under the leadership of the Bush Administration, the U.S. proceeded to sign free trade framework agreements with every major country in the hemisphere except Cuba.<sup>19</sup> If the NAFTA is successful, then other countries in the hemisphere will be eager to build upon these accomplishments and remain on the course toward economic reform. Regional leaders are confident that free trade agreements with the U.S. will attract badly needed foreign investment and boost exports to the U.S.

These countries also see freer trade and economic integration as a way to resolve many of the region's other problems, including drug trafficking, terrorism, environmental degradation, and military unrest. Such leaders as Carlos Menem in Argentina and Patricio Aylwin in Chile have said that free market policies and FTAs with the U.S. will help their countries sustain the economic growth needed to generate new jobs and raise living standards. This, they believe, will ease many of the social tensions caused by poverty, poor education, inadequate health care, and unemployment.

**Q: What would a rejection of the NAFTA by Washington do to its ties with the rest of the hemisphere?**

**A:** The NAFTA clearly is the driving force behind Washington's Latin America and Caribbean policy. If the NAFTA is defeated, not only U.S.-Mexico relations would suffer. So, too, would U.S. relations with the rest of Latin America. Many governments in the

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<sup>19</sup> These agreements establish formal bilateral councils that monitor and analyze trade and investment patterns. They also develop policy suggestions on how to further open markets between the two countries and negotiate agreements on such issues as intellectual property rights. In essence, these framework agreements are an important means of paving the way toward free trade agreements.

region will see a rejection of the NAFTA as a signal that the U.S. does not care about Latin America, and is unwilling or unable to follow through on its commitments. Such a move also will indicate that Washington prefers protectionism to free trade.

Latin American and Caribbean leaders declare that regardless of what the U.S. does, they will continue their historic process of free trade and economic integration. They also stress that they will turn to Asian countries like Japan, South Korea, and Taiwan for free-trade agreements: The result could be that the U.S. would become isolated from its natural and fastest growing export market. U.S. exports thus would diminish, job growth at home would be lost, and America would become less competitive in the global marketplace.

## CONCLUSION

The United States, Mexico, and Canada are on the brink of a new era. With the NAFTA, the three countries are poised to greatly expand their commercial and economic ties and to create a more prosperous and competitive North American economic community. The NAFTA promises to build the world's largest and wealthiest market, with some 360 million people and an economic output of over \$6 trillion. Once approved, the free trade pact also will help sustain progress in other vital areas of cooperation, including anti-narcotics efforts, environmental protection, immigration, and human rights.

The U.S. has a choice. By ratifying the NAFTA, the U.S. Congress will not only keep U.S.-Mexico relations firmly on track, but help launch a free trade and free market revolution throughout the rest of the Americas. If it is defeated U.S.-Mexico relations almost certainly will sour and protectionism could once again emerge in the Americas. The result will be lost markets and jobs for the United States.

The free trade pact with the U.S. and Canada will consolidate democracy and greater respect for human rights in Mexico. A defeat will remove one of Mexico's principal incentives for reform—linking internal reforms to external free trade policies. Under the best of circumstances, the loss of NAFTA will strain bilateral relations and curtail cooperation in a wide variety of areas. In the worst case, a rejection of the free trade pact could trigger anti-American hostility in Mexico and even unleash political and economic instability south of the border. Either way, not only the U.S., but all of Latin America will be the loser.

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