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FOREIGN POLICY STRATEGIES IN A GLOBALIZED WORLD: THE CASE OF MÉXICO
Resumen

Este documento analiza el impacto del fin de la guerra fría y de los procesos internos de liberalización económica y política en la política exterior de México. La primera parte identifica las consecuencias para los llamados países intermedios de las tres tendencias más importantes del mundo de la post-Guerra Fría: la emergencia de una estructura híbrida del poder global, el fenómeno de la globalización, y la creciente importancia de las instituciones internacionales. La segunda parte hace una evaluación de la capacidad analítica de tres enfoques sistémicos orientados al análisis de las políticas externas de países intermedios - realismo estructural, potencias medias y países pivote- para explicar el caso de México. En la tercera parte se evalúa el enfoque alternativo de Kahler centrado en la vinculación entre variables sistémicas y factores internos, en particular, la relación entre la liberalización económica y política en el ámbito interno y la adopción de estrategias cooperativas e institucionales en el ámbito de la política exterior. En la cuarta parte se revisan los principales cambios que se han dado en la política exterior de México en el transcurso de la década de los noventa: pragmatismo, primacía de lo económico, mayor alineamiento con Estados Unidos, multilateralismo segmentado, fragmentación del proceso decisional y adopción de nuevos instrumentos. El presente documento sostiene dos argumentos. El primero es que México, a diferencia de otros países intermedios en proceso de liberalización, se fue adecuando a las nuevas condiciones mundiales en forma parcial y desigual. A lo largo de la última década se ha dado desfase entre la creciente apertura hacia el exterior en el ámbito económico, y el mantenimiento de una política cerrada en el ámbito político y de seguridad basada en la defensa de la noción tradicional de soberanía. Este desfase se explica por el ritmo distinto con el que avanzó la reforma económica con respecto a la apertura política. Segundo, tanto los momentos como los espacios de mayor actividad internacional y participación multilateral de México parecen responder a la necesidad de resolver dilemas de credibilidad. El trabajo encuentra que México tendió a adoptar estrategias cooperativas de participación activa en organismos internacionales y de promoción de esquemas institucionales en el ámbito bilateral precisamente en aquellos momentos en los que se requería contar con el aval de actores internacionales para dar credibilidad a los programas gubernamentales de liberalización económica y política.

Abstract

This document analyses the impact of the end of the Cold-War, and the processes of economic and political liberalization on Mexico's foreign policy. The first section identifies the consequences for the so-called intermediate countries of the three most important post-Cold War trends: the emergence of a hybrid structure of global power, the wave of globalization, and the growing importance of international institutions. The second section evaluates the explanatory value of three systemic approaches to the study of the foreign policy of intermediate states: systemic-structuralism, middle powers, and pivotal states. In the third section, I evaluate Kahler's alternative approach centered on the interaction between systemic and domestic variables, in particular, on the foreign policy consequences of economic liberalization and democratization such as the adoption of external cooperative strategies and the deepening of engagement with international institutions. The fourth section describes the main changes that have taken place in Mexico's foreign policy during the 1990s: pragmatism, primacy of economics, closer alignment with the United States, segmented multilateralism, fragmentation of the decision-making process, and new instruments. There are two arguments in this document. First, in contrast to other intermediate liberalizing countries, Mexico's efforts to adapt to the new post-Cold War international system, followed and uneven and partial pattern. While Mexican political leaders pursued the full integration of the country to the international economy, in the security realm they maintained a less open policy based on the defense of the traditional notion of sovereignty. Mexico's partial adaptation is explained by the different pace of the rapid economic reform on the one hand, and the gradual and slow opening of the post-revolutionary political regime, on the other. Second, as Kahler's model predicted, Mexico adopted strategies of cooperation and institutional engagement in order to solve credibility problems. The need to enhance the credibility of the programs of economic reform pushed the Mexican government to engage actively with economic international institutions.
New trends and developments in the post-Cold War world have drastically changed the strategic environment in which Mexican foreign policy has operated. The three most important among these is the emergence of a hybrid structure of global power, the wave of globalization, and the growing importance of international institutions. By the early 1990s, Mexican policymakers made some important policy choices with long-term consequences about the kinds of broad strategies to pursue in relation to global changes. In a sharp departure from its inward-looking previous historical stance, Mexico chose to encourage instead of resisting the globalization process in the economic realm by introducing a far-reaching program of market-oriented reforms, and later on, seeking the institutionalization of a formal economic partnership with its previously “distant” big neighbor, the United States, through the North American Free Trade Agreement (NAFTA). The main foreign policy consequences of these policy choices were a move away from ideology and legalism to pragmatism, a closer alignment with the United States, and a deepening of a pattern of selective engagement with international institutions.

The net immediate effect of economic liberalization was that, for the first time in this century, market forces and political choices started to reinforce each other in expanding Mexico’s rapid integration to the world economy. Between 1980 and 1998, openness of the economy, measured by the share of exports to Gross Domestic Product (GDP), tripled from 11 to 31.9 percent, expanding the degree of exposure of the Mexican economy to international markets and the decisions of foreign governmental and non-governmental actors. In 1998 total foreign trade represented 64.3% of Mexico’s GDP. Foreign trade and capital became the main engines of economic growth, particularly after the 1994-1995 financial crisis.

1 Huntington uses this concept for describing the existence of a dual distribution of power in the post-Cold War system, that is, the presence of a uni-multipolar system with one uncontested military superpower and several major economic powers. See Huntington 1999.

2 For the purposes of this paper, globalization is understood as a multi-faceted process that goes beyond the economic realm to include the internationalization of politics. The World Bank’s definition of globalization as “the integration of trade, finance, people, and ideas in one global market”, captures the multi-dimensional nature of the phenomenon. See World Bank 1999.

3 The most systematic theoretical argument on the increasing power and scope of international institutions has been developed by Keohane. See the discussion of this point in Keohane 1998.

4 In this paper I refer to this pattern of active and selective participation in international institutions as a diplomacy of ambivalent multilateralism.

5 Other indicators of Mexico’s increasing integration with the global economy point to the same direction. The ratio of gross private capital flows to GDP rose from 2.7 percent in 1987 to 3.8 in 1997. Gross foreign direct investment share of GDP more than doubled between 1987 and 1997 from .6% to 1.6%. See World Bank 1999.
Consequently, the country experimented with great intensity some of the macroeconomic benefits and many of the social adjustment costs of economic liberalization, at the same time that the processes of political liberalization and democratization accelerated.

However, as some analysts have pointed out, México got stuck in the middle of the road between the Third and the First World. The deepening of market-oriented reforms was accompanied by the exacerbation of domestic income disparities and the emergence of an increasingly segmented economy and dual society. On the threshold of the XXI century an accurate description of Mexico is that of an open economy with sharp social inequalities and a liberalizing political community with fragile institutions for democratic stability and governance. Hence, in terms of Soesastro's analytical framework, the main challenge confronting Mexico on the next decade is how to move quickly into a second-order adjustment phase to globalization which entails coping with domestic changes that had come as consequence of the first-order adjustment process of opening up. From this perspective, the time is be ripe for revising and moving beyond the 1980s and 1990s neoliberal strategic thinking.

This paper examines México’s ongoing process of adaptation to the changing international conditions in the post-Cold War period, from the first-order adjustment programs of economic liberalization to the second-order adjustment strategies for social development and democratic governance. First, I document that Mexico’s efforts to adapt to the process of globalization of the world economy, and the transformation of the international system after the end of the Cold War have followed an uneven, disjointed and contradictory pattern. While Mexican political leaders quickly accepted the consequences of economic globalization by actively undertaking a policy favorable to regional integration and open markets, they have been reluctant to adapt to the security and political demands posed by the post-Cold

6 Castañeda makes the point that Mexico’s economic opening to the world led to the emergence of a “new cleavage cutting across Mexican society. This split separates those Mexicans plugged into the U.S. economy from those who are not”. Even some official economic studies have documented the fact that the opening of the economy reduced the integration of several national production chains increasing the gap between the export-oriented sector and the rest of the economy. See Castañeda 1996:93; Dresser 1998; SECOFI:1997

7 Soesastro distinguishes between two kinds of adjustments to globalization. First-order adjustments focus on the opening up of the economy to the forces of globalization through economic liberalization, deregulation, privatization, free trade and financial liberalization policies, whereas second-order adjustments entail coping with the asymmetric side effects of economic liberalization and the adoption of policies to rectify the increasing disparities of income and access to economic opportunities between different groups in society, between regions within the country, and between large and medium or small enterprises. The most important issues related to second-order adjustments are the reduction of income gaps, the raising of labor standards, the improvement of the educational system and the bureaucracy, the improvement of the country’s scientific and technological base, and the push for greater political transparency. See Soesastro 1998:24-35.
Second, I argue that Mexico’s partial adaptation cannot be explained by purely structural or systemic theoretical perspectives, and that it is necessary to look at the role of domestic political factors. I offer a critique of three basic interpretations of the consequences of post-Cold War changes for the foreign policy of those countries like Mexico that occupy an intermediate position in the structure of international power: the systemic-structural approach to Latin American (Peter H. Smith 1996), the liberal-institutionalist approach to middle powers (Cooper, Higgot and Nossal 1993), and the revisionist realist approach to pivotal states (Chase, Hill, and Kennedy 1999).

In this essay, I draw on the literature on the consequences of domestic change for foreign policy, in particular, Kahler’s theoretical model on the foreign policy consequences of the newest wave of economic liberalization and democratization, in order to develop the argument that Mexico’s underresponse to globalization can be better explained by the different pace of the economic reform on the one hand, and the gradual and slow opening of the post-revolutionary political regime, on the other. First, the uneven character of Mexico’s liberalization process over the last two decades led political leaders to try to achieve two incompatible goals: the full integration of the country to the international economy, and the isolation of the domestic political arena from external pressures. This explains why Mexico embarked in an active economic multilateral diplomacy while assumed a passive and cautious position vis-a-vis the new wave of multilateral humanitarian interventionism. Second, as Kahler’s model predicted, the need to enhance the credibility of the programs of economic reform pushed the Mexican government to engage actively with economic international institutions. Similarly, the desire to solve some credibility problems faced by the domestic process of political liberalization shaped Mexico’s gradual move towards the acceptance of an increased role of international organizations in promoting democracy and monitoring human rights. In sum, I will address the following questions:

How have the profound changes in the economic and political international environment affected Mexico’s strategic options and overall bargaining power? Specifically, I will focus on the effects of two major trends: the wave of

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8 This argument draws on Gonzalez and Chabat 1996. For a systematic analysis of the contradictions between economic and political aspects of the Salinas administration’s foreign policy, see Chabat 1996.

9 The concept of intermediate country, middle power or secondary state is a loose analytical category used by different authors with different meanings. In general, this category has been defined either as a position or as a role. While realists use the concept to describe a particular set of countries that occupy an intermediate position -between great powers and small states- within the international distribution of power, liberal-institutionalists and constructivists tend to define it in terms of a particular set of behavioral characteristics or roles. Here I use it as a descriptive category of a position in the structure of international power.

10 See Kahler 1997.
globalization in the international system, and the deepening of unipolarism in the Western Hemisphere within the uni-multipolar global system.

How has Mexico responded to the changing international environment? The purpose here is to identify patterns of change and continuity in the main components of Mexico's new outward-oriented grand strategy: perceived threats, selection of policy instruments, and definition of priorities.

What have been the foreign policy consequences of economic liberalization, the first-order adjustment to contemporary global trends? In particular, I will focus on the analysis of Mexico's divergent strategies and paces of adaptation in two key multilateral arenas: the international trade negotiations, on one hand, and the efforts by global and regional international institutions for enforcing an expanded international security agenda, on the other.

Which are the tasks ahead for the full adaptation of the country to the international waves of globalization and democratization?

The emerging post-Cold War international system

The end of the Cold War brought new theoretical challenges for systemic-structural approaches to the study of international politics and foreign policy. The first problem is defining the structure of the emerging international system. No consensus exists in the International Relations scholarly literature about the nature of the emerging post-Cold war world system. The initial optimist view of an emerging "new world order" that followed the end of the bipolar system with the collapse of the Soviet Union in the early 1990s, was rapidly replaced by a more skeptical view of an uncertain, fragmented and complex "transitional" international system. Three main features have been underlined in most characterizations of this transition: a) the emergence of a hybrid structure of global power, b) the globalization of the world economy, and c) the increased institutionalization of the international system.

Hybrid power. The collapse of the Soviet Union led to the emergence an uneven and multi-dimensional power structure based on a sharp disjunction between the unipolar distribution of military power on one hand, and the multipolar distribution of economic power on the other. Huntington has described contemporary global structure as "a strange hybrid, a uni-multipolar system with one..."
superpower and several major powers”. In Huntington’s view, the uni-multipolar system is a transitional stage that followed a short “unipolar moment” at the end of the Gulf War along a long-term movement from bipolarity to a true multipolar world. This system is clearly not in equilibrium since none of its more powerful actors are completely satisfied with the status quo and are pushing in different directions. While some forces in the United States would prefer a unipolar system, the other major powers would promote the consolidation of a multipolar one.

What does this mean for intermediate countries like Mexico? First, for most systemic-structural scholars, the existence of a multidimensional structure of power means the presence of a less predictable superpower, and consequently the emergence of what Smith describes as the “Age of Uncertainty”. The structural disjunction of global power implies a two-way dynamics in which the security threats confronting the United States become less acute since there are no credible competitors for the superpower position, while the effective use of the two principal tools for advancing American national interests —economic sanctions and military intervention— require the support of other major players in the system. Particularly, in the absence of clear and imminent strategic external threats domestic political factors exert much greater influence on the United States foreign policy agenda, so foreign policy outcomes become less predictable. Second, the prospects for leadership voids are greater in the current hybrid system than in the previous bipolar world. Problems of international leadership may follow from the absence of an overarching global threat and its diffusion into multiple regional threats, and the increased active role of multiple domestic actors in foreign policy-making. Third, the disjunction of military and economic power at the global level has increased the importance of regional relations and resulted in the emergence of a more regionally differentiated world. This has led to a new wave of regionalism and the revival of regional institutions as key forums for bargaining on economic issues and managing security problems.

Globalization. The second most important feature of contemporary international politics is globalization and one of its defining features, the growth of economic interdependence. In general terms, globalization can be defined as an increasing level of economic and social interconnectedness derived from both technological change in the communication and information industries, and policy-driven reforms towards the reduction of barriers to trade and capital. A clear indicator of the trend towards intensified economic linkages is the rapid expansion of world trade and the rise in transborder financial flows. Between 1987 and 1997 world trade nearly doubled, and the ratio of trade to GDP rose from 20.6 to 29.6 percent. While in the 1980s total net capital flows to developing and transition countries averaged only $10-$20 billion a year, or around 1 percent of their

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13 Huntington 1999:35.
14 Smith 1996. chapters 9-12.
15 This argument is developed by Lake and Morgan 1997.
combined GDP, by 1997 these flows had jumped to $280 billion, more than 4 percent of the countries’ combined GDP.17

What are the main implications of globalization? Neorealists and liberal-institutionalist systemic approaches differ on the importance and the consequences of increased economic and social interconnectedness. While for neorealists globalization has not change the anarchic nature of the international system and only matters to the extent that influences the distribution of power, for liberal-institutionalist it has led to the emergence of a less state-centric world. First, globalization entails the increasing exposure of national economies to international markets, and consequently the increasing competition among liberalizing emerging economies for markets and foreign direct investment. Globalization, then, provides governments with strong incentives for initiating and sustaining market-oriented reforms to reduce the risk of being left out. Second, globalization implies the emergence of a less state-centric and a more pluralistic world. This means that transnational non-governmental structures, social networks and processes may have a much greater impact in peoples’ lives than in the recent past. Transnational links function not only as transmission belts that increasingly expose national societies to the influence of events and decisions beyond territorial boundaries, but also as mechanisms empowering a wide range of new actors from individuals, firms, non-governmental organizations, and other groups to act effectively and autonomously in world politics. Third, globalization has brought important changes in the global international agenda, mainly the increased salience of economic and social issues (such as trade, finance, human welfare, ecology, human rights, democracy) vis-à-vis security and military ones. In the new global agenda the boundaries between domestic and international politics become increasingly blurred.

Some students of globalization have recently started to examine the foreign policy consequences of the economic changes described above. David and Roussel have pointed out that the main foreign policy implication of globalization is that governments, in order to gain international influence and cope with increased levels of external exposure, must develop “the ability to grasp problems at many levels (local, national, regional, global) and to negotiate with very heterogeneous players that are not necessarily operating within a state framework”.18

Institutionalization. The third major feature of the post-Cold War world is the growing importance of international institutions, and a trend toward hardening efforts to enforce international rules.19 From the 1970s onward, the world has witnessed a major effort at institution-building and institutional reform that has led to the proliferation of formal international organizations and regimes, and the

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17 Knight 1999:32.
18 See David and Roussel 1998:150.
19 Andrew Hurrell raised this point at the seminar Intermediate States: Strategies in Multilateral Arenas, organized by the Latin American Program at the Woodrow Wilson International Center for Scholars on May 13th 1999.
emergence of new forms of global governance. An increasing number of specific activities in the international realm have become institutionalized and governed by agreed rules and standards. As a consequence, there has been an expansion of the scope of action of many international organizations. The recent proliferation of United Nations peacekeeping, democratic-building and humanitarian missions is one of the most significant signs of the growing importance of international institutions in the management of security issues. In the 1990s, the end of the Cold War and the growth of economic interdependence have deepened and expanded this long-term process of institutionalization unleashing a series of ongoing efforts to revise codes of conduct (norms and rules) in the international arena. Even the traditional state-centered notion of sovereignty has been under revision. Keohane has also raised the point that even the great powers, such as the United States, are relying increasingly on the use of international institutions and rule-based interactions. As a rational alternative to unilateral action, the use of institutional mechanisms may help states to solve a wide variety of bargaining problems that make it problematic to reach mutually beneficial agreements, and consequently to achieve their material interests. International institutions can generate a great deal of high-quality information about the behavior of the parties to an agreement; create linkages among issues that facilitate mutually-beneficial exchanges; provide coordinating mechanisms or construct “focal points” on which competing actors may coordinate their actions; reduce transaction costs by setting common standards; establish monitoring and enforcing mechanisms increasing the costs of cheating; and improve states’ credibility as reliable partners.

From the perspective of intermediate countries, the use of effective international institutions may increase their ability to tie the hands of the most powerful actors in the system, yet it may also entail the legitimization of governance systems that do not reflect their national interests and limit their sovereignty. Under these circumstances the main challenge becomes how to effectively influence the agenda and the direction of current international institution-building efforts. However it is unclear how intermediate countries would respond to the opportunities and challenges posed by increasing institutionalization of the international system.

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20 For a systematic analysis of the growing importance of international institutions and the move towards new forms of global governance, see Keohane 1998.
21 Keohane 1998.
22 The International Relations field is divided around the question of whether international institutions matter for world politics, as neoliberal institutionalists suggest, or they do not, as neorealists argue. For the purpose of this essay I simply document the empirical trend towards the proliferation of international institutions and review the main neoliberal institutionalist theoretical explanations for this trend. Institutionalist theory is best represented by Robert O. Keohane’s After Hegemony: Cooperation and Discord in the World Political Economy (Princeton, NJ: Princeton University Press, 1984). Realist scholars have not developed explicit theoretical propositions on this subject.
23 For a review of the vast literature on international institutions, see Martin and Simmons 1998: 729-758.
Systemic approaches to intermediate states' foreign policy

There are three basic interpretations of how these post-Cold War global trends have affected those countries like Mexico that occupy an intermediate position —between great powers and small states—within the international distribution of power: the systemic-structural approach (Peter H. Smith 1996), the liberal-institutionalist approach to middle powers (Cooper, Higgot and Nossal 1993), and the revisionist realist approach to pivotal states (Chase, Hill, and Kennedy 1999). Each approach makes different predictions about the range of strategic options that the post-Cold War international environment offers to the so-called intermediate states of the Western Hemisphere, and about the expected foreign policy patterns of behavior of this category of states. While the first and third views emphasize the constraints, the second one focuses on the opportunities for the influence of secondary states. At the end of the Cold War has opened.

Thesis 1: A low-profile diplomacy. The main proposition of Smith's systemic-structural approach is that the post-Cold-War international system provides Latin American intermediate countries with a narrowing range of strategic options than in previous periods in the history of inter-American relations. Overall, Smith identifies six distinct historical strategic alternatives that Latin American countries have pursued in different periods of time to promote economic development and counter the hegemony of the United States: collective unification, extra-hemispheric protection, sub-regional hegemony, international law and organizations, social revolution, Third World solidarity, and alignment with the United States. During the present period, some of these strategies have been closed, and the range of options appears to be even more restricted than during the Cold War period. First, the end of the East-West confrontation accentuated the unipolar distribution of power within the Americas by reducing the strategic relevance of Latin America in the global arena, and making it no longer possible for the countries in the region to credibly balance the United States through the establishment of extra-hemispheric alliances. Second, the increased economic fragmentation of the “developing World” into differing strata eroded the South-South cooperation mechanisms built during the Cold War, and reduced the viability of the Third World solidarity option. Third, the collapse of communism in Europe marked the bankruptcy of the revolutionary option and accentuated the discrediting of statist polices that followed the 1980s series of debt crises, reducing the range of plausible models for sustainable development. As a result of all these trends, Smith argues that “by the mid-1990s Latin American countries were left with three strategic alternatives: first, they could undertake unilateral attempts to cultivate ties with Europe and Japan as well as with the United States; second, they could construct regional or subregional communities through economic integration; or third, they could align themselves with the United States.”24 According to Smith, at that time, Mexico was the only Latin American

24 Smith 1996: 303. Notice that Smith's list of available alternatives at the end of the cold War does not include the use of international law and institutions. In contrast, middle power theorists
country with the conditions to successfully pursue a strategy of “joining with the North”. The main theoretical prediction of Smith’s analysis is that as international conditions narrowed the range of open strategic options reducing Mexico’s freedom of action, Mexican political leaders would seek a closer alignment with the United States, and assume a low profile on the international stage. In sum, a less active and autonomous multilateral and regional diplomacy is expected.

Thesis 2: A pro-active international diplomacy. From a liberal-institutionalist perspective, the unexpected end of the Cold war opened new opportunities for the autonomous action and alternative forms of leadership by the so-called intermediate powers. Following Young’s analysis on the sources of international leadership, Cooper develops the argument that the growing importance of non-structural forms of leadership (i.e., forms not based on leverage derived from preponderant material capabilities to coerce but on technical and entrepreneurial skills to persuade) in a variety of issue areas has increased the importance of secondary players in the international system. According to Cooper, Higgot and Nossal’s model of middle-power foreign policy behavior, intermediate powers constitute a category of countries that have the ability and willingness to adopt an activist, initiative-oriented diplomatic approach in order to effectively influence the international system based on non-structural forms of influence associated with the skillful use of their diplomatic capabilities, particularly the reliance on a highly specialized and coordinated professional foreign policy bureaucracy.

The middle-power behavior is associated with an inclination towards good international citizenship (pacifism), multilateral activism, coalition and institution-building and mediation. Usually middle powers engage in selective and segmented diplomacy by concentrating their international efforts in some specific issues. In this view, three post-Cold War developments have worked to reinforce the ability and willingness of middle powers to play a more active role in the international arena. The first is the growth of economic interdependence and its corollary, the relative decline of America resources and willingness to lead. Under conditions of “waning hegemony” the incentives for superpower restraint are stronger, and the emergence of a leadership voids in a variety of issue areas more likely. An illustration of this logic would be the 1990s shift in American foreign policy towards the promotion of burden-sharing initiatives giving potential allies and middle powers greater freedom of action and more opportunities to adopt leadership roles. The second factor is related to changes on the agenda of international politics, especially the increased salience of economic, environmental and human rights issues. On one hand, the new global agenda focuses on those economic and social issues that are closer to the long-standing developmental and security concerns of intermediate countries; on the other, with “low” issues increasingly at the center of international negotiations, a variety of internal societal forces more involved in domestic issues with international ramifications may push for a more active participation in international emphasize the role of international institutions as windows of opportunity for independent action by secondary states.
affairs. Finally, the growing importance of international institutions is considered to have broadened the scope for action and the space for diplomatic maneuver of middle powers on a segmented basis.25

**Thesis 3: A reactive diplomacy.** While the liberal-institutionalist optimist view about the increased influence for middle powers in the conduct of the global economic and security agendas seems to hold for the most developed and democratic segments of this category of countries (Canada, Australia, Sweden and Norway),26 it does not fully capture the strategic dilemmas faced by those other intermediate states that either come from the developing areas of the world or that have not yet consolidated themselves as stable democracies. Mexico is an illustrative case of this later segment of intermediate countries which, according to Chase, Hill and Kennedy's alternative concept of pivotal states,27 will certainly be playing a critical role in the maintenance of a stable international economic and political order not as the result of their enhanced status and diplomatic skills but as the unintended consequence of their greater external economic vulnerability and fragile domestic political equilibrium. Pivotal states are defined according to three criteria. First, they are developing countries. Second, given their size, geostrategic position, population, and economic capacity, they can affect the security interests of the United States and its allies. Third, these are countries under conditions of domestic turmoil facing serious problems of governability and instability.28

Chase, Hill and Kennedy’s analytical framework on pivotal states is based on the assumption that in the post-Cold War world the domestic conditions in some areas of the developing world would have an increasing influence on regional and international stability, and would also play a key role in global negotiations on such crosscutting issues as human rights, environmental accords, and population. The pivotal states framework differs from recent realist analyses in two aspects. First, it goes beyond a purely systemic approach and incorporates domestic variables into the analysis of foreign policy, and second, it focuses on the international roles and influence of secondary states rather than on major powers. Although the pivotal states’ analytical framework does not address directly the question of these countries strategic options at the end of the Cold War, some general propositions can be derived from it.

The main policy consequence from this analysis is that pivotal states will require increased focused and sustained attention from the United States in the years

25 Cooper 1997, 1.
26 It should be noted that some authors have challenged the argument that the end of the Cold war has opened new opportunities for the influence of the paradigmatic middle powers. According to this critique the end of bipolarity has reduce the importance of the traditional bridge-building role of middle powers, and the growing engagement of great powers in multilateral cooperative initiatives is overshadowing the role of the middle powers in those institutions. See David and Roussel 1998.
to come. Increased U.S. attention may have mixed consequences in terms of pivotal states' bargaining power. On one hand it may mean greater capability to obtain resources and international support for coping with problems of economic and political instability, on the other, it may increase the ability of the major players in the system to extend their influence and impose their preferences over these countries. Therefore, the question for these countries in contrast to the rest of the developing nations is not how to attract attention and secure resources from the United States, but how to cope with the stronger incentives for U.S. unilateral action. Another implication is that since the strategic importance of pivotal states is mainly defined in terms of the threats they pose to international stability, these countries may be the object of increasing U.S. negative attention and criticism rather than of constructive engagement. The challenge for these countries becomes how to neutralize the increasing potential of negative attention that comes from their "poor" international image as sources of instability, and in the particular case of México, from the intensification of economic and social interactions with the United States and the growing active participation of domestic actors on a variety of bilateral issues.

The foreign policy consequences of economic liberalization and political opening: the Mexican case

An alternative approach focuses on domestic-level variables and their interaction with systemic-level factors. Many scholars\textsuperscript{29} have raised the point that "with the end of the decades-old Cold War the consequences of domestic change for foreign policies and international politics are likely to grow in importance".\textsuperscript{30} Most of the unit-level theoretical literature has centered on the relationship between regime type (democratic/authoritarian) and foreign policy orientation (pacific-war prone).\textsuperscript{31} Recently, Miles Kahler opened a new research agenda that investigates the foreign policy consequences of economic and political liberalization, in order to test the liberal theoretical argument that democracies are more pacific and predictable than authoritarian states. This analytical shift has also to do with the fact that the most important domestic changes during the post-Cold War period have been the processes of economic liberalization\textsuperscript{32} and democratization\textsuperscript{33} in many countries of the Third World and the former socialist world. Kahler's approach seems particularly adequate for the analysis of Mexico's foreign policy changes in the last two decades.

\textsuperscript{29} Richard Ned Lebow, Janice Stain, and Andres Moravscik, among others.
\textsuperscript{30} Kahler 1997, 1.
\textsuperscript{31} See Chan 1984; Doyle 1983; Levy 1989; Russett 1990.
\textsuperscript{32} Here, I follow Kahler's definition of economic liberalization as "the introduction of additional competition through reduction in state regulation or control of market transactions". See \textit{Ibid.}, 3.
\textsuperscript{33} Political liberalization is defined in institutional terms as "the introduction of greater competition in the political system, wider participation (larger numbers of actors are enfranchised), and greater transparency in the conduct of politics and governance. \textit{Ibid.}, 3.
since the country has gone through a strong process of liberalization. The analysis of
the Mexican case may also contribute to the understanding of the interaction
between the two dimensions of liberalization: economic liberalization and political
opening. One tacit assumption in Kahler’s conceptualization is that both processes
reinforced each other and have similar foreign policy consequences. However, as the
Mexican case illustrates, this is not necessarily the case.

The literature on the effects of economic liberalization and political opening
on foreign policy have produced two main predictions: the adoption of external
cooperative strategies and the deepening of engagement with international
institutions to manage the effects of growing external economic ties.\textsuperscript{34} Liberalizing
regimes are expected to adopt strategies of international collaboration within
international institutions. The argument is twofold: first, economic liberalization
induces a profound transformation in underlying foreign policy preferences towards
"an elevation at the national level of goals of economic welfare" and a concurrent
move away from ideology to pragmatism, and second, international institutions
provide policy credibility to national governments in the face of increased
dependence on external economic transactions.

According to Kahler, international collaboration and institutional
engagement follow from four internal dynamics induced by economic liberalization.
First, national governments may discover that programs of economic liberalization
require additional credibility supplied by international institutions. International
institutional engagement may serve to bind succeeding governments to a liberal
economic program in the face of shifting political incentives. Second, economic
liberalization also impels states toward cooperative strategies through strengthening
the influence of those domestic institutions (foreign trade agencies and central
banks) strongly committed to the economic opening program and already engaged in
close relationships with their counterparts abroad, and reducing the foreign policy
roles of more traditional nationalist bureaucracies (foreign ministries). Third, at the
level of interest groups in society both the beneficiarles of liberalization programs as
well as those interests threatened by the increase in international competition face
strong incentives for seeking the intervention and support of international actors,
either from international institutions, foreign investors, or non-governmental
organizations in order to strengthen their position internally in the foreign policy
battles. Fourth, spillover effects from the consequences of economic
internationalization in other issue areas will often result in a ratcheting up of
international institution building in order to deal with cross-issue disturbances.
Simultaneously, all these domestic factors are reinforced by external ones.
Economic liberalization also increases the incentives of many key international
actors—such as financial institutions, private investors, foreign governmental
agencies and non-governmental organizations—to pay greater attention to the
domestic economic and political conditions of liberalizing countries.

\textsuperscript{34} Ibid., 19.
In the case of Mexico, the dramatic shift towards economic liberalization have had an important impact on how Mexican policy makers define the core goals of foreign policy along the lines predicted by Kahler: the emergence of an economic-centered foreign policy, a move towards pragmatism, a strategy of institutionalized bilateral collaboration with the United States, the use of international institutions for credibility purposes, and the decline in influence of the Foreign Ministry in the decision-making process. However, these trends have been slowed by Mexico’s incomplete political opening. Consequently, Mexico has followed a process of slow and uneven adaptation to the new international environment. As the following brief description of recent trends shows, Mexican foreign policy is still in a long-term transition characterized by disjunctures and tensions.

The primacy of economics. Economic liberalization led to a change in Mexico’s international priorities towards the adoption of a more economically oriented foreign policy and the emergence of a more assertive foreign economic policy. During the last decade, economic concerns linked first to foreign debt negotiations, and later to foreign investment promotion, international market access, and the reduction of international financial volatility became far more central in determining Mexico’s international activities than traditional diplomatic and security concerns. Over the last decade Mexico has deployed a very active economic diplomacy at the bilateral level whose main purpose has been the creation of a wide network of free trade agreements that follow the NAFTA model. At the same time, Mexico has had an active participation in the World Trade Organization pushing a new round of negotiations and looking for bridging the positions of industrialized and developing countries. Mexican initiatives in the Asian Pacific Economic Cooperation (APEC), the United Nations Conference on Trade and Development (UNCTAD) and the International Monetary Fund (IMF) have focused on promoting the creation of an early warning system in order to avoid financial crises.

Closer alignment with the United States. The need to secure access to foreign markets and capital flows forced Mexico to search for new economic allies, mainly among the club of industrialized countries. The Mexican government sought a closer association with the United States and the rest of the developed world, and tacitly rejected the idea of defining itself as a Third World country. Mexico entered the Organization of Economic Cooperation and Development (OECD), and the Bank for International Settlements (BIS), an organization of central banks from developed countries, which meant renouncing participation in Third World mechanisms of representation such as the Non-alignment Movement. The main perceived advantage of renouncing any preferential treatment as a developing country and becoming a member of the club of industrialized nations was to get additional credibility and better reputation. Shortly after joining the organization, Mexico received a grade “A” country risk classification under the OECD rules. Mexican political leaders decided to recognize the realities of the market and to institutionalize an economic partnership with the United States departing from the historical stance of
maintaining distance. The signing of NAFTA not only increased the value of maintaining long-term cooperative relations but in the U.S. also multiplied the number of potential mutually beneficial linkages across a variety of issues which in turn may facilitate bilateral cooperation.

As far as the relationship with the U.S goes, Mexico abandoned the strategy of diversification in favor of the idea of institutionalizing the bilateral relationship. In the words of Rosario Green, Mexico’s foreign affairs secretary, “institutionalization of the bilateral relationship is probably the key to managing what is arguably one of the most complex and singular bilateral relationships in the world”.

We have seen greater institutional collaboration between Mexico and the United States at both the bilateral and multilateral levels in various realms beyond the economic agenda such as drug-control policy and migration. At the multilateral level, Mexican foreign policy also moved closer to United States’ position. A useful indicator of this is the increased degree of Mexico’s voting coincidence with the United States in the United Nations between 1985 and 1998 (See Chart 1). However, it is important to point out that by 1998 Mexico’s alignment with the United States on foreign policy issues was still the fourth lowest in the Western Hemisphere, after Belize, Antigua and Barbuda, and Cuba. This means that in sharp contrast to the U.S-Canada relationship, where the economic partnership is complemented by a close strategic alliance, in the case of the U.S.-Mexico relationship, foreign policy alignment with the United States still has clear limits. Mexico’s position on the situation in Kosovo in 1999 “regretting” the resort of the use of force without the explicit consent of the United Nations Security Council, as well as its position on Cuba favoring the end of US embargo, illustrate the limits of Mexico’s foreign policy alignment with that of the United States.

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Rosario Green’s speech at the University of California San Diego, April 22, 1999.
(% voting with US each General Session)
Pragmatism. During the 1990s, Mexico adopted a less ideologically-oriented, more pragmatic foreign policy. The decline of nationalist ideology in the economic realm led not only to the acceptance of the liberal trading principles that had been rejected in the past, but also to the promotion of cordial relationships within the General Agreement on Tariffs and Trade (GATT), the WTO, the IMF, and the World Bank. Hence, the rise of pragmatism facilitated Mexico’s necessary active engagement with international economic institutions. NAFTA also represented another break with Mexico’s past official nationalist doctrine. The decline of nationalist ideology also meant the erosion of Mexico’s persistent anti-Americanism in regional and global politics. As Kahler points out, “persistent anti-Americanism disappeared as the logic of economic liberalization reinforced Mexico’s economic dependence on its northern neighbor.” The gradual erosion of an assertive anti-American foreign policy at regional and global level gave way to the adoption of a more cooperative relation with the US. This pragmatic trend is clearly illustrated by the minor nationalist domestic opposition to NAFTA.

Ambivalent multilateral diplomacy. While Mexican policy makers have adopted an active multilateral economic policy in order to gain credibility in the face of increased dependence on external economic transactions, they have reluctantly accepted the strengthening of a multilateral framework for promotion of democracy and human rights. In multilateral political forums, Mexico has limited its active participation to such traditional security issues as disarmament and arms controls. As political opening advances in Mexico, we may see greater institutional collaboration in the realm of human rights and democratic promotion, that is, not only less opposition to the presence of foreign observers in Mexico, but eventually a more active governmental involvement in existing bilateral and multilateral frameworks for handling human rights issues. Up to now Mexico’s strong attachment to the principle of non-intervention and suspicion of the United Nations (UN) has hindered Mexico’s participation in the Organization of American States’ (OAS) programs promoting democracy.

Fragmentation of the decision-making process. Mexico moved from a highly centralized foreign policy decision-making process controlled by the President and the Foreign Affairs Ministry, towards a more compartmentalized and fragmented management of its external relations. The Foreign Ministry’s responsibilities have decreased while Foreign Trade and Treasury ministries have assumed prominent roles in foreign economic policy, eroding the power of the more traditional Foreign Ministry bureaucracy. The management of so-called new security issues, such as drug-trafficking and transnational crime, led to the involvement in foreign policy negotiations of new agencies, mainly the Procuraduría General de la República (PGR), Mexico’s equivalent of the Justice Department in the United States. The main challenge ahead is the coordination of the different sub-policy areas of foreign policy. Mexico is confronted with the challenge of coordinating the nation’s foreign

policy while incorporating into the policy making process new domestic institutions. Mexico's sources of soft power are still relatively weak, mainly due to increasing compartmentalization and the lack of coordination which characterize the foreign policy decision-making process.

**New instruments.** The need to improve Mexico's international image in order to attract foreign capital and avoid the internationalization of domestic security problems, has impelled Mexican government to employ a new set of foreign policy tools, particularly in the conduct of its relations with the United States. The new instruments range from the launching of numerous “public relations” programs through cultural programs, the expansion of relations with foreign press, and the strengthening of the consular network, to lobbying in Washington, seeking closer relations with the Mexican-American communities in the United States, and accepting the participation of foreign observers in Mexican domestic elections. The expansion of the “public relations” dimension of foreign policy represents a break from the past traditional policy of abstention from engagement in the domestic politics of other countries and forging alliances with external actors.37

**The search for a new grand strategy in the face of globalization**

Mexican foreign policy’s uneven adjustment to globalization has gone through three different stages in the construction of an outward-oriented grand strategy: unilateral opening for diversification (1985-1990), active bilateralism (1990-1994), and partial retreat (1994-1999). Along these three periods Mexico has gradually moved from an ideologically driven and politically centered nationalist diplomacy to a more economically focused and segmented pragmatic foreign policy.

Mexico’s new grand strategy started as a unilateral and gradual effort to incorporate the country as a full member in the main international economic institutions, particularly the GATT, as a way to open up new markets for Mexican exports and promote foreign investment. However, Mexico entered into the era of economic interdependence under conditions of extreme vulnerability. The sequence of economic crises at the end of each of the four six-year presidential terms since the mid-1970s, the decline of world oil prices, and the silent *de-facto* economic integration with the U.S., reduced Mexico’s strategic options. The profound liberalization measures undertaken by Mexico after 1982 can be traced to the increasing structural and political problems in the Mexican growth model that began to appear in the late-1960s, the policy failures of the Luis Echeverría (1970-1976) and José López Portillo (1976-1982) administrations, and a prolonged economic crisis in the 1980s. These events resulted in the discrediting of previous statist and nationalist development policies and the ascent of the technocratic wing of the PRI. The debt crisis forced the wide-ranging economic policy reforms of the Miguel de la Madrid (1982-1988) and Carlos Salinas de Gortari (1988-1994).38

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37 For a detailed study of the new instruments of Mexico’s foreign policy, see Chabat 1997.
In 1982-83, the first wave of unilateral trade liberalization came as a forced consequence of the negotiations with the World Bank and the IMF, and the need to stabilize the economy. In 1984-1985, the Mexican government decided to undertake a series of bilateral trade negotiations with the United States around specific issues in response to the adoption of more aggressive trade policies in that country. By the second half of the 1980’s Mexican trade policy shifted toward multilateralism with the accession to GATT in 1986. Over this period of unilateral liberalization one of the main purposes of Mexico’s foreign trade policy was to diversify the country’s external markets and sources of capital. In the diplomatic front, Mexico’s foreign policy maintained a clear distance from U.S. regional and multilateral initiatives. In the Western Hemisphere, Mexico’s active promotion of the Contadora Group’s peace plan for Central America was designed in opposition to the Reagan administration policies of indirect military intervention in the region. So, despite the increasing level of convergence between Mexican and U.S. economic foreign policies, the bilateral relationship was characterized by cycles of diplomatic conflict over various specific issues such as drug trafficking, undocumented migration, and the Central American crisis.

By 1990, it became evident that Mexico’s diversification strategy was approaching its limits. A second period characterized by an active bilateral diplomacy in North America laid down the two pillars of Mexico’s new grand strategy: economic alignment with the United States and increased institutionalization of the bilateral relationship. As Smith and other analysts have documented, the end of the Cold War closed some of Mexico’s strategic options, particularly those linked to the maintenance of the 1980s program of gradual economic liberalization and diversification. The urgent need for foreign capital under conditions of increased competition among developing and liberalizing or transitional countries forced Mexico’s decision to accelerate its economic reforms and seek the institutionalization of an economic partnership with the United States.

This decision had important foreign policy consequences. First, it forced the Mexican government to concentrate its diplomatic efforts on the relationship with the United States, and to engage in a wide range of activities in order to influence those political actors that participate in the formulation of U.S. policy towards Mexico. This led to the adoption of a more cautious participation in multilateral forums, at both global and regional level, precisely in the period where these institutional mechanisms started to be reactivated by the increasing collaboration between the Great Powers, and to be engaged in important processes of reform. A clear illustration of this trend was Mexico’s decision in 1991 to decline the candidacy as a non-permanent member of the UN Security Council for the 1992-1994 period despite its traditional efforts in favor of the democratization of the organization, including the enlargement of the Security Council’s membership and

39 Various studies have documented the fact that the signing of a comprehensive free trade agreement with the United States was not Mexico’s first choice. See Smith 1996; Mayer 1998.
the revision of the right to veto. 40 At the regional level, the Mexican government began to abandon some traditional positions such as active participation in mediation mechanisms 41 like the Contadora Group, and the open opposition to any form of U.S. intervention. Mexico’s position on the U.S. invasion of Panama illustrates this point. 42 However, this shift towards a less anti-American stance was gradual and had some limits. For example, Mexico maintained a defensive position on the issue of OAS reform blocking any initiative in favor of strengthening the organization authority for intervening in situations of breakdown of democracy or human rights violations. Mexico’s active diplomacy focused its attention on other more flexible ad hoc minilateral mechanisms such as the Rio Group, the Ibero-American Conference, and the Group of Three.

So, while the relationship with the United States consolidated as the core of Mexico’s diplomatic activities, the Mexican government moved towards the diversification of its relationship within the United States beyond the executive branch. The purpose was first to secure the approval of NAFTA, and later on, to enhance Mexico’s credibility as a reliable economic partner with an increasingly democratic political system, and establish a collaborative relationship with the Mexican-American community in the United States. Besides NAFTA, some domestic factors linked to the increased presence of Mexican opposition parties in the United States after the highly contested 1988 presidential election, pushed the Salinas administration to undertake a more pro-active, less defensive bilateral approach vis-à-vis the United States in order to influence U.S. policy, on one hand, and to counterbalance its political competitors at home, on the other. In 1990 the Mexican government established a formal Program for Mexican Communities Living in Foreign Countries within the Ministry of Foreign Relations with the purpose of providing better services to the large number of Mexican citizens in the United States and improving Mexico’s general international image. 43 The forty-two Mexican consulates in the United States were reinforced with new personnel, resources and pro-active directives with the mandate of establishing a better

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40 Mexico has always opposed the existence of the category of permanent members as well as the creation of new Permanent seats (whether exclusive or rotational) with the argument that this division establishes a discriminatory situation. For a detailed analysis of Mexico’s UN policy in the 1980s and mid-1990s, see Pellicer 1994.

41 The new official position in Central America was in favor of the dissolution of the Contadora Group with the argument that it has fulfilled its tasks with the signature of the Esquipulas Agreement.

42 The Mexican government tacitly supported the United States on this issue, and distanced itself from one of the most important traditional practices, the Estrada Doctrine on recognition of governments, by making an open statement against General Noriega.

43 According to the 1997 Binational Study on Migration between Mexico and the United States, the total size of the resident Mexican-born population in the United States in 1996 was estimated on 7.0-7.3 million persons (4.7-4.9 million of legal residents and 2.3-2.4 million of unauthorized residents). This number represents approximately 3 percent of overall United States population, about 40 percent of the U.S. population of Mexican-American ancestry, and are equivalent to 8 percent of the overall national population of Mexico.
relationship with local authorities and communities. Simultaneously, the Trade Ministry established a NAFTA office in Washington and employed a team of U.S. lawyers, lobbyists, and public relations firms. By the time NAFTA was approved in 1993, the Mexican government had spent over $30 million on its pro-NAFTA campaign in the United States. This campaign focused mainly on lobbying U.S. Congress, getting support from the business, political and social leaders of the Mexican-American community, and improving Mexico’s image in the United States among the general public.

Mexico’s pro-active bilateral strategy was complemented by a permanent effort to isolate the free trade negotiations from other more conflictive issues of the bilateral agenda, particularly drug-trafficking, immigration, and eventually foreign policy issues. This strategy entailed two main components: first, the institutionalization of the bilateral relationship through the creation of new institutional bilateral mechanisms for intergovernmental consultations; and, second, the segmentation of Mexico’s US policy, that is, the segmented management of the bilateral agenda by different federal agencies, mainly the Ministry of Foreign Affairs (SRE), the Ministry of Trade (SECOFI) and the Attorney General’s Office (PGR). The Mexican government institution-building efforts focused on the expansion of already existent bilateral mechanisms, particularly the U.S.-Mexico Binational Commission (BNC). The BNC was established in 1981 by Presidents Reagan and Lopez Portillo to serve as a forum for regular meetings between Cabinet level officials from both countries to address issues requiring high-level attention. At every level of the two governments—from staff level up to Cabinet officials—regular contacts have proliferated over the last ten years, partly as an outgrowth of the BNC. Between 1990 and 1998 seven new intergovernmental working groups were added, and by 1998 the BNC had 14 working groups and two sub-groups on a diverse and wide range of bilateral issues from trade and investment to border cooperation, environment, anti-narcotics issues, migration, energy, agriculture, and education among others.

By the end of Salinas administration, it was clear that Mexico had changed from a highly protected economy to one of the most liberalized economies in the developing world with average tariffs lower than international standards. The fact that NAFTA integrated a wide range of issues besides free trade including investment, services, labor, and environmental provisions, facilitated Mexico’s later quick integration to the key multilateral economic mechanisms. In just a few years, became a member of the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), the Asian Pacific Economic Cooperation (APEC) mechanism, the Bank for International Settlements (BIS). At bilateral and regional level, Mexico signed a series of free trade agreements with

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45 For a detailed analysis of the Mexican lobby in Washington, see Eisenstadt 1998.

In the economy, the change has been notable. In only 16 years, between 1980 and 1996, the importance of foreign trade in national output tripled. Starting from around 11 and 13 percent of GDP in 1980, exports and imports rose to 30.9 and 30 percent respectively in 1996. Today, practically one-third of Mexico’s output comes from foreign trade. A second important consequence of Mexico’s trade opening has been the intensification of exchange with the United States. While in 1970, 57% of Mexican exports went to the U.S. market, by 1996, they were up to 83.4 per cent. In sum, both Mexico’s trade dependence (measured in terms of total trade share of GDP) and Mexico’s foreign trade concentration with the United States have constantly increased over the last two decades. On the basis of these figures, it is clear that Mexico entered into the globalization process in asymmetrical conditions, above all through the North American gateway.  

A third period characterized by partial retreat started once Mexico had opened its economy and signed NAFTA. The emergence of severe economic, political and security domestic problems led to a partial restraint and a lower profile in foreign policy issues. Faced with economic and political shocks in the late 90s, Mexico retreated. During the first year of the Zedillo administration, the Mexican government centered its international efforts in overcoming the serious credibility crisis that resulted from both the 1994 financial collapse, and the increasingly conflictive situation in Chiapas in early 1995. Mexico’s international image was seriously damaged by these events. Zedillo’s first presidential message reflected Mexico’s difficult situation after the financial crisis in December 1994: for the first time, the traditional chapter on foreign policy was not read on the occasion of the State of the Union Address to Congress.

The credibility deficit forced the Mexican government to deepen its strategy of collaboration with the United States, institutionalization of the bilateral relationship, segmented conduct of the country’s external affairs, and active bilateral trade diplomacy. The reestablishment of confidence from foreign investors, the U.S. government and the international financial institutions became the short-term priority of Zedillo’s administration. Thus, Mexico’s focused its attention on the

46 In 1991 Mexico signed the Economic Complementation Agreement with Chile under the 1980 Latin American Integration Association. Although this is technically not a free agreement, it can be considered the first preferential trade agreement that Mexico signed providing reductions of tariffs and non-tariff barriers. In 1999 a new-generation Mexico-Chile Free Trade Agreement similar in structure to NAFTA, entered into force.


48 One clear indicator of this is the fact that president Zedillo did not even mention any foreign policy issue neither in his first nor in his fifth State of the Union address.
search for a financial rescue package, relying on the U.S. government as its main ally. President Clinton’s strong commitment to the reestablishment of Mexico’s macro-economic stability, was crucial for the implementation of the 1995 $50 billion financial rescue package despite strong opposition in the U.S. Congress. The need to maintain a “good neighbor” and “reliable partner” image led the Mexican government to adopt a more accommodating position with the United States in other non-economic issues, such as drug control, immigration and foreign policy, despite the fact that the U.S. government adopted more aggressive policies for controlling the border and promoting democracy. As Dresser points out, the “only issue over which Mexico challenged U.S. foreign policy during the first three years of the Zedillo term was the Helms-Burton Act”. On the Cuba issue, Mexico launched a campaign against the bill, enacted an anti-extraterritorial law, and opposed U.S. efforts to strengthen the blockade and impose new sanctions against Cuba over human rights violations. By 1999, Kosovo became another issue in which Mexico adopted a less accommodating position with the United States. On the other hand, Mexico maintained its active participation in other multilateral issues where differences with the United States were of minor importance for U.S. foreign policy, such as the promotion of the UN treaty banning nuclear tests

In the economic front, Mexico moved towards a more active participation in multilateral trade and financial forums, particularly the World Trade Organization (WTO) and the OECD, and reinforced its trade negotiations with the European Union (EU). In 1997, Mexico and the EU signed the Economic Partnership, Political Coordination and Co-operation Agreement allowing the initiation of negotiations towards a broad-based free trade agreement. During the first two years of negotiations, trade talks between Mexico and the European Union moved slowly because many differences on the scope and timing of the agreement persist. While the European position conditioned the negotiation of the trade liberalization components of the agreement to a first stage negotiation on the political and cooperation components, the Mexican position favored simultaneous negotiations of all three components of the agreement, namely, the progressive and reciprocal trade liberalization of goods, services and investments according to World Trade Organization rules; a permanent political dialogue and, finally, intensified cooperation in areas such as science, technology, tourism, agriculture and the environment. On the other hand, bilateral trade negotiations in the Western Hemisphere moved quickly, and by 1999 Mexico had signed seven new broad-based free trade agreements with other Latin American countries.

On the political realm, increased domestic pressures for democratization since 1994 as well as the proliferation of governance problems linked to the emergence of guerrilla groups, the wave of political assassinations, the militarization of law enforcement operations and the consolidation of organized crime, impelled Mexican government to gradually and reluctantly accept the participation of...
international institutions and foreign actors in some aspects of Mexico’s democratization process. The logic behind this was the need to obtain international credibility and legitimacy. In 1994, for the first time the Mexican government allowed the presence of foreign electoral observers. In 1998, the Acteal killings resulted in a wave of criticism from many non-governmental organizations on Mexico’s human rights record. Mexico’s official response was two-fold: on one hand, the Interior Ministry (Secretaria de Gobernacion) announced the expulsion of various foreign citizens for participating in political activities in Chiapas, increased the requirements for obtaining “foreign observer” visas and visiting rebel-controlled areas of Chiapas, and rejected any initiative for the participation of the United Nations as mediator in the negotiations between the government and the Zapatista movement; on the other, the Mexican government announced its acceptance of the compulsory jurisdiction of the Inter-American Court of Human Rights and the Secretary of Foreign Affairs created an office for coordinating relations with non-governmental organizations.

How has the policy shift to a formal economic association with the United States affected Mexico’s international position? Is Mexico, in 1999, in a less vulnerable or stronger position than in the pre-NAFTA period? On the upside, the new strategy has been successful in accomplishing its immediate goals of establishing a strong export industrial sector, attracting greater FDI (foreign direct investment) flows, and securing access to the U.S. market. Between 1994 and 1998 Mexico’s share of total world trade increased from .82% to 1.6% reversing a long-standing trend of loss of competitiveness since the 1980s. By 1998 Mexico had become the 10th largest trading country in the world and the first in Latin America, accounting for 32% of the region’s total exports. Today, more than 80 percent of Mexico’s total exports are manufactured products. Mexican goods also increased their share in the United States market from less than 7% in 1993 to almost 11% in 1998. As a result, Mexico displaced Japan as the second largest trading partner of the United States, behind only Canada. Efforts at attracting foreign capital had also been successful. Between 1992 and 1998 Mexico received up to US $61 billion in FDI, and by 1998 it had become the third biggest recipient of FDI only behind China and Brazil, receiving 11.7% of all FDI to developing economies. The presence of a highly dynamic and competitive exporting sector proved to be a key instrument for the rapid recovery of Mexican economy after the financial crisis of 1994. In sharp contrast to the 1980s crisis when industrial production took almost nine years to return to its pre-crisis levels, it took less than two years for industrial production to get back to its 1994 levels. In this case, sustained export performance helped the Mexican economy overcome its most serious financial crash in a remarkably short period. Finally, NAFTA played a major role in the Clinton administration’s political

50 Data from NAFTA Works, Vol. 4, Issue 2 (February 1999).
commitment to organizing a financial rescue package of loan guarantees to assist Mexico in 1995, despite strong opposition in the U.S. Congress. In Smith’s words:

“For the United States, NAFTA has had a clear political consequence: Washington cannot permit “collapse” in Mexico. The U.S. government, and especially the Clinton administration invested too much capital in debates over NAFTA ratification to permit disintegration of its neighbor. Chaos in Mexico would vindicate opposition to NAFTA, emphasize the fallibility of the Clinton team and throw confusion into U.S. relations with trading partners around the world. Collapse in Mexico has thus become unthinkable in Washington”.

On the downside, despite the consolidation of a dynamic export industry and the entry of immense FDI flows, macro-economic stability and poor economic growth remain serious problems. Economic growth has been erratic and relatively poor in contrast to the performance of the import-substitution model. On average, real GDP growth was 0.1 percent in 1985-1989, 1.5 percent in 1990-1994, and 5.8% in 1995-1999. During the whole liberalizing period from 1985 to 1998, Mexico’s GDP increased by only 1.4 percent per year on average, a much lower rate than in the three previous decades. Simultaneously, the dependence of economic growth on both U.S. market and international capital flows has deepened. Table I shows the increasing concentration of Mexico’s foreign trade in one single market. In 1997, 87.5 percent of Mexican exports went to the United States, more than ten points above the 73.9 percent in 1990. While in 1990 exports to the European Union represented 10.2% of Mexico’s total exports, by 1997 their relative importance had declined to 3.9 percent. Between 1990 and 1997, Asia’s share of Mexican exports declined from 6.7% to 2%. Only Mexican exports to Latin America and the Caribbean maintained a relative participation of 6-6.5 percent in the period 1990-1997. The vulnerability of the economy to short-term decisions of foreign investors is one of the main problems of Mexico’s economic liberalization strategy. Finally, the export-led and foreign investment model of development has not been able to improve the living conditions of large sectors of Mexican population. Per capita gross domestic product has remained stationary throughout the 1985-1998 economic liberalizing period. Most of the beneficial effects of the export boom have been unevenly distributed across regions and sectors, mainly the maquiladora industry and the Northern industrialized states of Mexico. The relatively high imported component of Mexican exports reveals problems for fostering efficient and dynamic

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54 Between 1951 and 1981, GDP growth rate averaged 6.4%.
production and employment links with those sectors oriented to the domestic market.

From a purely systemic-structural perspective, it is clear that the structural power asymmetry between the United States has not changed either by the opening of Mexico's economy nor by the institutionalization of a formal economic alliance between both countries. The U.S. economy is around 25 times larger than the Mexican economy, and the per capita income gap between the two countries is still 1 to 8. Although Mexico's economic and geopolitical importance for the United States has increased, Mexican dependence on the United States is now deeper than ever.
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Source: IMF, Direction of Trade, various years.
Structural disparities between Mexico and the United States are also reflected in attention asymmetries. As Rozental has explained, while the US ambassador in Mexico “is a personaje” (major player) with “instant and unlimited access to everyone, and total press coverage, the Mexican ambassador in Washington is not so visible, and the degree of access and press coverage varies.” Despite the perpetuation of structural power asymmetries, NAFTA has increased the strategic importance of Mexico to the United States and intensified the dramatic expansion of multiple economic and social linkages between the two countries. Increased bilateral connections and the fact of an extensive geographic proximity, have widened and deepened the “interdependence” component of this highly asymmetrical bilateral relationship. This trend entails higher costs associated to unilateral action for both countries, which in turn may give Mexico some leeway vis-à-vis the United States under certain specific circumstances. In this sense, although NAFTA has certainly tied the hands and narrow the policy options of Mexico, it has also constrained the policy options open to the United States by increasing the costs of unilateral action, and rising the benefits of bilateral collaboration.

As the next millennium gets closer, Mexico seems to be on the verge of a second round of strategic policy reforms to handle the pressures from globalization and the risks of hegemonic unilateralism. Various factors are pushing towards the need to introduce important policy adjustments for resolving serious micro-economic, productivity and social bottlenecks left unattended by the 1980s and 1990s market-oriented reforms as they were originally designed. First, since the beginning, Mexico’s new grand strategy of openness to the world and economic alignment with the United States had clear limits. It was conceived in purely economic terms as a partial response to some of the challenges posed by the globalization process, mainly the risks of protectionism and marginalization. So, many key issues such as macroeconomic policy coordination, financial instability, technological innovation, transnational labor markets, diffusion of information, migration flows, social inequality, international norms, multiple citizenship, transnationalization of crime- were not addressed by the 1990s neoliberal strategic thinking that put forward the shift of Mexico’s development strategy from import-substitution to export led growth. These “other” pending social and political issues are gaining importance for both global negotiations and the national political agenda.

Second, the economic partnership with the United States has also shown its limits. After five years of operation, it is clear that while the signing of NAFTA opened a new era of bilateral cooperation and institutional dialogue, collaboration between the two countries remains segmented and the extent of mutual confidence limited. The intensification of police and military migratory controls along the Southwestern border over the last decade stands as a telling indicator of unresolved

56 Cited in King 1999: 22.
policy conflicts and a low level of trust of the United States towards Mexico. For Mexico, despite the new cosmopolitanism of its foreign policy and the strength of the 1980s and 1990s economic reforms, the asymmetry in the bilateral relationship, the vulnerability associated with proximity and high interdependence, and domestic political constraints have placed severe limits on the extent to which the ruling party can compromise national sovereignty.

Third, the sequence of virulent financial crises in Mexico (1995), South-East Asia (1997), Russia (1998), and Brazil (1999) over the last five years have shown the need to implement fundamental reforms in both the international financial architecture as well as in the fragile domestic financial structures in developing economies and transition regimes in order to prevent, mitigate and handle the volatility inherent to the operation of unregulated globalized financial markets. As Haggard has pointed out, the challenge posed by the issue of international financial reform goes far beyond the need to strengthen IMF’s role as the lender of last resort, and includes a broad range of domestic institutional reforms such as eradicating corruption, strengthening central banks and financial regulators, improving corporate governance and transparency, among others. Consequently, the handling of financial and monetary issues might have long-term spillover effects on other issues linked to the ongoing wave of domestic political reforms: rule of law, property rights, accountability, democratic governability.

Fourth, at the domestic level, the process of adjusting to globalization through the implementation of market-oriented policies has been particularly painful, and to a great extent has contributed to the erosion of the social, institutional and political basis of political stability. The indigenous revolt in Chiapas, the wave of political assassinations, the expansion of organized crime and drug-related violence, and the increased participation of the army in public safety operations, are some of the most visible symptoms of the existence of serious governability risks. The real challenge facing Mexican political leaders is not only how to manage growing domestic dissatisfaction with the poor welfare harvest from economic reforms, but mainly how to build up the necessary institutional architecture for democratic governance under conditions of increasing political fragmentation, growing income disparities, and widening exposure to external shocks and competition.

The rise of an active economic diplomacy: Mexico and international trade negotiations

Since the early 1980s, the rules of the game in international economic relations have been changing dramatically. The world economic scene has been characterized by the tendency to form regional trade blocks, an acute increase in trade competition.

58 This section draws heavily on two excellent analysis of the evolution of Mexico’s economic liberalization policies since the mid-1980s: Schatan 1993, and OECD 1996.
and intensified efforts by all countries to attract foreign direct investment. The intensification of these economic trends, particularly the consolidation of the process of economic integration in Western Europe and the initiation of a similar process in North America with the signing of the free trade agreement between Canada and the United States, increased Mexico's concerns about the risks of economic marginalization. The fear of being left out deepened with the end of the Cold War since the events in Eastern Europe and the dissolution of the Soviet bloc increased the competition for markets and capital. Mexico responded to these new trends in the international political economy by adopting an aggressive and quick trade liberalization strategy.

However, the shift from import-substitution to active export-promotion policies was not a planned policy decision but an evolutionary process of adaptation driven by both domestic and international pressures. In terms of the analytical framework developed by Cooper, Higgot and Nossal, Mexico's role in the international trade arena has moved from the reluctant acceptance of others' leadership, to the reactive and passive role of follower, and finally to more active forms of followership that increased Mexico's influence in shaping both the timing and the agenda of trade negotiations. The first wave of unilateral trade liberalization (1983-1985) was linked to the financial negotiations with the World Bank and the IMF, and their insistence in dealing with the debt problem through a comprehensive macro-economic package, of which trade liberalization was an important aspect. Once trade liberalization had started through the strong conditionality of the international financial institutions, Mexico entered into a period of several short-term bilateral trade negotiations with the United States around specific issues (subsidies, trade preferences and foreign investment) which lasted until Mexican trade policy shifted toward openness and multilateralism with the accession to GATT in 1986. By the mid-1980s, Mexico's trade negotiation position changed from a defensive position to a more active participation in multilateral trade negotiations and stronger unilateral trade liberalization. By the end of the decade, most import permits had been dismantled and tariffs had lowered to levels comparable with those of developed countries, Mexico played an active role in the Uruguay Round negotiations of the GATT and moved towards a closer and more institutionalized commercial relationship with its main trading partner and largest source of foreign capital, the United States.

NAFTA inaugurated a period of "active followership" in Mexico's bilateral and multilateral trade diplomacy. By 1990, after a failed trip to Europe in search of financial support, Salinas's administration precipitated the shift towards an active bilateral trade diplomacy by opening discussions with the United States and Canada on a trilateral free trade zone. During the NAFTA negotiations, Mexico's main objectives were twofold: first, to limit the agenda of trilateral negotiations to trade and financial issues; and, second, to establish a trade liberalizing schedule that would allow domestic industrial and agricultural sectors to undertake the structural adjustments necessary to increase their productivity. While Mexico failed in
achieving its agenda-setting goals —since the approval of the trade agreement was conditioned to the signing of two side agreements on environmental and labor issues, and such questions as the free movement of labor were not addressed—, Mexico was relatively more successful in setting the liberalizing schedule and defining the nature of the dispute settlement mechanisms. In the end, the NAFTA adopted a broad scope of action, including major manufacturing sectors, services, government procurement, trade-related investment measures, and intellectual property rights, and codified standards which go beyond those negotiated in the Uruguay Round.59

The comprehensive nature of NAFTA as a deep integration model paved the way for increasingly active Mexican multilateral and bilateral trade diplomacy. On the multilateral trade agenda, Mexico was the first participant to submit, together with Canada and the United States, a concrete proposal to establish the WTO. During the WTO’s negotiations, Mexico promoted greater certainty in the context of dispute settlement through the establishment of time limits and the introduction of the quasi-automaticity for the adoption of panel reports. It also supported the maintenance of special and differential treatment for developing countries, primarily with regard to certain procedural issues, and sought to play a highly selective intermediary and consensus-building role between developed and developing countries during the negotiations.

One of the main characteristics of the Mexico’s trade liberalization strategy is that it has combined unilateral, bilateral and multilateral elements,60 initially in a sequential and alternate pattern, and more recently, in a simultaneous way. The reason behind this multiple-level and mixed trade diplomacy was the need to obtained quick results in order to stabilize the economy, to restore foreign resources (commercial bank loans and private investment) for financing economic growth, to secure access to markets abroad, and to lock in the program of economic liberalization initiated by the De la Madrid’s administration (1982-1988) under conditions of acute financial distress. The credibility of the early 1980s unilateral liberalization was subsequently anchored by three further sequential steps: first, the accession to the GATT in 1986; second, the negotiation and establishment of NAFTA in the early 1990s; and third, the negotiation of a series of NAFTA-like bilateral trade agreements in the late 1990s.61

The Salinas (1988-1994) and Zedillo (1994-2000) administrations believed that a strategy of rapid trade liberalization centered on the United States would not only broaden the access for Mexican exports to foreign markets and stimulate flows of private investment, but would also facilitate the diversification of Mexico’s external markets and sources of capital in the long-run. The so-called “North American gateway” to diversification required, however, the deployment of a

59 For a comprehensive analysis of NAFTA negotiations, see Mayer 1998.
60 For a detailed analysis of Mexico’s multiple trade strategy, see Tussie & Glover 1993, 225.
61 See p. 18-19 of this document.
sustained strategy of bilateral negotiations over free trade agreements with other Asian, Latin American and European countries. In sum, the key purpose behind this strategy, as Mares points out, was twofold: first, to use the international market to get a better deal with the United States, and, second, to use the country's unique relationship with the United States to benefit from the international economy.

In contrast to other intermediate powers such as Canada, Australia and Brazil, Mexico did not consistently explore the alternative strategy of seeking and forming coalitions with a large number of countries, such as such as the Cairns Group, the Group of 10 or the Central American Group, in order to increase its bargaining power in multilateral trade negotiations. Mexico's 1987 initiative to form a group of net-food importing countries proved short-lived as Mexico adopted a more liberalizing domestic agricultural policy by the end of the 1980s. Several factors may explain this tactical choice. First, the fact that Mexico entered late into the GATT in order to participate in the Uruguay Round with little prior experience in multilateral trade negotiation meant that it had to adapt to an unknown bargaining arena. Consequently, Mexico's position changed quickly during the Uruguay Round negotiations. As Schatan documents, Mexico "went from seeking preferences, like any other developing country, to taking a more independent stance that emphasized the country's particular circumstances," particularly the demand for reciprocal concessions for its previous unilateral trade liberalization. Second, the need to make the position in the Uruguay Round compatible with the goal of joining the North American trade bloc, led the Mexican government to move away from the demands of other developing countries, and to adopt a more flexible attitude towards the new issues put forward by the United States such as the protection of intellectual property rights, free trade in services and flexibility of foreign-investment regulations.

A third characteristic of Mexican strategies in the international trade arena complemented the two above-mentioned bargaining approaches: the rejection of joining or forming rigid coalitions. Unlike the Salinas Administration that focused explicitly in the goal of transforming Mexico into a full member of the First World club of industrialized countries, the Zedillo Administration adopted a more flexible stance that recognizes Mexico's bridge position between the North and the South and part of multiple geoeconomic regions. The National Development Plan for 1995-2000 clearly defined Mexico as "a country that requires both selective and flexible" strategic alliances rather than on broad general principles of regional or developmental solidarity on the identification of topics of common interest, mainly with major emerging nations whose development is comparable to that of Mexico. The premise behind this official strategy was that, given Mexico's geopolitical and geoeconomic situation, the country could be transformed into a production platform to get access to several markets particularly in the Western Hemisphere. In accordance with this view, instead of promoting the enlargement of NAFTA through the accession of other countries into the trilateral framework, Mexico took the

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63 Schatan 1993, 87.
decision to actively pursue a series of bilateral and sub-regional overlapping free trade agreements with other countries using NAFTA as a model.

Why has Mexico chosen this course of action? From the Mexican perspective the advantages of such an approach were several. First, it permitted to move more quickly and continue reaping the benefits of trade liberalization at the regional and multilateral level, without depending on the increasingly uncertain leadership of the U.S., and sharing the benefits of being the first developing country to reach a free trade agreement with the United States. Second, it helped to solved some of the problems linked to multilateral negotiations due to participation of a large number of actors, particularly the slow pace and high transaction costs linked to the multilateral option. Third, it helped to maintain the image of an independent course of action vis-à-vis the United States, and to ease the growing resentment and distrust towards Mexico that NAFTA had brought among other Latin American and Caribbean countries. Finally, this strategy enhanced the international credibility of Mexico’s commitment to maintaining free trade and financial liberalization policies, particularly since the 1994 financial crisis and the opening of the political system eroded the domestic basis of support of the neoliberal coalition. Under conditions of macroeconomic and political instability, the ability of Zedillo’s administration to signal a strong and credible commitment to the market-oriented reforms was a key factor in getting the necessary financial support from Mexico’s most important trading partners and other OECD members, as well as from the international organizations such as the IMF, the World Bank and the IDB in order to overcome the 1994-1995 financial crisis.

What are the prospects of regionalization? What is Mexico’s most likely role in the future of regional integration? Mexico has played a crucial role in both the early-1990s revival and the late-1990s impasse of regional integration in the Western Hemisphere, first as a role model, and lately, as a bridle. Since 1995, the process of regional integration has faced important political difficulties. The sequence of virulent financial crises in Latin America and East Asia as well as the gradual reactivation of the multilateral trade negotiations in the World Trade Organization has slowed the trend towards regionalization after five years of continuous advances that led to the emergence of a complex network of overlapping regional, subregional and bilateral trade agreements in the Western Hemisphere.

64 This point is analyzed in detail by Segio Lopez-Ayllon 1999

65 Latin American countries resentment did have practical consequences. For example, Mexico’s trade preferences with Brazil, agreed under the Asociacion Latinoamericana de Integracion (ALADI), lapsed when Mexico joined NAFTA. Under Aladi, no member was allowed to give better trade preferences to a non-member. Brazil led the call for Mexico’s expulsion from ALADI. See Mexico and NAFTA Report, 4 May 1999

66 The current status of integration in the Western Hemisphere includes the following multilateral agreements: Latin American Integration Association (ALADI), Southern Common Market (MERCOSUR), Andean Group, Central American Common Market, Caribbean Common Market, North American Free Trade Agreement, and Group of Three. For a comprehensive analysis of Mexico’s role in regional trade integration. See Lopez-Ayllon 1999.
the short run it also has narrowed the scope of politically viable routes to regional integration. Although regional integration continues to be a primary foreign policy objective for the most important actors in the region, including Mexico and the United States, the 1994-1995 Mexican peso crisis eroded the domestic basis of support for moving forward on the commitment to a Free Trade Area of the Americas (FTAA) adopted at the Miami Summit of the Americas in 1994. In 1997, the U.S. Congress rejected the Clinton administration’s long-delayed request for fast-track authority to negotiate the accession of other countries to NAFTA or any other free trade agreement, creating a leadership void and an impasse in the quest for hemispheric free trade. Since then it has become increasingly clear that neither the enlargement of NAFTA nor the negotiation of an hemispheric agreement would be the most plausible paths to regional integration. Consequently, the bilateral approach has gained momentum as the most viable alternative. In the case of Mexico, the uncertain course of multilateral negotiations in the region has certainly strengthened its propensity to rely on a strategy of bilateral negotiations using the NAFTA framework of deep integration as a model. However, the real impact of Mexico’s expanding network of trade agreements on the future of regional integration will depend mainly on the performance of the Mexican economy, in particular on its ability to overcome the cycle of macroeconomic instability at the end of each presidential administration.

Despite increasing dissatisfaction with market-oriented reforms, the possibility of a Mexican rejection of NAFTA is limited and the official commitment to regional integration through the active bilateral promotion of the NAFTA model is still there. Rejecting NAFTA would be an alternative with too high a cost after nearly two decades of economic liberalization. Furthermore, it does not constitute an issue in the domestic political debate. The bulk of political forces in Mexico are either pushing for the unilateral adoption of social, industrial, agricultural, banking policies to compensate those sectors that were the losers of the neoliberal reforms and consolidate a more balanced model of development, or for a negotiated expansion of the NAFTA framework in order to include some of the issues left aside from the bargaining table in the early 1990s. While left-wing parties emphasize the need for a “social fund” and an open labor market, the right-wing agenda focuses on the need to improve the level of macroeconomic policy coordination and eventually the construction of a monetary union among the three members of NAFTA.

Mexico’s international economic policy faces important unanswered questions. The first is that the framework of economic integration formalized in NAFTA fails to address several key issues such as non-tariff barriers to trade, macroeconomic policy, compensation mechanisms for development asymmetries, and migration and nationality issues. The neglect of immigration issues constitutes a striking omission since migration flows and binational labor markets have been the

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67 For a rigorous development of this point, see Haggard 1998.
68 For a detailed analysis of the consequences of Mexico's economic performance of the process of regional integration, see Haggard 1998, 303.
most dynamic and extensive mechanisms of integration between Mexico and the United States. The second pending question is how to move beyond the current highly concentrated pattern of foreign trade in the North American market and gain access to Mexico’s second and third most important markets, the European Union and East Asia.

The practice of ambivalent multilateralism: Mexico’s cautious approach to the new global security agenda

Mexico has followed an ambivalent multilateral policy characterized by an active engagement in multilateral negotiations on both economic and traditional security issues but a defensive and low profile approach to the bargaining process for regional efforts to institutionalize new forms of security cooperation such as peacekeeping operations, promotion of democracy, humanitarian intervention. During the liberalizing period, the bulk of Mexico’s multilateral activism focused on two arenas: foreign economic policy, mainly trade and finance, and the traditional security agenda of disarmament, non-proliferation of nuclear arms, and arms control. Mexico has maintained a rather conservative policy on the construction of multilateral institutional capabilities for global and regional collective security. Instead of deepening engagement in formal multilateral organizations, Mexico has looked for potential allies by increasing its participation in minilateral ad hoc groups, such as the Contadora and Group of Rio.

Mexico has followed the pattern of middle-power behavior in terms of the adoption of a clear pacifist and constructive approach. Mexico has also deployed a sustained and intense multilateral activity in the codification of international law and the creation of focal points in various the issue-areas in addition to disarmament such as drug control, migrant workers rights, and international criminal tribunals. One of the most visible examples of this is Mexico’s active role in the multilateral negotiations on the design and implementation of the 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. In the first phase of negotiations, Mexico sought to reach a compromise between the interests of consumer and producing countries by introducing the principles of shared responsibility, reciprocity, and an integrated balanced approach for combating, with equal energy, the production, trafficking, and consumption of drugs.

Mexico’s long-standing commitment to multilateralism[^69] has been characterized by a defensive legalist approach rather than a pro-active political stance. Mexico, as many other intermediate countries, likes international institutions, prefers multilateral action to unilateral action and promotes the establishment of formal rules as a way to restrain the powerful. However, current Mexican multilateral policy has been ambivalent in the sense that Mexico likes some

[^69]: Here I use the concept of multilateralism in the same terms as Ruggie’s 1993 definition, as “the search of cooperation or policy coordination on the basis of generalized principles of conduct”.

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Institutions but not others. While Mexico has followed a pattern of active and assertive multilateral diplomacy in the traditional issues of arms control and disarmament, the country adopted a passive or critical stance on some of the post-Cold War security issues, such as peacekeeping operations. Mexico has had very little participation in peacekeeping operations.

Between 1948 and 1998, there have been forty-nine United Nations peacekeeping operations, with the participation of 118 countries, with a great variety of purposes such as helping the implementation of peace agreements, monitoring cease-fires, patrolling demilitarized zones, creating buffer zones between opposing forces, and putting fighting on hold while negotiations seek peaceful solutions to disputes. Thirty-six of these operations were launched between 1988 and 1998, that is, after the end of the Cold War. In contrast to small countries like Fiji and other middle powers like Canada that have taken part in virtually every UN peacekeeping operation, Mexico has participated only once in this type of multilateral security activities. Mexico sent a group of police observers as part of the Police Division of the United Nations Observer Mission in El Salvador (ONUSAL). ONUSAL operated between July 1991 and April 1995 to verify the implementation of all agreements between the government of El Salvador and the Frente Farabundo Martí para la Liberación Nacional (FMLN) aimed at ending a decade-long civil war.

In security issues, Mexico has not played an active followership role, but instead has acted with defensiveness and reluctance. In the security arena Mexico has emphasized the primacy of global multilateral institutions over regional collective security institutions. It has had a very conservative policy in terms of the regionalization of security. Some examples illustrate the fact that Mexico has responded to the new regional security agenda with more caution than any other Latin American country. At the Twenty-first OAS General Assembly, held in Santiago, Chile in 1991, the Mexican government opposition was decisive in killing a draft resolution that proposed the automatic expulsion from the Organization of any member country in which the democratic system was overthrown by force. In the end, the OAS adopted a milder version, the resolution 1080, which stated that in case of an abrupt or irregular interruption in democratic political institutions in any member states of the Organization, an extraordinary session of the General Assembly should be held in order to take the appropriate decision. In December 1992, when the OAS Extraordinary Assembly, held in Washington, called for a vote on reforms to the organization’s charter for the suspension of member states with non-democratic governments from the organization, Mexico was the only country who opposed the reforms. The Mexican government also rejected the adoption of a new security agenda that implied last-resort military action in issues such as drug-trafficking, human rights, environmental degradation, and democracy. During the 1990s, in contrast to Mexico’s pattern of diplomatic behavior in the Western Hemisphere, the Mexican government did not engaged actively in mediation and
In many important ways Mexico's position seeks to reverse (or at least contain) current trends in the international arena. While there is a trend towards the regionalization of security, Mexico supports an increasingly global management of regional crises. While there has been an expansion of the international security agenda to encompass political, social and environmental aspects, Mexico proposes a more narrow definition of national security. While there has been an expansion of international institutions, Mexico has been against the unrestrained expansion of their attributions, particularly in terms of the use of force and coercion to enforce international rules.

In contrast to Mexico's active embrace of internationalism in the economic sphere, Mexican multilateral policy in the international security arena has remained more ambiguous. Mexico responded to the expansion of the new international security agenda, particularly to the emergence of the "right of humanitarian intervention" by multilateral institutions, with more reserve and caution than any other Latin American country. Instead of playing a leadership role, Mexico has followed the pattern of a non-joiner. Since the end of the Cold War Mexico has consistently opposed multilateral intervention, as an instrument for protecting democracy and human rights, on both the regional and global level. Mexico's skepticism and opposition to the use of multilateral institutions for political purposes is, in part, self-interested. It is a way to avoid greater external surveillance of over its own difficult domestic political transition. The general insistence on the inviolability of sovereignty and non-intervention norms with respect to political issues also rests on principle and pragmatism. The Mexican government has questioned whether foreign interference was either appropriate or productive to promote democracy, protect human rights, ameliorate the social and human costs caused by the intensification of civil wars, or restore domestic peace. This traditional stance toward the construction of international mechanisms for detecting human rights violations and promoting democracy shows that there were clear limits on the redefinition of Mexican nationalism attempted by Salinas in the economic sphere. In the words of President Zedillo:

"We Mexicans neither need nor accept foreign tutelage in settling our differences or solving our problems. Mexico's sovereignty is not subject to negotiation, nor will it ever be" (President Zedillo's Fourth State of the Nation Report to the Congress of the Union, September 1, 1998).

In January 1983 Colombia, Mexico, Panama and Venezuela formed the so-called Contadora Group to push for negotiated political settlements of civil conflicts then under way in several Central American countries. In 1986 Argentina, Brazil, Peru, and Uruguay joined this mediatory effort as the Rio Group.
Conclusions

How do the different theoretical perspectives analyzed fit the Mexican case? The brief overview of the evolution of Mexico’s role and strategies in the trade and security multilateral arenas over the last two decades offers mixed evidence. In accordance to Smith’s thesis of narrowed opportunities for autonomous action, Mexico was forced by the circumstances to adopt a new outward-oriented grand strategy that led to a process of realignment with the United States. Although Smith’s systemic-structural approach adequately explains Mexico’s choice to seek an institutionalized economic alignment with the United States, it says very little about the uneven character of Mexican foreign policy in the post-NAFTA period. In particular, it cannot explain Mexico’s reluctance to follow the lead of the United States in the post-Cold War global and regional security agenda, and to transform the economic partnership with the United States into a broad strategic alliance. Nor is it clear why under conditions of narrowing options the Mexican government decided to reinforce, instead of abandon, its active economic diplomacy in other regions such as Europe, Latin America and Asia. At the same time that economic integration with the United States was pursued, the country deepened its engagement with the most important international economic institutions such as the WTO, the OECD, and APEC.

Some theoretical expectations from the middle powers’ approach do fit certain aspects of Mexican diplomacy, in particular Mexico’s shift from a traditional legalist multilateral stance towards a more selective, segmented and pragmatic policy of multilateral engagement. The Mexican case also seems to support the middle powers approach’s prediction that intermediate states will take greater responsibilities on the international multilateral stage in the context of leadership void. Mexico has tended to be more actively involved and to adopt a clearer leadership role in those multilateral areas where either the distribution of power was less asymmetrical (such as the global multilateral security institutions in contrast to the regional security arrangement), or in those periods or issues-areas where the leadership of the United States was waning or lacking (i.e., the United Nations during the 80s, and international trade negotiations after the establishment of the WTO).

However, as systemic-structural and pivotal-states approaches predicted, Mexico did not deploy the kind of strong internationalist activism associated with the paradigmatic model of middle power diplomacy, despite its increasing integration to the international economy. First, in a sharp contrast to Canada or Australia, the elevation of economic issues as first priorities in Mexico’s foreign policy agenda did not result in the amalgamated conduct of the “trade” and “foreign policy” sides within the same bureaucratic unit, but it led to an increasing compartmentalization and lack of coordination in the decision-making process.
Hence, Mexico’s sources of soft power\(^7\) have remained relatively weak. Second, Mexico’s internationalism and multilateralism have been erratic and ambivalent. Mexican political leaders have only occasionally defined the country as a middle power with a pro-active global focus, and have usually emphasized the idea of a country without national interests beyond its borders and with a strong commitment with the primacy of the principle of nonintervention. Contrary to the middle powers’ analytical interpretation, the most important changes in Mexican foreign policy took place at the level of bilateral relations not at the multilateral level. The decision to negotiate a free trade agreement with the United States forced Mexican government to relax its long standing commitment to nonintervention at the bilateral level, and to deploy a wide range of activities with the purpose of influencing U.S. government policies toward Mexico.\(^7\)

The variety of contrasting predictions about secondary states’ likely response to post-Cold War global changes illustrates the difficulty to derive precise testable foreign policy predictions exclusively from the identification of general trends at systemic-structural level. For example, in contrast to other regions, the end of the Cold-War had mixed consequences for the Western Hemisphere. While it deepened the traditional unipolar power structure in the region and lowered the costs of unilateral intervention, it reduced the strategic stakes necessary for driving the unilateral imposition of a hegemonic regional order. Despite the fact that in the current uni-multipolar system the United States still enjoys unparalleled capabilities and the ability to act unilaterally, and that this freedom of action is even larger in the Western Hemisphere than in any other region, it is far from clear under what conditions the United States would choose to act alone or to seek the cooperation of other countries through multilateral action. The rationale behind this argument is that structural power is always a weak predictor of behavior. As Lake points out: “States are not driven by international structures to respond in ineluctable ways. They shape their environments through their purposive choices”.\(^7\) Other factors such as domestic politics seem to play an important role in foreign policy choices. In particular, for the Mexican case, the process of uneven economic and political liberalization has clearly affected changes in Mexico’s foreign policy strategies over the last two decades.

Kahler’s alternative domestic-centered approach offers a better and more comprehensive explanation of Mexico’s foreign policy. The dramatic shift towards economic liberalization have had an important impact on how Mexican policy makers defined the core goals of foreign policy along the lines predicted by Kahler:

\(^7\) Here I use the concept of soft power according to Cooper, Higgot and Nossal’s conceptualization as non-structural forms of power and influence associated not with the deployment material capabilities but with the skilful use of technical, entrepreneurial, diplomatic and bureaucratic capabilities. See Cooper, Higgot and Nossal 1993, p.24.

\(^7\) For an analysis of Mexico’s myriad of activities in the United States in order to influence different public policies and political actors, see Velasco and De la Garza 1997.

\(^7\) Lake 1999:262.
the emergence of an economic-centered foreign policy, a move towards pragmatism, a strategy of institutionalized bilateral collaboration with the United States, the use of international institutions for credibility purposes and the decline in the influence of the traditional foreign policy bureaucracies in the decision-making process. The clear disjunction between economic and security multilateral policies is explained by the uneven character of Mexico's liberalization process, particularly by the presence of a slow and incomplete political opening.

In the Mexican case, the increasing importance of multilateral international institutions in the management of the security and the trade arenas has not been automatically associated either with an increase in the number of opportunities for independent and active diplomatic action or with a strengthening of the country's overall bargaining power, as the middle powers' theories predict. The correlation between the extent of institutionalization and the level of active multilateral participation shows no linear trend over time and across issues. Some domestic economic and political factors have played an important role in eroding Mexico's leadership in the post-Cold War multilateral economic and political arenas, and in widening the gap between the international and the domestic political agenda. First, the profound economic crisis at the outset of the Zedillo's administration, in December 1994, not only increased domestic opposition to deepening trade liberalization strategy behind Mexico's active participation in the WTO but also raised doubts about the soundness of the newly reinforced multilateral liberal trade system. Second, the resurgence of political violence, the increasing militarization of law enforcement operations, the institutionalization of corruption, and the deterioration of human rights conditions in Mexico led to an erosion of the country's "good citizen" international image and reputation. The new issues at the core of the international agenda - human rights, promotion of democracy, drug trafficking - were precisely the most sensitive and divisive issues in the Mexican domestic political agenda.
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