



Woodrow Wilson
International
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Mexico Institute

THE UNITED STATES AND MEXICO: Towards a Strategic Partnership

A REPORT OF FOUR WORKING GROUPS ON U.S.–MEXICO RELATIONS

-
- Strengthening Security Cooperation
 - Making Economic Integration Work for All
 - Enhancing U.S.-Mexico Cooperation on Migration
 - The U.S.-Mexico Border: Special Challenges, Special Opportunities



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Preface and Acknowledgements

There are few relationships that matter more to the United States—if any—than that with Mexico. The two countries share more than a border—they are bound together by shared challenges for the prosperity, security, and well-being of their citizens. At a time when the United States is undergoing a change in administration, the Woodrow Wilson Center felt it was important to conduct a thorough review of the relationship between the two countries and address possible strategies for cooperation between them in the future.

To this end, the Wilson Center's Mexico Institute convened a series of working groups in the fall of 2008 to assess four critical issues in the relationship: security cooperation, economic integration, immigration, and border management. Each working group was made up of experts drawn from the overlapping worlds of academia, policy, business, journalism, and civil society and was asked to develop a set of policy options for improving cooperation between the two countries on the issue. The working groups did not try to reach consensus on the policy options; however, each of the groups managed to come up with sets of ideas that enjoyed a fair amount of agreement. We have reflected these ideas in this report, with the caveat that neither working group members nor their organizations endorse all the options explored here nor the report as a whole. Moreover, this report does not attempt to present a set of recommendations that we would suggest policymakers in either country to assume as their

own, but rather a set of options that may help them as they think through crucial policy decisions in the future. This report is the first of several that will come out throughout 2009 that will address key issues in the U.S.-Mexico relationship and ideas for managing bilateral issues more effectively.

This report is based on the assumption that the United States and Mexico could benefit from thinking more *strategically* about their relationship with each other. There is no lack of attention on either side of the border towards the other country. In fact, an endless number of federal, state, and local agencies in each country have policies that deal with the other either directly or indirectly, and politicians in both countries regularly address issues on the bilateral agenda. What are frequently lacking are the synergies among different approaches taken by government agencies to deal with the same issue. This report, therefore, suggests that a little bit of coordination and consultation between policymakers in the two countries and among different agencies can go a long way towards improving the ways we manage joint challenges—from dealing with organized crime to resolving trade disputes to developing orderly systems for migration to managing natural resources at the border.

The first part of this report provides an overview of the reasons why cooperation with Mexico is in the national security interest of the United States and summarizes some of the major policy options from the working groups, including an

analysis of those ideas that may be possible in the early months of the Obama administration. The rest of this publication presents the reports from the four working groups that deal with security cooperation, economic integration, migration, and border management. The primary authors of this publication are Andrew Selee (Overview/Editor), Eric Olson (Security Cooperation), Dolia Estevez (Economic Integration), David Ayon (Migration), and Robert Donnelly (Border Management). The authors bear full responsibility for the ideas represented, although we have tried to include those ideas that appeared to have the most weight within the groups we convened.

We are grateful for the opportunity to work with El Colegio de la Frontera Norte (Colef), and especially with Tonatiuh Guillén, Carlos de la Parra, and Rene Zenteno, in convening the working group on Border Issues. This working group will continue to meet throughout 2009 as part of a joint project in conjunction with the Border Governors Conference. For the financial support, we are grateful to our ongoing donors and to special support received from the Secretaría de Relaciones Exteriores, through the Mexican Embassy in Washington; from USAID, through its Mission in the U.S. Embassy in Mexico City for work on border issues; and from the Heinrich Boell Foundation for work on migration.

The Advisory Board of the Wilson Center's Mexico Institute, chaired by José Antonio Fernández Carbajal and Roger W. Wallace,

first came up with the idea for this study and the board's Strategy Committee, chaired by Guillermo Jasson, helped design the process. We are grateful to all the members of the board for their input at various stages during the process and, in particular, to the following members of the Strategy Committee: Brian Dyson, Guillermo Jasson (chair), Carlos Heredia, Diana Negroponte, Andrés Rozental, Peter Smith, and Javier Treviño, who offered ongoing guidance in this effort. Susan Kaufman Purcell and Carlos Heredia helped design and chair the economic integration working group. We also benefited immensely from detailed remarks on the introduction from Roderic Camp, Peter Smith, and Abe Lowenthal, and from detailed discussions with Arturo Sarukhan, Lazaro Cárdenas, Roberta Jacobson, Leslie Bassett, Charles Barclay, Antonio Ortiz Mena, and Octavio Tripp.

This project would not have been possible without the assiduous efforts of Robert Donnelly and Katie Putnam of the Wilson Center who helped organize the working groups, and Travis High and Jane Zamarripa who provided research assistance. We are grateful to Michelle Furman for her work in creating the final design for the report.

The editor and authors of the report bear full responsibility for the findings that are reflected here and, of course, for any omissions or shortcomings. However, our deepest gratitude goes out to all those who took time to participate in the four working groups that produced the ideas for this report.

Introduction and Overview: A Strategic Approach to U.S.-Mexico Relations

It is time to strengthen the U.S. relationship with Mexico. There are few countries—if any—which are as important to the United States as Mexico. We share more than just a two-thousand mile border. Our economies and societies are deeply interwoven and what happens on one side of our shared border inevitably affects the other side. As the United States seeks to redefine its role in the world, it is vital to start at home, with our neighbors.

Today is a time of great opportunity in our relationship with Mexico, but also a time of severe challenges. While the two governments have taken important steps to limit the risk that terrorists will use the shared border as a launching pad for attacks, drug trafficking organizations have developed a lucrative and deadly cross-border trade that creates significant vulnerabilities for both countries. Mexican drug trafficking organizations have become increasingly violent in recent years, with over five thousand deaths tied to narcotics trafficking in 2008 alone, and they have gradually penetrated the institutional framework of the Mexican state, especially local law enforcement authorities. These organizations are fueled by persistent demand in the United States: over twenty million Americans use illegal drugs each month and roughly 15 to 25 billion dollars in profits from U.S. drug sales are pumped back into the Mexican economy each year in cash and weapons. The violence and corruption wrought by drug trafficking organizations are felt particularly strongly in border communities, but the effects of

the trade run deep throughout cities and towns in both countries. Policymakers in the two countries have a shared interest in working together to develop a comprehensive and bilateral approach that limits the reach of organized crime.

Mexico also remains vital for the U.S. economy, although the current economic slowdown presents special challenges that will have to be addressed with great care. Mexico is the second destination for U.S. exports, and the first or second destination of exports for at least twenty-two U.S. states. Over six million Americans live in cities and counties on the border and over 60 million in border states, whose economies are particularly tied with Mexico's. This degree of integration creates opportunities for more focused economic cooperation, but also generates risks for spillover effects in times of economic crisis. An economic slowdown in either country will inevitably affect the other and a full-scale crisis could send shockwaves across the border. Moreover, the persistent wage gap between the two countries presents a long-term challenge that has been insufficiently addressed in past efforts at deepening cross-border economic ties. The United States and Mexico have the opportunity to develop a framework for economic integration that helps to contain the effect of economic shocks, takes advantage of complementarities to increase the competitive position of both countries, and, above all, places an emphasis on improving the well-being of average citizens in both countries.

Finally, immigration from Mexico continues to present challenges to policymakers on both sides of the border. Roughly a third of all immigrants to the United States come from Mexico, including a majority of unauthorized immigrants. Over a tenth of Mexico's population now lives in the United States, and three percent of the U.S. population was born in Mexico. Although U.S. immigration reform will be part of a domestic policy discussion, it will inevitably require U.S. policymakers to speak with their counterparts in Mexico about how to manage immigration flows and to provide long-term alternatives to migration.

All of these challenges—security cooperation, economic integration, and migration—affect citizens throughout the United States, but there is no question that they have even greater effects on those communities closest to the U.S.-Mexico border. U.S. border communities and border states have particularly strong ties to Mexico, and they enjoy both comparative advantages as binational economic hubs and disadvantages as the result of a chronic lack of policy attention. The new administration has the opportunity to make the border region a priority and to listen to state and local officials from the border region in crafting policies that better serve their needs and benefit the country as a whole.

A STRATEGIC APPROACH TO MEXICO

The Obama administration and the incoming Congress have the opportunity to raise the level of attention given to Mexico and to pursue a *strategic partnership based on consultation and cooperation around issues of shared national interest*. Too often in the past, the U.S. government has pursued unilateral solutions to problems that require binational cooperation.

There is no lack of policies towards Mexico in the U.S. government. Since the issues in the relationship with Mexico almost always have domestic as well as foreign policy aspects, every department and almost every agency of the U.S. government has some dealings with Mexico or the U.S.-Mexico border, as do a range of state

and local government agencies. The challenge is, therefore, to find strategic ways of building synergies among these multiple, disjointed, and often competing efforts that tie into a broad agenda for collaboration with Mexico around clearly defined objectives that are in the national security interests of both countries.

A strategic partnership between the two countries will require both high-level foreign policy attention in Washington and Mexico City and efforts to engage all government actors at the federal, state, and local level involved in key policy decisions. It will be important to strengthen existing structures for consultation but also to develop new ones that can promote and sustain effective dialogue and problem-solving.

There are at least four areas that call out for priority attention in the relationship and will require sustained dialogue and engagement: security cooperation, economic integration, immigration, and border management.

STRENGTHENING SECURITY COOPERATION

Mexico and the United States share vital national security interests in making sure that the border is not used by terrorist organizations intent upon committing acts of large-scale violence. They also share a joint concern with the rise of transnational organized crime.

Criminal activity associated with drug trafficking poses an increasing threat to communities on both sides of the border. Mexico is the largest transshipment point for cocaine en route to the United States, and is the largest foreign supplier of methamphetamines, heroin, and marijuana. In turn, profits from drug sales in the United States pump roughly \$15 to \$25 billion every year into illicit activities in Mexico, while over 90% of the arms used by drug traffickers are imported from the United States. Violence from drug trafficking has become endemic, and it has gradually penetrated into the politics of some local, state, and even federal government agencies. Meanwhile, the drug trade fuels crime in neighborhoods throughout the

Policy Options for Strengthening Security Cooperation

- Strengthening law enforcement cooperation by:
 - Increasing funding for financial intelligence operations to identify and intercept bulk cash, wire transfers, and financial transactions used to send narcotics proceeds to Mexico.
 - Committing to reasonable steps to reduce arms trafficking to Mexico, including increasing the number of ATF agents and inspectors assigned to the U.S.-Mexico border region to monitor straw purchases and illegal exports.
 - Continuing ongoing collaboration under the Mérida Initiative.
 - Gradually increasing mechanisms for intelligence sharing, rapid-response communication, and joint law enforcement operations at the border.
- Assisting efforts to strengthen Mexico's judicial and law enforcement institutions by:
 - Providing training and information sharing on judicial reform (both federal-federal and state-state efforts).
 - Providing training and information sharing on police reform, especially models that ensure internal controls and public accountability of law enforcement and judicial institutions.
 - Providing inspection equipment to facilitate detection of narcotics, arms, and cash.
- Renewing efforts to reduce demand for narcotics by:
 - Significantly increasing federal funding for drug treatment programs in the United States.
 - Sharing best practices on prevention and treatment with Mexican authorities.

United States and grows particularly threatening in the border area. Although there is no evidence to date of terrorists using the Mexican border for attacks on the United States, clearly the existence of an extensive infrastructure linked to organized crime raises concerns about possible future threats.

Recent efforts between the two countries to strengthen intelligence sharing, technology transfer and training, including the bipartisan passage of the Mérida Initiative, have built a strong framework for future efforts at cooperation. Much more can be done to deepen these efforts, however, and a new administration should look for ways to forge a *comprehensive approach* against organized crime that combines (1) law enforcement cooperation, especially targeted efforts at disrupting money and arms supplies (2) strengthening police and judicial institutions in Mexico, and (3) reducing the demand for narcotics in the United States. This would mark a major departure in U.S. drug control policy in the past but one that would have significantly more chances of success than previous efforts.

MANAGING ECONOMIC INTEGRATION

The United States and Mexico have undergone an accelerated process of economic integration over the past two decades. Trade has tripled between 1990 and 2008, due in large part to the North American Free Trade Agreement (NAFTA). Mexico is now the United States' third largest trading partner and the second destination of exports, accounting for roughly one-eighth of all U.S. exports. Border states are particularly dependent on trade with Mexico, but so are states that are distant from the border such as Nebraska, Indiana, and Iowa. The United States also depends on Mexico for more than one-tenth of its petroleum imports. Even the labor markets of the two countries have become increasingly intertwined, with immigrant workers from Mexico accounting for a significant part of U.S. labor market growth and contributing to the solvency of U.S. entitlement programs by providing new tax revenues.

Despite these trends, not enough attention has been given to deepening economic integration

beyond trade and investment. NAFTA did not attempt to stimulate the type of economic development needed to promote job creation and a more equitable income distribution. A forward-looking agenda should now address three basic concerns. First, it should seek to raise living standards and reduce income disparities. Narrowing the income gap between Mexico and its two NAFTA partners, in particular, would help

curb Mexican migration to the United States. Second, it should reduce non-tariff barriers to trade (such as poor border infrastructures and complex differences in national standards) that have made it particularly difficult for small and medium businesses to become involved in cross-border business. Third, it should acknowledge Mexico's special vulnerability to economic turmoil in the United States and in global markets and

Policy Options for Managing Economic Integration

- Ensuring economic stability during the economic downturn by:
 - Engaging in ongoing consultations with the Mexican government when pursuing measures to stabilize the U.S. economy since shifts in monetary and fiscal policy in one country can have sharp effects on the other.
 - Maintaining a line of credit from the Federal Reserve open for Mexico during the current economic crisis.
- Improving the movement of goods and people across the border while ensuring security through:
 - Including in any major stimulus package investments in border infrastructure, including expanding immigration and customs checkpoints. The administration should consult with the Mexican government and state and local authorities on border investments to ensure the best possible outcomes for border communities.
 - Increasing the number of U.S. customs and immigration inspectors at existing checkpoints.
 - Harmonizing regulations and labeling, including stronger coordination on health standards and food and product safety.

Exploring ways to link trade and development in the future by:

- Creating a binational task force to look at creative ways to augment development cooperation over time for targeted purposes.
- Naming special representatives from all three countries to assess ways of improving compliance with labor and environmental standards.
- Increasing gradually the expenditures on educational exchange by the two governments, especially in the areas of science and technology. Both the existing Comexus (Fulbright) and TIES (USAID) programs offer relatively inexpensive models that could be scaled up with small but strategic investments over time.
- Exploring possibilities for Medicare to cover treatment in Mexican hospitals.

Promoting dialogue with both Canada and Mexico on options for improving the environment, potentially including:

- Cooperating in the development of alternative fuels.
- Creating a North American emission trading system or regional coordinated carbon tax to limit carbon emissions.
- Forming a North American research and development scientific group on clean coal technology.

seek to prevent an economic slowdown from turning into a full-blown crisis, with significant spillover effects for the U.S. economy.

ADDRESSING IMMIGRATION

Migration is transforming the social fabric and economies of both the United States and Mexico. Today over 12 million Mexicans live in the United States, roughly half of them without legal documents. Roughly one-third of all U.S. immigrants come from Mexico, with about 300,000 new unauthorized immigrants arriving each year. While immigration produces net benefits to the U.S. economy as a whole, the rapid pace of immigration and the unauthorized status of so many immigrants pose specific challenges for integration, wage competition, and labor

rights. And while Mexican migrants send roughly \$23 billion back home in remittances, there is no question that the loss of so many of the country's most entrepreneurial citizens represents a net loss for Mexico's competitiveness.

Most of the efforts needed to provide alternatives to migration and manage future flows will have to be taken unilaterally in one country or the other; however, the effects of measures taken in one country will have profound effects on the other. Strategic thinking between the two countries could provide incentives and opportunities to pursue the best policy options available. A permanent dialogue between the two countries on migration can help produce the best policies available, even though each country will need to pursue its own efforts to deal with particular policy reforms.

Policy Options for Addressing Immigration

- **Strengthening real immigration enforcement efforts by:**
 - Limiting sporadic workplace raids in favor of developing an effective e-verify system that can determine eligibility for employment.
 - Redirecting funds from construction of the border fence into an increased number of border inspectors at key checkpoints and renewed efforts to develop virtual detection equipment to ensure that the border is not used by terrorists or drug trafficking organizations.
- **Updating U.S. immigration laws to put them in line with America's needs for immigrant labor and security priorities by:**
 - Ensuring a comprehensive overhaul of America's outdated immigration laws with an approach that includes (1) modernization and simplification of the visa system with new work-based visas sufficient to provide an alternative to illegal immigration; (2) measures to provide earned regularization for unauthorized immigrants currently in the United States; and (3) enforcement measures with an emphasis on strict employer sanctions and a verifiable national database of eligible workers.
 - In the short-term, exploring measures to reduce visa backlogs and provide some pathways to citizenship for unauthorized workers (both the DREAM Act and AgJobs provide possible approaches though are not substitutes for comprehensive reform).
 - Exploring options for the U.S. government to complement Mexican government efforts to invest in migrant-sending communities.
 - Engaging the Mexican government systematically in discussions on how the two governments can better coordinate issues involving migration, including visa policies for third-party nationals, capacity development for Mexico's immigration service, and policy changes needed in both countries in the event of a change in U.S. immigration law.

INVESTING IN BORDER COMMUNITIES

The border has become a microcosm of all the challenges that the two countries face in trying to deal with each other effectively. At the border bottlenecks caused by deficient infrastructure raise the cost of trade and limit cross-border ties; unilateral strategies for security play out against the need for cross-border cooperation in law enforcement; and the challenges of clean air and sufficient water remind people that natural resources know no political boundaries and require joint responsibility. U.S. border communities remain among the poorest in the United States, with average incomes a third less than in the rest of the country, and significant deficits in employment and infrastructure, despite the comparative advantages that border communities should have as international gateways.

At the same time, border communities have become laboratories of experimentation in creative efforts at international cooperation. Most have developed binational mechanisms to manage

resources, respond to natural disasters, ensure public security, and promote development, generally at the margins of federal policy. However, much better coordination is needed between federal agencies and state and local governments to ensure that these efforts can be consolidated and expanded so that border communities can be safe and prosperous. All too often, rigid insistence on national sovereignty has wasted potential opportunities and paralyzed bilateral cooperation. Over time, efforts should be made to make governance of the U.S.-Mexican border resemble that of the U.S.-Canadian border, where joint efforts to secure common objectives have often replaced unilateral thinking with significant benefits for both security and development of the border region.

In the short-term, the possibility that the U.S. and Mexican governments may pursue major infrastructure development initiatives in 2009 provides an opportunity to include funds for border infrastructure that can help overcome existing bottlenecks and stimulate development in border communities.

Policy Options for Investing in Border Communities

- Improving border infrastructure through:
 - Constructing new crossing points and, in the short-term, assignment of additional border inspectors to speed border crossings while ensuring security.
 - Developing mechanisms that involve all relevant federal, state, and local agencies in the U.S. government to reduce approval times for border infrastructure.
 - Strengthening the mandate of the North American Development Bank (NADBank) to fund infrastructure and employment-generating projects, including loan guarantees for private sector investments.
- Stimulating the comparative advantage of border communities by:
 - Providing federal funds to encourage the development of cross-border economic clusters in new technologies and the development of modern transportation hubs.
 - Providing funding for cross-border educational partnerships to develop a more highly-skilled and knowledgeable workforce on both sides of the border.
- Improving security by:
 - Strengthening the capacity and legal framework for local and state governments to work together to track and apprehend criminals who cross the border.
 - Redirecting funds for a physical fence into virtual fencing.
 - Developing new mechanisms for environmental cooperation on water and air quality.

STRUCTURING CONSULTATION AND COOPERATION

Strengthening the U.S. partnership with Mexico will require new channels for communication and ongoing consultation that allow strategic thinking to take place. From the early 1980s through 2006, the primary formal structure for dialogue between the two countries was the Binational Commission (BNC), which brought together cabinet officials from both governments for an annual meeting that focused on a range of bilateral topics. As contacts among cabinet officials of the two governments accelerated in recent years, however, the BNC increasingly became an unfocused bureaucratic exercise, and it has not met since 2006 by mutual agreement of the two governments. In 2005 the U.S., Mexican, and Canadian governments started a series of annual North American Leaders' Summits, tied in with the Security and Prosperity

Policy Options for Structuring Consultation and Cooperation

- Maintaining an annual North American Leaders Summit with the heads of state of the U.S., Mexico, and Canada. This summit could include a separate meeting between the Presidents of the United States and Mexico. It might also provide a venue for creating a set of working groups on key cross-border issues (some of them bilateral and some trilateral) that address key challenges for the future (e.g. border security and facilitation, technology and innovation, educational cooperation). Any working groups should include relevant stakeholders from business, academia, and civil society, as well as government.
- Creating a Border Working Group within the U.S. government that engages relevant federal, state, and local agencies to review and expedite infrastructure projects and harmonize them with local development plans.

Partnership, a trilateral effort to get agencies in the three governments to work together on economic and security issues. A North American Business Council, made up of CEOs of large companies, was invited to participate in this process. The North American Leaders' Summits and SPP have been useful in addressing common standards and border policies. However, they have left out other stakeholders in North America, including labor, environmental organizations, and small and medium businesses, and provided insufficient opportunities to address major issues of integration among the three countries, such as education, technology transfer, and environmental cooperation.

A new administration will need to create both bilateral (U.S.-Mexico) and trilateral (U.S.-Mexico-Canada) channels for consultation and cooperation. While most consultation across the border takes place among cabinet agencies routinely in the process of their operations, structuring an annual leadership meeting each year with the leaders of the three North American countries, which can include a separate bilateral leadership meeting, would help focus attention on major issues that need to be resolved and to develop strategic thinking.

THE WAY FORWARD: FIRST STEPS AND MORE AMBITIOUS GOALS

The new administration and Congress are taking office in the middle of the country's worst economic crisis in decades and will inherit two wars in the Middle East. While we believe that the administration and Congress should give significantly greater attention to Mexico from the start of the administration, we also recognize that not all measures—especially those that require significant new expenditures—will be possible over the first few months. It will be important to separate out what is feasible in the short-term from longer-term goals. Nonetheless, several issues lend themselves to immediate action from the start of the 2009.

Policy Options for Early Action

- Structuring regular consultations with the Mexican government at the highest level on bilateral issues and revising the North American Leaders Summit to address a wider range of issues with a broader group of stakeholders involved.
- Promoting measures to stabilize the Mexican economy through ongoing economic consultations with the Mexican government and the continued extension of a line of credit to the Mexican government.
- Priority inclusion of border infrastructure in any major stimulus package.
- Reorienting counternarcotics policy to include greater emphasis on financial intelligence, efforts to stem arms trafficking, and increased investment in demand-reduction. A comprehensive approach should also include targeted law enforcement cooperation and efforts to strengthen police and judicial reform in Mexico, as visualized in the Merida Initiative.
- Taking steps toward eventual immigration reform by replacing workplace raids with efforts to develop an effective employer verification system; substituting efforts to build a physical barrier on the border with Mexico with efforts to develop virtual technology and cooperative approaches to border management; promoting visa backlog reduction; and approving the DREAM Act.

Even though not all issues can be addressed immediately, it is worthwhile to begin discussions on some of the more ambitious possibilities for bilateral cooperation early in the administration. These could include increased educational cooperation; allowance for Medicare treatment in certified Mexican hospitals; cooperation on biofuels and alternative energy; and a development fund started by the Mexican government but with support from the U.S. and Canadian governments. It is worth noting that no single issue would serve to create goodwill between the two countries

than a comprehensive immigration reform in the United States, which would allow for the two governments to engage in discussions on a range of issues that are currently off the table including enhanced forms of security cooperation.

While some of these options may be difficult in a time of economic crisis, it is worth maintaining ongoing dialogue about future options to prepare the groundwork for a more ambitious bilateral agenda that could bring even greater benefits to citizens in both countries.

Threatened on All Fronts: Strengthening Security Cooperation to Confront Organized Crime

The United States and Mexico are facing serious common security challenges that threaten the safety of their citizens far beyond their mutual border. One particularly troubling aspect of these challenges is the threat posed by organized crime groups operating on both sides of the border. These illegal groups have developed sophisticated trafficking networks to satisfy the demand for illegal drugs amongst millions of consumers, and launder the money and obtain the weapons needed to defend and protect their criminal enterprise.

The extent of the consumer market is staggering. In 2007, for example, 2.8 percent of United States residents over the age of 12 were considered to be dependent on or having abused an illicit drug. Nearly 20 million reported using an illicit drug in the previous month, according to the National Survey on Drug Use and Health, 2007.¹ Mexico also appears to have a growing drug consumption problem. According to the United Nation's Office of Drugs and Crime, consumption of cocaine in Mexico roughly doubled between 2002 and 2007 from 0.4 percent of the population

aged 15 to 64 to 0.8 percent, an increase of about 400,000 users. The Mexican government's 2008 survey of national illegal drug use found a 30% increase in consumption in six years, and a 51% increase in addictions over the same period.²

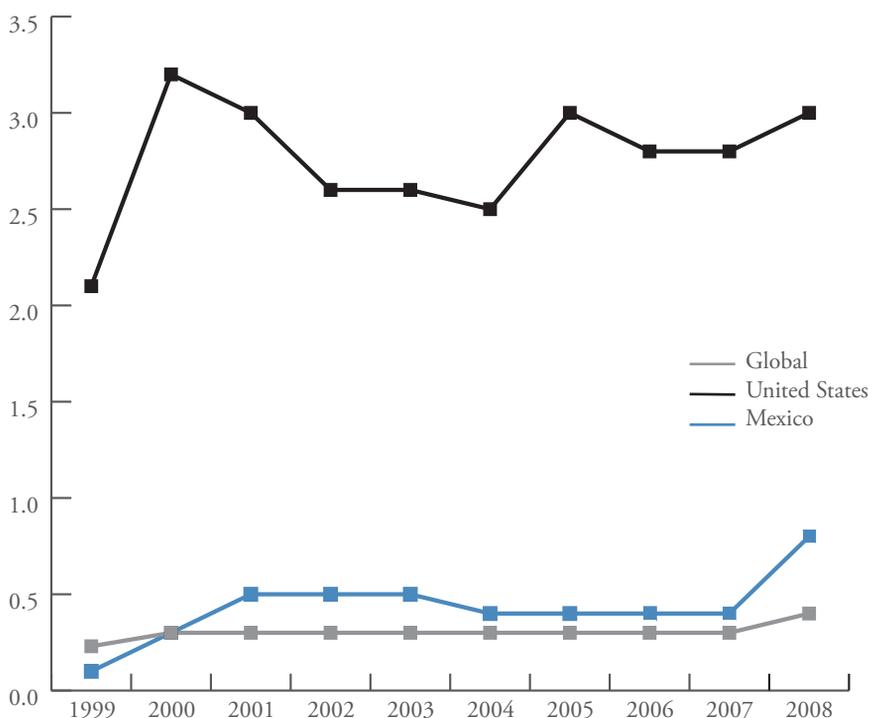
To satisfy this vast consumer market and in response to U.S. efforts to shut down trafficking routes throughout the Caribbean in the 1980s and 1990s, traffickers have increasingly treated Mexico as the preferred transshipment route for illegal drugs flowing into the United States. An estimated 90 percent of the cocaine entering the United States each year passes through Mexico and its territorial waters and, according to a report by the National Drug Intelligence Center, Mexico became the primary source of methamphetamines entering the United States in 2007.³ Though precise figures are difficult to obtain, the U.S.-Mexico drug trade is estimated to generate between US\$15 and 25 billion in profits for Mexico's cartels, representing roughly two percent of the country's GDP.⁴ As narcotics flow north, the profits from drug sales in the United States return to Mexico

1. <http://oas.samhsa.gov/nsduh/2k7nsduh/2k7Results.cfm#Fig2-1> In 2007, an estimated 19.9 million Americans aged 12 or older were current (past month) illicit drug users, meaning they had used an illicit drug during the month prior to the survey interview. This estimate represents 8.0 percent of the population aged 12 years old or older. Illicit drugs include marijuana/hashish, cocaine (including crack), heroin, hallucinogens, inhalants, or prescription-type psychotherapeutics used non-medically.

2. National Drug Threat Assessment 2008: <http://www.usdoj.gov/ndic/pubs25/25921/25921p.pdf>

3. Encuesta Nacional de Drogas, 2008

4. It should be noted that estimates on the value of illegal drugs consumed in the United States vary widely. The most recent comprehensive source of US government data is from 2001, rendering current estimates even more unreliable. See "What America's Users Spend on Illegal Drugs, 1988–2000, December 2001" http://www.whitehousedrugpolicy.gov/publications/drugfact/american_users_spend2002/index.html

FIGURE 1: Per Capita Cocaine Consumption, 1999–2008

Source: United Nations Office for Drug Control Policy and Prevention World Drug Reports and Global Illicit Drug Trends, 1999–2008. <http://www.unodc.org/unodc/en/data-and-analysis/WDR.html>

through complex transactions that involve third countries, bulk cash transfers, and the purchase of weapons. With north-south trafficking routes well established, organized crime groups often diversify their operations into other criminal activities such as trafficking in pirated goods, automobiles, and humans, and the protection/extortion of businesses within licit and illicit economies.

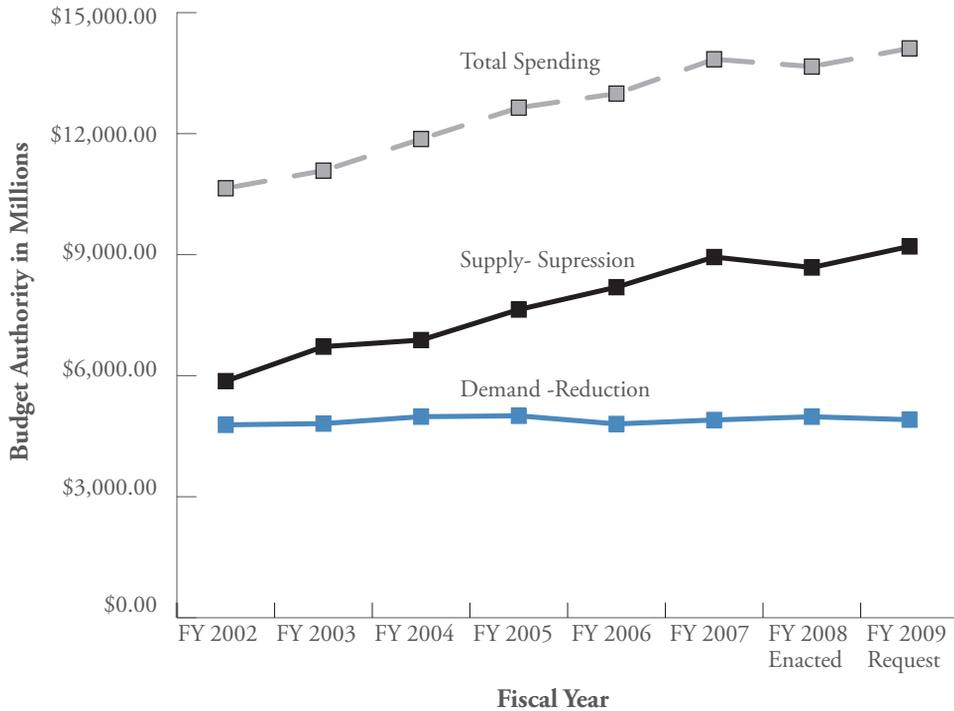
As a result, organized crime has become increasingly powerful posing a threat to public safety, the rule of law, and democratic governance. The battle for control over trafficking routes and territory for growing and processing illegal drugs has led traffickers to seek influence over civilian authorities and institutions through payoffs and violence. In October 2008, Mexico's Attorney General's office announced that it had detained

senior officials in its anti-organized crime unit (SIEDO) for alleged connections to drug-traffickers, and an official within the U.S. Embassy is reportedly under investigation for possible collaboration with the cartels as well. Traffickers have even tried to influence Mexico's electoral process by contributing money to influence candidate-selections and electoral campaigns.

Sadly, the cost has been a loss of confidence in public institutions and a horrifying body count. According to press reports, Mexico's Attorney General Eduardo Medina Mora stated that drug-related killings in 2008 had more than doubled (a 117 percent increase) compared to 2007, a total of 5,376 deaths as of December 2.⁵ Not only are rival gangs being targeted, but government officials and law enforcement personnel as well. Worse still is

5. See Washington Post, "In Mexico, Assassins of Increasing Skill," December 12, 2008; and New York Times, "Killings in Drug War in Mexico Double in '08," December 9, 2008.

FIGURE 2: Federal Drug Control Spending, by Function, FY 2002–FY 2009



Source: John Carnevale & Associates LLC. Policy Brief, "Federal Drug Budget Trend." February 2008.

the terror that much of the public feels as a result of the seemingly random violence. A senseless grenade attack on a public gathering in Morelia, Michoacán during Mexico's Independence Day festivities on September 15, resulted in eight dead and scores wounded. Responsibility for the attack has been attributed to a drug cartel, but no rival cartel members were present at the attack.

The United States and Mexico have substantially increased cooperation to deal with organized crime in recent years, and the establishment of the Mérida Initiative has served to reinforce a spirit of collaboration between the two countries.⁶ Yet much more needs to be done. Strategies and policy reforms must be adopted

that have both a short-term impact on the horrific violence, public insecurity, and the coercive effects of organized crime on governments and society in both countries, as well as a long-term strategy to strengthen public institutions, prevent drug abuse, and generate long-lasting benefits for both countries.

This paper proposes to articulate a comprehensive and multi-dimensional approach to tackling the challenges of organized crime by offering a set of policy options for authorities of both countries. While each country must undertake difficult and sometimes painful policy reforms of their own, these reforms are best undertaken in the context of binational collaboration and

6. In October 2007 President Bush announced a major new initiative to "... combat the threats of drug trafficking, transnational crime, and terrorism in the Western Hemisphere." Known as the Mérida Initiative (MI), the plan called for the United States to provide \$1.4 billion in equipment, training, and technical cooperation to Mexico and the countries of Central America over three years.

cooperation. The stakes are too high and the risks too great for collaboration to be subsumed by cross-border finger pointing. Building trust based on successful collaboration is an essential ingredient for a successful joint strategy.

We have identified three priority areas where efforts by each country, individually and jointly, can contribute to improving the security situation for both countries. The first and second areas involve primarily unilateral responsibilities, but can be strengthened by bilateral dialogue and, at times, by binational collaboration. The first is for the United States to significantly step up its domestic *demand reduction efforts* and to work in a coordinated fashion with Mexico to *curtail the illicit flow of money and arms* that fuel cartel operations. There is probably nothing more important that the U.S. government could do that would be more effective in undermining the cartels' operations than focusing on reducing the U.S. consumer market and disrupting the flow of weapons and cash that fuel their activities. This requires a major rethinking of current U.S. drug control strategies to orient them towards priority efforts for demand reduction and interrupting supply chains coming from the United States. The second area involves support for *institution-building in Mexico, especially strengthening judicial and law enforcement institutions* to reduce the influence of cartels and increase the government's effectiveness in dismantling their operations. Mexico's ability to undermine organized crime in the long-term depends on these major structural reforms that build on existing legislative initiatives that were achieved in 2008. While this is primarily a Mexican responsibility, the U.S. government can play a critical supporting role in these efforts. The third area involves greater *law enforcement cooperation* between both countries and at every level, including both intelligence-sharing and policing efforts, as well as effective cooperation in prosecutions to dismantle organized crime operations. Many of these efforts will require both

unilateral action as well as bilateral and regional approaches simultaneously, since the drug trade often spans several countries in the Americas, and organized crime syndicates operate globally.

REDUCING DEMAND AND THE FLOW OF WEAPONS AND MONEY

While Mexico is experiencing the brunt of the violence and insecurity unleashed by organized crime, the violence is being fueled in large part by competition for the profits generated by illegal drug consumption in the United States, and the illegal trafficking of high-powered weapons back to Mexico. Addressing the problems of consumption, money laundering, and illegal weapons falls heavily on the United States and these problems have proven the most difficult to confront. Nevertheless, they are also essential elements of a successful long term strategy to undermine organized crime and increase security in both countries. To this end, the following recommendations are intended as pragmatic policy options that the incoming U.S. administration should carefully consider as a starting point as it defines its own binational security strategy.

Strengthening Prevention and Treatment Programs

Recent government reports suggest that the consumption of illegal drugs among youths and adults has remained largely unchanged in the United States over the past five years, despite an ever expanding national drug control budget. The explanation for this apparent contradiction may lie in the fact that the federal budget for drug control is heavily skewed toward supply disruption strategies. Numerous studies have shown that source-country programs targeting cultivation, production and trafficking are more expensive and less effective in reducing drug consumption than demand-reduction strategies (including treatment and prevention programs).⁷

7. See Susan S. Everingham and C. Peter Rydell, "Modeling Drug Demand," Drug Policy Research Center, RAND Corp., 1994

Reducing demand for illegal drugs in the United States and Mexico is critical to weakening the grip of organized crime, and treatment and prevention programs are essential to reducing demand. Yet according to one analysis, there has been a 57-percent rise in the U.S. national drug control budget for “supply suppression” programs between 2002 and 2008, and these now account for two-thirds of the national drug control budget. Conversely, demand reduction programs grew by only 2.7 percent in the same period.⁸ Given this disparity in budget priorities, the United States should consider the following policy options when rethinking its national drug program:

- Fully funding and restoring transparency in the U.S. government’s data collection and reporting on illicit drug use, consumption trends, and performance measurements for government supported and community-based programs.
- Improving tracking and reporting of state and local investments in drug prevention and treatment programs, including social and educational programs targeting at-risk youth.
- Formulating a National Drug Control Strategy and accompanying budget that reflect the findings of empirical research and gathered data. Funding should prioritize treatment and prevention programs including local initiatives with a proven track record of successful intervention and prevention.
- Increasing federal funding for treatment and support programs for addicts. Twenty percent of cocaine users consume approximately 70 percent of the cocaine in the United States. Programs designed to reduce consumption amongst heavy users is smart policy.

While efforts at demand-reduction are most important in the United States, efforts to reduce demand and better treat drug addicts in Mexico

are also important. As such, it will be important for both countries to communicate and collaborate on best practices for treatment and prevention programs. Options for addressing these challenges include:

- Maintaining an ongoing dialogue between both countries on best practices in prevention and treatment of drug abuse.
- Strengthening the Network for the Treatment of Addictions and the new efforts to construct public centers for treatment in cities throughout Mexico.

Since demand reduction is closely linked to educational and health programs that target at risk youth providing them with alternatives to joining the illegal economy or youth gangs where consumption and violence are often intertwined, the Mexican government might consider:

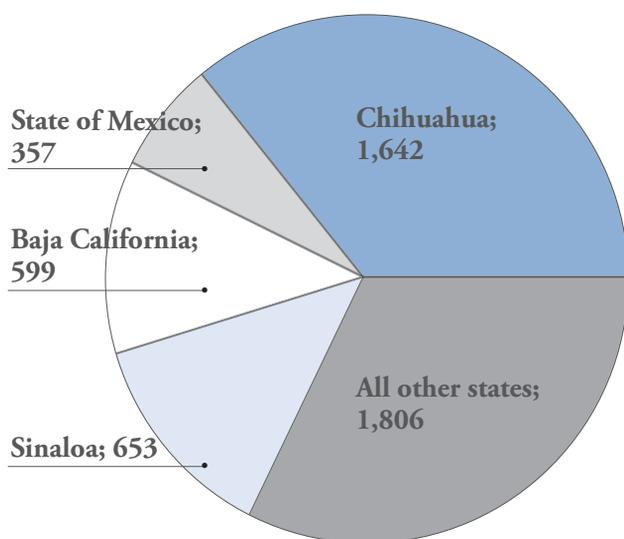
- Expanding mentoring programs for children at risk, and operating extended school hours (Escuela Siempre Abierta) in evenings and on weekends with organized sports and educational activities; and expanding and strengthening vocational training programs and technical schools for youth.
- Increasing funding for community and municipal based and run youth outreach centers and violence prevention programs. Such programs should also include support for parents and very young children (pre-K), since addressing domestic violence, and expanding access to education and health care programs for young children is an important factor in preventing gang involvement and drug consumption later in life.
- Support for reincorporation programs for recent deportees with criminal records to provide better education and/or work alternatives for

8. See Carnevale Associates LLC, Policy Brief, February 2008, “FY 02-09 Budget Emphasizes Least Effective Ingredients of Drug Policy.”

these disaffected youth. Programs that offer a high school curriculum to Mexican youth in U.S. custody can lead to improved educational and employment opportunities to youth upon deportation.

- Commissioning a study and report on the estimated economic cost of the violence, public health risks, and social harm caused by illegal drugs, as well as estimates on the impact of decriminalization and regulation on these costs. Use this research as the basis for modifying existing or implementing new social policies designed to reduce the public health impact of youth violence.

FIGURE 3: Cartel-Related Killings in Mexico by State, Jan. 1–Dec. 19, 2008



Source: “Cartel-related killings surpass 5,000 mark” in *News Report December 2008*. Justice in Mexico Project, Trans-Border Institute, University of San Diego, from data collected by *Reforma* newspaper.

Disrupting Weapons Trafficking

According to the U.S. Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), approximately 90 percent of the weapons confiscated from organized crime in Mexico

originate in the United States, including highly sophisticated arms such as M16 and AK-type weapons, as well as .30-caliber machine guns, 66-millimeter anti-tank weapons, and .50-caliber Barrett rifles. Additional cooperation to track weapons and identify purchases destined for the cartels will need to be a priority in the future. Policy options include:

- Increasing U.S. law enforcement personnel devoted to preventing the illegal trafficking of arms to Mexico. This should include additional ATF agents monitoring the more than 6,600 federally licensed firearms dealers (known as FFLs) along the border, and approximately 55,000 nationwide, as well as increasing the number of Industry Operations Investigators and special agents dedicated to monitoring, investigating, and thwarting firearm trafficking to Mexico.
- Increasing the number of U.S. investigators devoted to uncovering “straw purchases” and standardizing background checks at gun shows by tightening rules and regulations governing purchases at gun shows.
- Providing a mechanism for U.S. gun shop owners and private citizens to anonymously disclose information on individuals they suspect are “straw purchasers”
- Expanding access in Mexico to the ATF’s Spanish-language e-Trace system for rapid identification of confiscated weapons in Mexico.
- Strictly enforcing the existing ban on imported assault rifles by restoring the pre-2000 rule and interpretation prohibiting the importation of “non-sporting” firearms including all “large capacity military magazine rifles” flooding the US market and finding their way into Mexico.
- Implementing an effective ban on all assault weapons that strengthens the modest restrictions that expired in 2004.

- Regulating .50-caliber sniper rifles under the National Firearms Act which requires registration with the Department of Justice, an expanded background check, payment of a transfer tax, and the sign-off of a local law enforcement official before the firearm may be transferred.
- Replacing the current ineffective ban on some types of armor-piercing handgun ammunition with one that incorporates a performance-based standard to ensure it applies to all handgun ammunition capable of piercing body armor.
- Repealing the Congressional prohibition on the release of data from ATF's crime gun trace database. The current restriction amounts to a special exemption from the Freedom of Information Act (FOIA) which prevents policymakers and academics from analyzing the data to identify effective policies to prevent gun trafficking. The restrictions also severely hamper the ability of law enforcement agencies to analyze firearms trafficking patterns or identify corrupt gun dealers.

Preventing Money Laundering and the Transfer of Bulk Cash

Interrupting the flow of money from drug sales in the United States to Mexican cartel operations may be the most effective and most difficult way to undermine the power of the cartels. With estimates of US\$15 to 25 billion from illegal drug sales entering Mexico each year from the United States, the cartels have tremendous resources to ply their trade and corrupt government officials and private citizens. Broadly speaking there are two ways money from drug sales and other illegal activities are brought back to Mexico: through a series of electronic transfers that mask the illegal origins of the money and in bulk cash transfers over the 2,000-mile U.S.-Mexico border. Options for additional cooperation include:

- Greater symmetry between legal and regulatory frameworks in each country to ensure that

financial transfers receive the same level of scrutiny in each country.

- Coordinated regulation of currency exchange houses on both sides of the border.
- Cooperation in income-tax administration to minimize tax evasion and reduce opportunities to avoid scrutiny by public ministries such as Hacienda and Treasury.
- Improving collaboration on joint efforts that aim to freeze assets or accounts of transnational criminals.
- Lowering the threshold for the mandatory reporting of single-transaction currency transfers and cash importation into Mexico, from the current level of US\$5,000, and establishing automatic triggers for reporting repetitive transfers in a single day.

STRENGTHENING CIVILIAN INSTITUTIONS

Defeating organized crime and restoring a sense of security in Mexico will be a complex and difficult task. Nevertheless, President Calderon has already made this the top priority for his government and has mobilized massive federal resources and personnel to confront the problem. The United States has joined in supporting these initiatives by approving \$400 million in cooperation as part of the Merida Initiative.

A key element of this strategy includes restoring public confidence in Mexico's civilian institutions to ensure greater collaboration between Mexican society and its government, and between Mexico and the United States. Lack of public confidence in judicial, law enforcement and other civilian institutions undermines their ability to effectively fight organized crime. Training and equipment are important and necessary for increasing the technical capacity of public institutions, but measures that increase transparency and accountability in government and strengthen the rule of law are equally important. Failure to restore

public confidence in its institutions can only undermine Mexican and U.S. efforts.

Promoting Judicial Reform

Establishing the rule of law is an essential ingredient for democratic governance and must be a central element in a comprehensive strategy to combat organized crime and violence in Mexico and the United States. Effective implementation of Mexico's judicial reforms, and undertaking reforms at the state and local level, are vital to ensuring a sustainable long-term strategy against organized crime. Policy options to strengthen the institutional framework for Mexico's justice sector might include:

- Effective implementation of Mexico's 2008 judicial reforms, which should be a priority and not overshadowed by police modernization efforts. A narrow focus on aggressive policing at the expense of justice sector reform and strengthening will undermine the rule of law and further erode public confidence in government institutions. Effective prosecutions based on respect for human rights and civil liberties must go hand-in-hand with policing efforts.
- Justice sector reform at the state level, which is as important as federal judicial reform.
- Quickly reducing the number of people in pretrial detention currently estimated to be 40 percent of the prison population, and limit the use of detentions without charges (arraigo) Prisons have become recruiting centers for organized crime, and lengthy pre-trial detention and "arraigo" increase the chances of abuse, further undermining public confidence in the authorities Improvements in the prison management system are essential and can be achieved by offering alternatives to pretrial detention such as plea bargaining, by easing overcrowding and poor living conditions that contribute to despair and greater drug use, and

by encouraging alternative sentencing options for certain non-violent criminal offenses.

- Encouraging bi-national collaboration on investigations, particularly in sharing techniques in science and forensics; boosting cooperation could help increase Mexican federal and state capacities to conduct effective forensic investigations.
- Funding a cross-border Master's program in legal education that focuses on standards and procedures for litigation and prosecutions of organized crime in each country.
- Funding programs and clinics and revamping law school curriculum to educate Mexican legal practitioners, especially public defenders, on oral argument techniques and the fine points of implementing a justice system based on the concept of "presumed innocence."
- Encouraging and expanding the use of alternative dispute resolution mechanisms
- Encouraging the use of digital and new technologies to make the justice system more transparent, including with regard to judicial decisions and rulings.

Modernizing the Police

Corruption and infiltration of police and law enforcement agencies by organized crime undermines public confidence in the police and make collaboration between police and citizens extremely difficult. Collaboration and coordination between and among law enforcement agencies is likewise diminished as a result. Restoring the public's confidence in these institutions is critical and can be attempted in the following ways:

- Establishing and funding mechanisms for internal and external review (transparency) and control (accountability) of federal police forces.

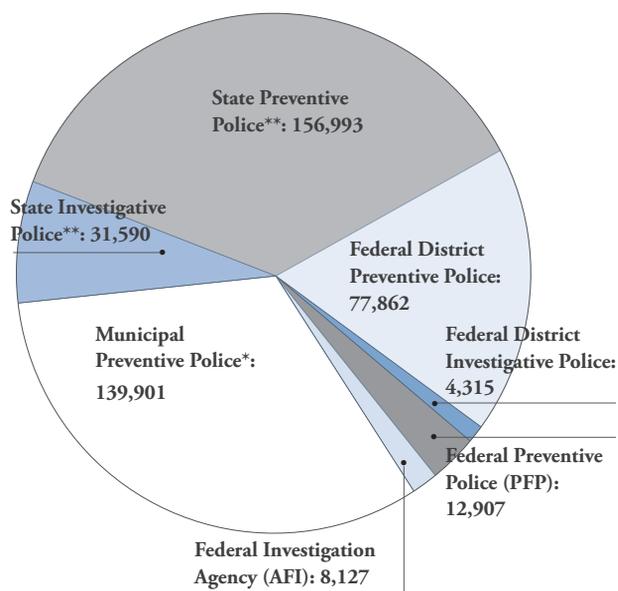
This would include ensuring the full operation of the National Registry of all law enforcement agents at federal, state and local levels.

- Extending police reform and professionalization programs, as well as internal and external review mechanisms, to state and local forces; and creating mechanisms for greater information sharing between federal, state and local forces.
- Strengthening counter-intelligence procedures including use of polygraph and background checks (*exámenes de control de confianza*), as well as the expanded use of financial disclosure procedures and audits for law enforcement officials in highly sensitive positions.
- Strengthening police professionalization programs by establishing a career track within federal and state police forces; establishing elevated standards for entrance exams and education levels for new recruits; setting standards for promotion based on independent professional review and competence; requiring continuing education and training for all personnel regardless of rank and years of service; increasing training in technical areas such as investigations, crime scene protection, maintaining chain of custody for evidence, and international standards in deadly use of force; and establishing better pay and benefits.
- Focusing on efforts to establish law and order in all sectors of society as an important complement to establishing specialized counter-narcotics forces. Effective state presence and public security is needed throughout the country to ensure that organized crime cannot simply shift to areas of weak state presence.
- Encouraging research and policy that recognizes the benefits of restorative justice principles, i.e. the application of alternative dispute resolution mechanisms as effective crime deterrents
- Encouraging scientific research on the effectiveness of current law enforcement policies

and priorities, especially regarding increases in the numbers of police officers as an effective crime-deterrent.

- Identifying community policing success stories at the municipal level in Mexico that can be replicated in other localities.

FIGURE 4: Mexican Police Forces, 2007



*All municipalities
 **Excluding Federal District

Source: Sergio Aguayo, *El Almanaque Mexicano 2008*, Mexico City: Aguilar, 2007–2008, 153–154.

Modernizing the Military

Recognizing that the armed forces are playing a role in efforts to fight organized crime, it is important to ensure that the armed forces both have the equipment and training necessary to carry out their functions and are subject to transparency and accountability criteria similar to other government agencies engaged in combating organized crime. In this way, Mexico can bolster efforts to ensure that the armed forces do not fall prey to the coercive effects of corruption. Options for achieving this goal include:

- Increasing and expanding transparency and accountability mechanisms between civilian and military authorities including greater oversight by the Mexican congress, and increased expertise and capacity amongst civilian advisers to congressional committees.
- Encouraging a public debate that seeks to build consensus within the national Congress and civil society on criteria for a limited and temporary role for the armed forces in combating organized crime.
- Utilizing operational and intelligence gathering capacity of the armed forces to strengthen civilian institutions.
- Defining criteria and a timetable for withdrawal (exit strategy) for Mexico's armed forces from law enforcement activities.
- Democratizing the military's decision making process by incorporating input and expertise of civilian institutions such as the PGR, SSP and CISEN already engaged in combating organized crime.
- Reforming the military code to guarantee civilian trials for military personnel allegedly involved in cases of human rights abuses while involved in domestic law enforcement operations.

Providing Bilateral Support for Institutional Reform

While efforts at institutional strengthening must be debated by Mexican society and policymakers, and implemented by the Mexican government, the U.S. government can play a supporting role when asked by:

- Providing funds for comparative analysis and determining best practices in judicial strengthening efforts and police reform in other countries such as Chile, Brazil and South Africa, among others.

- Supporting Mexico's investigative capacity, which could include training in areas such as the chain of custody, evidence handling, and in international best practices and standards in criminology, such as collection and publication of crime statistics. The majority of those detained for drug-related crimes are small-scale dealers (*narcomenudistas*) or at the bottom of the drug trade. Enhancing investigative capacity would improve Mexico's ability to direct its resources more effectively and efficiently at the higher echelons of organized criminal groups, while carrying out evidence-based prosecutions against individuals responsible for common crime.
- Providing technical assistance and financial support for Mexico's efforts to create greater transparency and accountability mechanisms in judicial and law enforcement agencies.
- Supporting the standardization of victimization surveys with standard categories and methods for public reporting of crime statistics.

STRENGTHENING LAW ENFORCEMENT COOPERATION

While each country must undertake important reforms on its own, binational cooperation is also a crucial element of a successful strategy to combat the transnational threat of organized crime. Security cooperation between Mexico and the United States has increased significantly in recent years, with the Mérida Initiative representing a major leap forward in this trend. Nevertheless, law enforcement cooperation must be further strengthened and broadened to include greater use of joint operations between U.S. and Mexican law enforcement agencies, expanded intelligence sharing, and stronger cooperation in prosecutions. Policy options for each area include:

Strengthening Joint Police Actions

With multiple law enforcement agencies operating on both sides of the border, sometimes with overlapping or conflicting jurisdictions and duties, it is essential that communications and collaboration be streamlined and consolidated as much as possible. In addition, competition for resources and lack of trust in other agencies within a government or across the border are very real and serve to undermine the effectiveness of law enforcement efforts. As such, policy options may include:

- Conducting a full review of best practices and lessons learned from other instances of cross-border inter-agency cooperation that lead to effective law enforcement efforts. Important lessons could be taken from efforts to combat child abduction and human trafficking, for instance.
- Based on this analysis, establishing joint or combined bi-national law enforcement units capable of quick response to cartel activity. These units should be fully vetted, well trained, and continually monitored, internally and externally, for potential infiltration by organized crime. They should be fully integrated with operational capacity in law enforcement, intelligence gathering, and prosecution.
- Increasing operational integration between local, state, and federal police forces engaged in combating organized crime activities in both countries. In the case of Mexico, constitutional reforms will first need to be enacted to enable closer collaboration between federal, state, and local law enforcement to combat organized crime.
- Increasing cross-border rapid response hotlines like those in use in El Paso/Ciudad Juárez for quick response to cartel activity in border cities.

Sharing Intelligence

Effective law enforcement operations, investigations, and prosecutions depend in a significant way on the authorities' capacity to gather intelligence effectively, and utilize it in a timely manner. Sharing intelligence between Mexican and U.S. police and prosecutors has been hampered by several factors, but especially by mistrust and fear of corruption. Failure to effectively share intelligence has meant that important opportunities to strike a blow at organized crime have been missed. Options for improving intelligence sharing include:

- Joint consultations on intelligence data-system construction, e.g., Plataforma México and the DEA's Narcotic and Dangerous Drug Information System.
- Joint consultations on developments in information-sharing among national-level agencies and between these and state-local-tribal levels.
- Expanding the Southwest border "High Intensity Drug Trafficking Area" program to include collaboration with Mexican law enforcement agencies.
- Undertaking a review of the quality and efficiency with which actionable intelligence is developed and shared among law enforcement services, and making recommendations for improving systems for sharing actionable information.
- Consultations on best practices for training of intelligence analysts and operatives.
- Strengthening counter-intelligence procedures including use of polygraph and background checks (*exámenes de control de confianza*), as well as the expanded use of financial disclosure procedures and audits for Mexican military intelligence services and the high command

(Estado Mayor) of all branches of the armed forces;

- Strengthening the capacity and oversight of information and intelligence offices within the federal Attorney General’s Office (PGR), such as the Deputy Attorney General’s Office for Special Investigations into Organized Crime (SIEDO), and the AFI (Federal Investigation Agency); and, the intelligence units within the Public Security Secretariat (SSP) and the Federal Preventive Police (PFP).
- Increasing the capacity of the Center for Research and National Security’s (CISEN) to gather intelligence on organized crime groups and “narco-politics” given that significant information exists suggesting that federal, state and local authorities have been infiltrated by organized crime.

Ensuring a Regional and Multilateral Approach

The overarching architecture of this cooperative venture should be regional as well as bilateral. U.S. and Mexican efforts to address the shared challenge of fighting organized crime and narcotics trafficking cannot take place without extensive coordination and communication with other partners in the region. Drug cartels are organized across national boundaries and law enforcement, treatment and prevention strategies need to build channels for cooperation amongst all countries affected. Moreover, successful strategies to control organized crime between the United States and Mexico will inevitably shift trafficking routes elsewhere in the hemisphere, so efforts to work collectively are essential from the outset. Regional and multilateral efforts are already underway, but options for broadening and strengthening these mechanisms should include:

- Expanding U.S. and Mexican involvement and participation in the Security Commission of the Central American Integration System (SICA).

- Mexico and the United States should support efforts to make demand reduction—treatment and prevention—the centerpiece of the 1998–2008 Review of the United Nations General Assembly Special Session (UNGASS) on illicit drugs.

Promoting Partnership with Civil Society

Effective law enforcement, democratic governance, and social programs depend on building trust and collaboration between citizens and the State. Building citizen trust in government agencies requires enabling a better informed citizenry through greater transparency and accountability in government, and the willingness of governments to listen to citizens and organized civil society. Civil society can provide an important check on government power, warn of corruption, and provide innovative prevention services if their voice is given legitimacy by the media and government authorities. In the particular case of combating organized crime, both countries should consider:

Establishing a binational review panel to assess progress in meeting the goals and objectives of each country in areas of reducing demand for illegal drugs in both countries, reducing organized crime violence, strengthening judicial and law enforcement cooperation. The review panel would meet twice annually to report on progress in meeting pre-defined goals, and make recommendations for enhanced cooperation and further policy reforms need to accomplish the goals. The panel would be made up of state and federal officials, representatives of national legislatures, as well as key experts drawn from academia, journalism, and non-governmental organizations. The panel’s primary function would be to issue an annual progress report and recommendations for improvements in policy and practice.

CONCLUSION

There is no magic bullet for dealing with the threats posed by organized crime in the United

States and Mexico. Effectively addressing these problems will require a sustained multidimensional approach for dealing with the security and law enforcement challenges, institutional weaknesses, and social policy aspects of the problem. Successful collaboration through a broader

agenda of cooperation can pave the way toward the formulation of joint strategies to confront organized crime and drug abuse in both countries. The task is urgent and citizens in both countries are anxiously awaiting action by their governments.

Making Economic Integration Work for All: An Agenda for Trade and Development

The United States and Mexico have undergone an accelerated process of economic integration over the past two decades. Trade has tripled between 1990 and 2008, influenced by the North American Free Trade Agreement (NAFTA). Mexico is now the United States' third largest trading partner and the second destination of exports, accounting for roughly an eighth of all U.S. exports. Twenty-two U.S. states depend on Mexico as their first or second destination for exports, and this is especially important for Texas, Arizona, Nebraska, California, and Iowa. The United States accounts for roughly two-thirds of Mexican trade and is the destination of 82% of its exports. Most of Mexico's oil exports go to the United States which, in turn, depends on Mexican oil for more than a tenth of its imports. U.S. foreign direct investment in Mexico has increased dramatically.⁹ Since 1994, the U.S. has accounted for 62 percent of all foreign direct investment (FDI) in Mexico. In 2007, FDI into Mexico reached record levels of \$27 billion, a rise of 37.8 percent over the previous year.¹⁰ Mexico's own FDI has also risen noticeably in cement, bakery goods, glass and other activities in which major Mexican multinationals have set up

production facilities in the U.S. market. Even the labor markets of the two countries have become increasingly intertwined, with immigrant workers from Mexico accounting for a significant part of labor market growth in the United States and even contributing to the solvency of U.S. entitlement programs.

While NAFTA succeeded in its central goal of facilitating the flow of goods and increasing investment, since 2001 the growth in trade has been less than one third of what it was in the previous seven years, only 3 percent since 2001 versus 9.8 percent before then, with China and other Asian countries dramatically increasing their share of the U.S. market. Insufficient infrastructure at the border, long and often unpredictable crossing times, differences in regulatory frameworks, and trade disputes all have helped undermine the potential for greater commercial ties. The inability of trucks to deliver cargo across the border imposes an added drag on the economies of both countries, especially in those states that depend heavily on bilateral trade.¹¹ These implicit barriers to trade have a disproportionate effect on small and medium

9. See data in Andrew Selee, *The United States and Mexico: More Than Neighbors*, Washington, DC: Woodrow Wilson Center, 2007.

10. Secretaria de Economía, Dirección General de Inversión Extranjera, Comportamiento de la Inversión Extranjera Directa en México (www.economia.gob.mx)

11. See Sidney Weintraub, "Trade, Investment, and Economic Growth," in Weintraub, ed., *NAFTA's Impact on North America*, Washington, DC: CSIS, 2004; Gary Hufbauer and Jeffrey Schott, *NAFTA Revisited: Achievements and Challenges*, Washington, DC: Institute for International Economics, 2005; and "Building a North American Community," Council on Foreign Relations, Independent Task Force Report No. 53, 2005.

businesses that would like to take part in binational trade and on the economies of border cities and states. Moreover, the three countries of NAFTA have done little to think strategically together about their competitive position in the global economy vis-à-vis China or other trading blocs. *Addressing implicit barriers to trade between Mexico and the United States, and thinking strategically about positioning in the global economy, could help stimulate the economies of both countries, especially in border states, and open opportunities for small and medium businesses to participate in binational trade.*

Despite growth in trade and investment, not enough attention has been given to deepening economic integration beyond trade and investment. NAFTA has not established a broader agenda for stimulating the type of economic development needed to address job creation and close the income gap between Mexico and its two trading partners. *A key goal of a post-NAFTA agenda should be to reduce income disparities and raise living standards.* Mexico's GDP per capita remains roughly a sixth of that of the United States, similar to levels in the early 1990s.¹² Mexico's lackluster growth stems, in large part, from broad macroeconomic and structural policy deficiencies. Monopolies in key industries undercut productivity and limit Mexico's competitiveness. Moreover, Mexico's highly populated southern and central states often lack the necessary infrastructure to link effectively to the global economy as well as the human capital that would

allow them to be competitive.¹³ Credit for micro, small, medium businesses still lags far behind the country's entrepreneurial potential, and most SMEs are only weakly linked with larger export industries.¹⁴ The drop in the price of corn, which sustains a significant percentage of the population in the south of Mexico, has further accentuated poverty in these regions.¹⁵ Migration has become an alternative to development, with almost 7.5 million Mexicans moving to the United States between 1990 and 2006.¹⁶ *The two governments have an opportunity to work together to manage economic integration in a way that could lift the economic futures of both.*

The interdependence of the two economies makes Mexico one of the most vulnerable countries in Latin America during the present global financial turmoil. Mexico will be affected especially from a fall in U.S. imports, declining remittances from the United States and reduced demand for tourism.¹⁷ The U.S. recession, which is expected to deepen in 2009, will have a dramatic effect on Mexico's prospects for growth.¹⁸ Increased unemployment in the U.S. labor market and a slowdown in the construction and service industries, are expected to force unprecedented number of documented and undocumented Mexican migrants to go back to Mexico where they have little hope of finding jobs in the formal economy. In addition, the financial crisis has caused the value of the Mexican peso to drop to record levels, despite the Banco de Mexico

12. There is, however, some evidence of convergence on macroeconomic performance, as noted by Carol Wise, "Unfulfilled Promise: Economic Convergence under NAFTA," in Isabel Studer and Wise, eds., *Requiem or Revival: the Promise of North American Integration*, Washington, DC: Brookings, 2007.

13. Robert A. Pastor, *Towards a North American Community: Lessons from the Old World for the New*, Washington, DC: Institute for International Economics, 2001. See also Lederman, Maloney, and Servén, *Lessons from NAFTA*.

14. Enrique Dussell Peters, *Polarizing Mexico: The Impact of a Liberalization Strategy*, Boulder: Lynne Rienner, 2000.

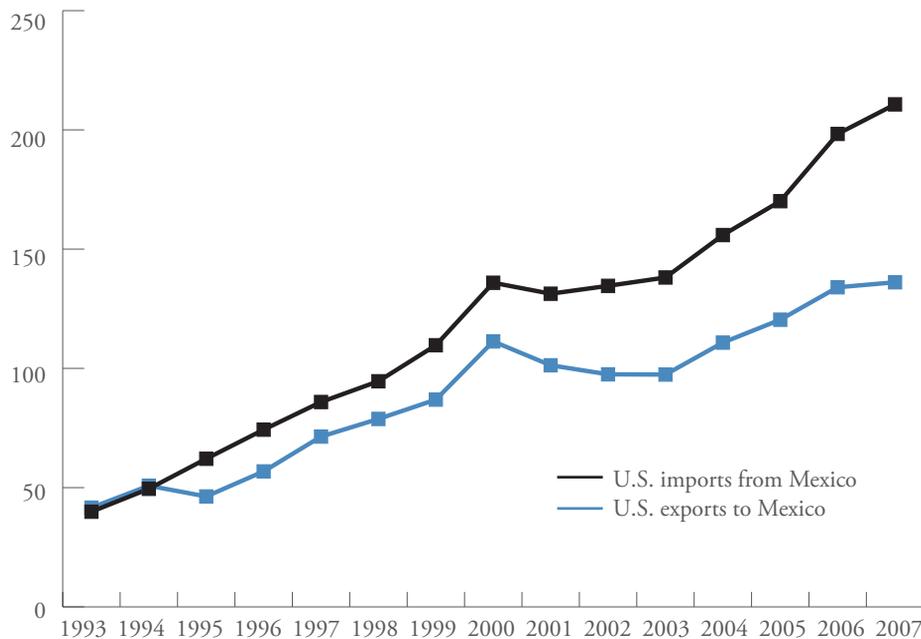
15. Polaski, "The Employment Consequences of NAFTA." See also Mamerto Perez, Sergio Schlessinger, and Tim Wise, *The Promise and Perils of Agricultural Trade Liberalization in the Americas*, Washington, DC: Global Environment and Development Institute of Tufts University and WOLA, 2008.

16. Jeffrey Passel, "Unauthorized Migrants: Numbers and Characteristics," Washington, D.C., Pew Hispanic Center, June 14, 2005 with data from the 2004 Current Population Survey

17. *Regional Economic Outlook, Western Hemisphere*, International Monetary Fund, Page 20, October 2008.

18. In November, the multilateral financial organizations lowered Mexico's GDP growth from an estimated 1.9 % in 2008 to 0.9 % for 2009. The Banco de Mexico's growth forecast for 2009 is between 0.5 % and 1.5 %, depending on how deep and long lasting the U.S. recession turns out to be.

FIGURE 5: U.S. Trade with Mexico, 1993–2007
(in billions of dollars)



Source: U.S. Census, Foreign Trade Statistics

deployment of billions of dollars of reserves to try to maintain its value during October 2008. The Bolsa, Mexico's stock market, paralleled the extreme volatility of its U.S., European and Asian counterparts. Although Mexico was virtually free of the toxic mortgage-backed securities at the heart of the crisis, and the Mexican government has followed conservative and responsible fiscal policies, the country's economy has been hit by declining oil prices and the turmoil of the highly speculative derivatives market in which Mexican corporations were involved.¹⁹ The move by the U.S. Federal Reserve to extend emergency currency swap lines to Mexico and other emerging economies helped restore confidence in the Mexican currency.²⁰ The Fed's concern about Mexico's financial well-being is not new. In the

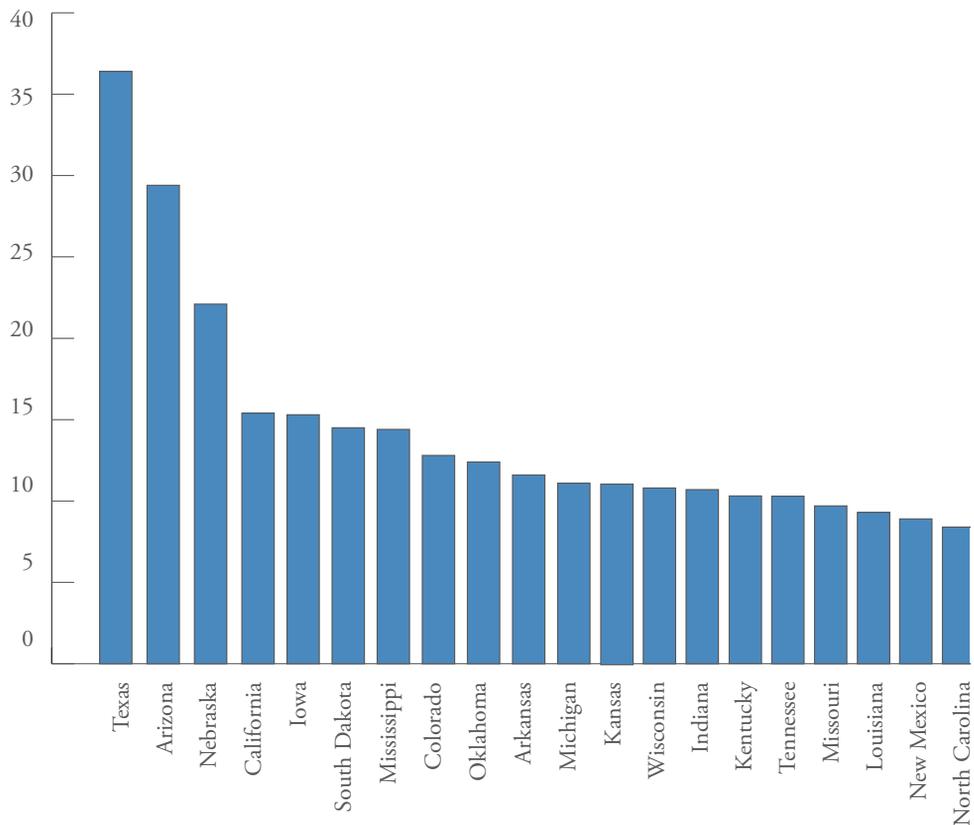
aftermath of the assassination of the ruling party's presidential candidate in 1994 which provoked massive capital flight, the Federal Reserve's Open Market Committee established the North American Framework Agreement (NAFA), and the associated bilateral reciprocal currency ("swap") arrangements with the Banco de Mexico and the Bank of Canada. The Fed's swap arrangements, which are renewed yearly, are in the amount of \$3 billion to Mexico and \$2 billion to Canada. The Department of Treasury, through its Exchange Stabilization Fund, which was used to lend funds to Mexico in 1995, is also a NAFA participant. During the 1982 debt crisis and the 1994–95 peso crisis, the Fed played a pivotal role in assisting Mexico to renegotiate with its foreign creditors and meet its dollars liquidity needs.²¹ *This close*

19. The Mexican government's fiscal finances were largely protected against the drop in federal oil revenues, at least for 2009, by the timely sale of oil futures while the price of oil was still high.

20. Banco de Mexico, Press release, October 29, 2008; Board of Governors of the Federal Reserve, Press Release, October 29, 2008.

21. Minutes of the Federal Open Market Committee, May 9, 2007.

FIGURE 6: U.S. State Exports to Mexico, 2006
(as a percentage of total exports)



Source: U.S. Census Bureau, Foreign Trade Statistics.

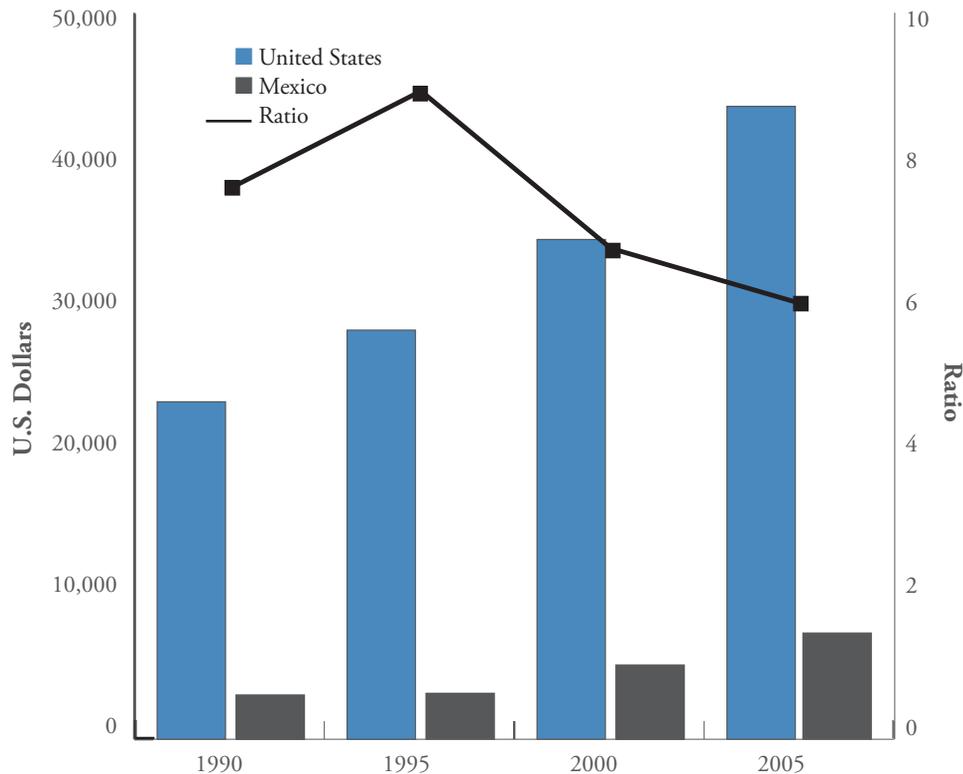
collaboration between Mexican and U.S. financial authorities underscores the importance of timely and coordinated actions in crisis management.

Crises offer challenges and opportunities for long term strategies. The current downturn highlights, perhaps more than other times in the past, the need for better macroeconomic policy consultation and short-term crisis management mechanisms to avoid sudden shocks to the economies of both countries by developments that take place on either side of the border. History shows us that each country benefits from its partner's success and each is diminished by

the other's problems. The United States has a vested interest in Mexico's economic and social stability and long-term health, given the impact that Mexico's economy has on U.S. exports and on migration. Financial mismanagement and insufficient regulation in the United States have had a direct impact in Mexico. And although good macroeconomic management has allowed Mexico's economy to grow gradually since the late 1990s,²² the lack of attention to crucial structural reforms, including rule of law, competition policy, tax collection, labor laws, primary and secondary education, energy and monopolies have limited the

22. Joydeep Mukherjee, "Mexico's Challenge: Moving from Stability to Dynamism," Center for Hemispheric Policy, University of Miami, August 11, 2008.

FIGURE 7: U.S. GDP per capita vs. Mexico GDP per capita, 1990–2005



Source: Development Data Group, World Development Indicators, World Bank, 2006.

potential for growth and highlighted weaknesses in Mexico's economy.²³ Insufficient investment in infrastructure and human capital create long-term drags on the Mexican economy and, in turn, limit the potential for economic growth, with secondary effects on the U.S. economy. While these are essentially matters of domestic policy in each country, *both governments have a vested interest in improving communication, pursuing a more viable process of engagement on macroeconomic policy and maintaining a critical dialogue about the need for sound economic policies in both countries.*

Given the importance that bilateral economic integration has for economic growth and development in both countries, the two

governments could do far more to maintain high-level attention on the best ways of managing this relationship. The principal institutional framework for economic dialogue in recent years has been the Security and Prosperity Partnership (SPP); however, the issues related to security have almost always trumped those related to prosperity, and the design of the process has largely excluded most important stakeholders in the economic relationship between the two countries. Similarly, the labor and environmental commissions, which were designed parallel to NAFTA, have been left to languish with insufficient funding and unclear mandates. The North American Development Bank (NADBank), created as a parallel tool for

23. Gerardo Esquivel and Fausto Hernández Trillo, "How Can Reforms Help Deliver Growth in Mexico?" unpublished manuscript. See also Daniel Lederman, William F. Maloney, and Luis Servén, *Lessons from NAFTA for Latin America and the Caribbean*, Palo Alto, CA: Stanford University Press and the World Bank, 2005.

development for Mexico and the United States, has only a limited mandate and is far from meeting the larger challenges the two countries face. A new U.S. administration brings the opportunity to deepen the process of consultation and dialogue and to assess the effectiveness of existing bilateral institutions. *The two countries, together and in partnership with Canada, have an opportunity to design new institutional arrangements that ensure high-level communication and problem-solving on economic issues and allow them to address major challenges that economic integration produces.*

DEALING WITH CYCLICAL ECONOMIC CRISES

Mexico and the United States would benefit from an enhanced dialogue on economic policy, including closer consultation in dealing with economic shocks. Much of the work that needs to be done on each side of the border to invigorate both economies requires unilateral action by each government, but ongoing dialogue between them could help encourage cooperation. Policy options include:

- Keeping the bilateral relationship in mind when pursuing measures to stabilize the economy during a crisis. Because major shifts in monetary and fiscal policy in one country can have sharp effects on the other, prior consultation can mitigate secondary effects across the border.
- Institutionalizing periodic consultations between the Secretary of the Treasury and Mexico's Finance Minister through regular yearly meetings with their Canadian counterpart. Extraordinary meetings can be called for in moments of crisis.
- Mexico is one of a handful of countries whose economic performance is regularly reviewed by the Federal Reserve Board's Open Market Committee, which meets eight times a year. The two governments can consider the option of having Mexico represented in these meetings with

voice but no vote, with a reciprocal arrangement for U.S. representation in similar instances of the Banco de México.

- Stimulating growth through structural reforms in both countries, including:
 - U.S. government commitment to promoting adequate regulation of mortgage and financial markets and reducing public deficits.
 - Mexican government commitment to ensuring the successful implementation of judicial reforms, implementing effective competition policies, and developing long-term strategic thinking on energy policy.
- Giving consideration to U.S. voluntary export restraints for white corn exported to Mexico to allow Mexico's small producers additional time to transition into other cash crops.²⁴

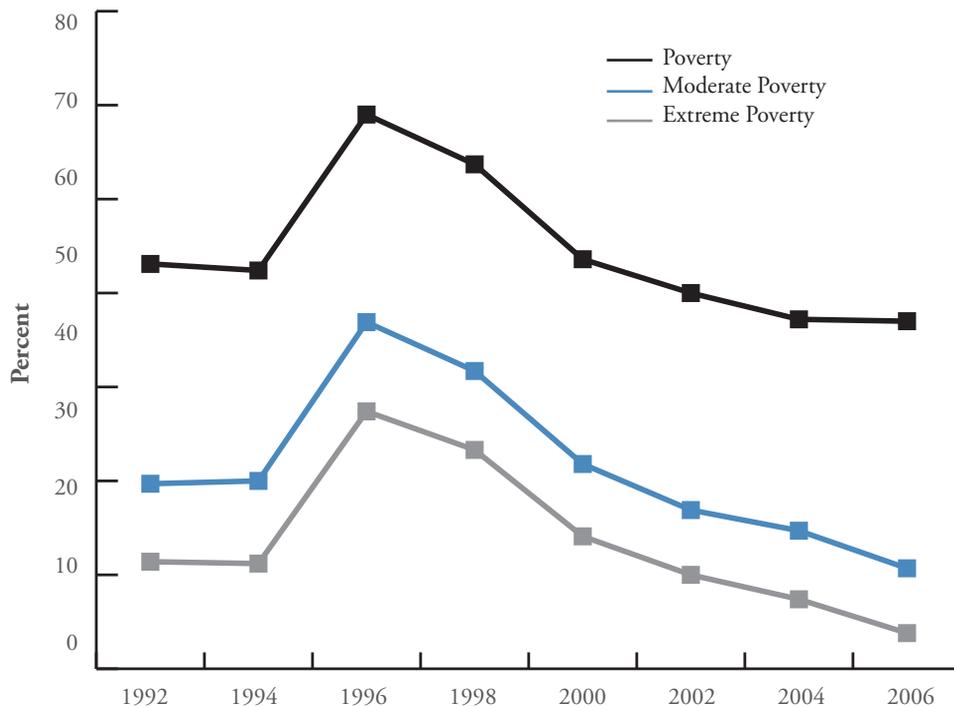
REDUCING TRADE BARRIERS

Both countries can benefit from removing unnecessary and often non-transparent barriers to trade. This can only be achieved through ongoing efforts between the two countries and with their third partner, Canada, to address existing barriers. Policy options include:

- Investing in border infrastructure and personnel to facilitate the movement of people and goods efficiently across the shared border. Priorities include an increase in U.S. customs and immigration inspectors, and priority construction of additional border crossings.
- Harmonizing regulations and labeling, including stronger coordination on health standards and food and product safety.
- Developing close consultations to avoid over-reaction against Mexican agriculture products

24. John Burstein, *U.S.-Mexico Agricultural Trade and Rural Poverty in Mexico*, Washington, DC: Woodrow Wilson Center, 2007.

FIGURE 8: Official Mexican Poverty Rate, 1992–2006



Source: CONEVAL, www.coneval.gob.mx

like the recent salmonella scare that affected Mexican producers and U.S. consumers.

- Solving the long lasting NAFTA trucking dispute to allow Mexican trucks to deliver cargo to destinations in the United States, and vice versa. This would benefit consumers in both countries by cutting down transportation costs.

ENSURING THAT TRADE LEADS TO DEVELOPMENT

The United States and Mexico have opportunities to work together to promote investments in infrastructure, human capital, technology, and credit that could help ensure that all citizens can benefit from economic integration and that this leads to a more robust convergence between the two countries. The impetus for these efforts in Mexico will have to come from the Mexican government and will almost certainly have to wait until the current economic downturn passes, but

bilateral (and trilateral) initiatives are likely to have a more significant impact and benefit all countries by ensuring a growing market in North America and a long-term reduction in migration pressures. Policy options include:

- Naming special representatives from all three countries to conduct an assessment of NAFTA's effects and ways of ensuring that trade can lead to better developmental outcomes in all three countries. This should involve a review of measures to ensure the adequate enforcement of environmental and labor standards in all three countries.
- Creation of a bilateral or trilateral fund for development that targets credit for micro, small, and medium businesses, infrastructure, and/or human capital. There are several ways to approach this:

- The Mexican government could create an autonomous agency with high transparency standards and public/private board to meet a targeted purpose, such as credit for micro, small, and medium businesses and invite the U.S. and Canadian governments, as well as the private sector, to join in the efforts. One option is for the Mexican government to create a Mexican Sovereign Wealth Fund (SWF) tied to revenue from oil, or other funding mechanisms, similar to the Chilean SWF or Fundación Chile, if oil prices rise in the future.
- The three NAFTA governments could create a North American Development Fund using public funds to invest in infrastructure and human capital.
- In the short-term, the U.S. and Mexican governments could discuss options for increasing development assistance through USAID.
- Improving access to healthcare through creative partnership between the two countries. Mexico could take a greater advantage of its proximity to the United States to provide surgery and recuperation in first-rate Mexican hospitals, as countries (India and Thailand) farther away currently do. The option of Medicaid paying for the cost of services for American citizens in nursing homes established in Mexican border towns could also be examined. The U.S. government could also assess the benefits to the U.S. health system of having Medicare services provided in Mexico to retirees who live there. The U.S. government could then consult with the Mexican government about the feasibility and potential benefits for the labor market of this option. Since Medicare services can be provided only in the United States, this would require a change in U.S. legislation.
- Developing a partnership around environmental technology and standards. The three NAFTA governments could create a North American emission trading system or regional coordinated carbon tax to limit carbon emissions. The three NAFTA governments could also form a North American research and development scientific group on clean coal technology and create incentives for strategic private sector partnerships for alternative energy.
- Expanding the mandate of the North American Development Bank (NADBank) beyond environmental concerns with some funding of private sector projects to generate interest can be used for social and economic development projects.

REDESIGNING INSTITUTIONS FOR CONSULTATION AND COOPERATION

To achieve these objectives, the governments would do well to rethink the current institutional structure for economic dialogue. While the Security and Prosperity Partnership (SPP) has helped address some barriers to trade, it has been conducted without monitoring by the public in all three countries involved, has no mechanism to address other critical concerns in the economic relationship, and has been overshadowed by the security components of SPP. Meanwhile, the labor and environmental commissions have languished as underfunded bodies with limited mandates. Policy options for the future include:

- Institutionalizing annual North American summit meetings attended by the heads of State from Mexico, the United States, and Canada.
- Creating trilateral working groups that includes government, business, and civil society from all three countries that takes into account the views of stakeholders in each area under discussion. This can be tied into the annual North American Heads of States meetings and include areas of current or potential cooperation such as

health standards, technology transfer, education cooperation, environmental cooperation, and labor standards.

- Agreeing on a broad agenda that can be renewed on a yearly basis.

- Developing mechanisms that ensure compliance with labor and environmental standards.

Overcoming Immigration Policy Failure and Enhancing U.S.-Mexico Cooperation

Failure has been the hallmark both of U.S. immigration policy and of attempts to reform it in recent years. In 2006 and 2007, bipartisan efforts at comprehensive immigration reform (CIR) legislation failed in Washington. Separate bills of more limited scope, focused on the status of undocumented students (the Dream Act) and of agricultural workers (AgJOBS), have also been introduced but have failed to come to a vote. At the same time, workplace raids, an increasingly fortified border, and state and local policies targeting immigrants have advanced. According to the Department of Homeland Security, however, since 2000 the unauthorized immigrant population has grown on average by 470,000 per year, reaching 11.8 million in January 2007.²⁵

The main piece of federal legislation to become law in this period was the Secure Fence Act of 2006—a measure that has served more to impede rather than to advance cooperation with Mexico in establishing control of immigration and the border. The Calderón administration, with four years remaining in power, still has not had the opportunity to substantively engage the United States on migration. This fact contrasts with the breakthrough achieved in bilateral cooperation in fighting drug trafficking, in the form of the Mérida Initiative. Immigration thus remains a complex of unresolved issues on the agenda for the

Obama Administration, the new U.S. Congress, and bilateral relations generally.

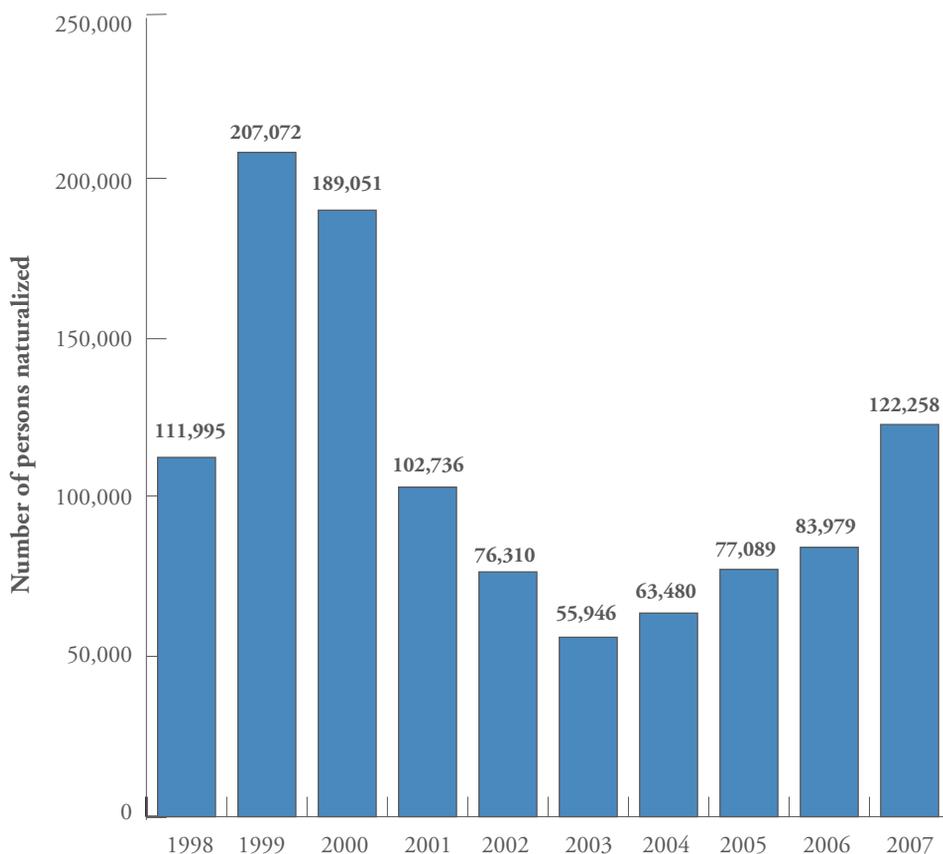
Several basic considerations must guide any attempt to resolve the challenges posed by the undocumented status of millions of immigrants and of continuing unauthorized flows: (1) neither mass deportation nor a legalization program perceived to encourage future unauthorized migration represent viable options, (2) enforcement measures alone will neither end undocumented flows nor induce self-repatriation on a significant scale, (3) even in recession and certainly beyond it, the U.S. economy will continue to rely on immigrant labor, and (4) greater bilateral cooperation with Mexico is needed to help reduce migratory pressures, to achieve control of the border, and to bring about a lawful labor migration regime. Mexico currently accounts for almost a third of all immigration to the United States and well over half of all unauthorized immigration.²⁶

The dominant view, therefore, that is generally shared by policy experts in both the incoming and outgoing administrations and which is backed by public opinion, is that a *combination of measures* is required in order to fix our “broken immigration system” in general, and to address unauthorized Mexican migration in particular. These will need to include:

25. Michael Hoefler, Nancy Rytina, and Bryan C. Baker, *Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2007*, Washington, DC: Department of Homeland Security, September 2008, p. 1.

26. *Immigration and Americas Future*, Report of a Task Force chaired by Spencer Abraham and Lee H. Hamilton, Washington, DC: Migration Policy Institute, 2005.

FIGURE 10: Mexicans Naturalized as U.S. Citizens, 1998–2007



Source: Department of Homeland Security, U.S. Citizenship and Immigration Service, Persons Naturalized by Region and Country of Birth.

recent years. In addition, U.S. visa policy and the sluggish immigration bureaucracy remain widespread sources of dissatisfaction and a barrier to implementing sensible immigration policy. The current visa system largely dates from the 1960s and makes little sense in the light of today's economic and social needs. Recent bipartisan reform efforts identified critical difficulties in balancing different immigration criteria with existing visa categories and quotas, yet these efforts failed to effectively resolve these challenges.

The major obstacle to immigration reform on the domestic front has been political. Furthermore, the weight of recent failures—now combined with the effects of the financial crisis and recession—has raised the question of whether the objective of

comprehensive immigration reform (CIR) should be abandoned in favor of some smaller components pursued separately. This paper argues for a series of policy steps that can be taken individually, while recognizing that *the broken migration relationship between Mexico and the United States will not be fixed until a critical combination of enforcement and legalization measures is in place, together with efforts to provide an alternative to migration*. Furthermore, some combined measures are needed not only to effectively meet the challenge of migration, but also to assemble the minimum political support needed to pass legislation.

On the bilateral front, cooperative efforts and dialogue on this issue have yet to recover from the breakdown of talks on migration between

September 11, 2001 and the start of the Iraq War in March 2003. However, new governments have been elected on both sides of the border since then, making some form of reengagement not only possible but also necessary. Preparations for the first meeting between Presidents Obama and Calderón, as well as for the renewal of the annual North American summit process, present key opportunities to place the goal of fashioning cooperative approaches to the management of migration on the bilateral and regional agendas.

There are also opportunities for reframing and refocusing immigration policy efforts by highlighting *immigrant integration* as a major national challenge, as well as by focusing in a number of ways on undocumented youth and children. Finally, we consider what Mexico might do to help reframe the binational policy debate, and how the incoming U.S. administration should organize itself to develop and pursue new approaches to these issues.

DOMESTIC POLICY OPTIONS *Enforcing Immigration Laws*

The main thrust of recent immigration policy has been on enforcement, especially since the collapse of reform efforts. However scaling back enforcement may not be an attractive early option for the new administration nor may it be conducive to smoothing the way for future reform legislation. But there are steps that can be taken that would contribute to reframing the policy debate and help prepare for future reforms while improving the quality, efficacy, and humanity of enforcement. The new administration can review and assess the effectiveness of the enhanced enforcement measures implemented by the federal government, as well as analyze the proliferation of punitive state and local policies targeting migrants. All aspects of immigration law enforcement, both internal and at the border should be thoroughly examined, including apprehension and detention policies, practices, procedures, capabilities, and costs. However, it should be understood clearly

that no set of enforcement measures will have a significant impact on immigration to the United States unless they are combined with a thorough revision of visa policies, including a regularization of those already in the United States working without documents.

Furthermore, the new administration can help to put more of a human face on the issue by bringing greater scrutiny to bear on several particular enforcement challenges, such as: (1) the exploitation of unauthorized migrants in the workplace; (2) the migration of unaccompanied minors, and the children who get separated from their undocumented parents in the United States (this issue is addressed in greater detail below); (3) the problem of deaths at the border; and (4) the deaths of detainees in immigration custody. There are also measures that can be taken to further develop the reliability of the federal government's identification and verification systems.

Some specific policy options include:

- Ordering an interagency review of enforcement policies. The experience of the DHS with immigration enforcement thus far calls for careful review and assessment and the development of new objectives and guidelines on that basis, within the context of a commitment to pursue enforcement effectively and intelligently. Workplace enforcement in particular should be combined with inspection of wage and working conditions abuses as part of a strategy that targets multiple-offender worksites in conjunction with Labor and OSHA inspections. The recent rise in workplace raids that focus exclusively on workers serves no purpose as a deterrent and has brought significant hardship to both authorized and unauthorized workers and their families.
- Monitoring of state and local measures to ensure greater coherence between local and national policies. The new administration might convene an inter-agency taskforce and/or a White House conference on state and local enforcement measures to review these policies in detail and to

highlight the need for national policy in place of a patchwork of responses.²⁷

- Reporting annually on deaths at the border. This provision of the 2007 compromise bill can be implemented without legislation, by instructing the Commissioner of U.S. Customs and Border Protection in DHS “to collect statistics relating to deaths occurring at the border between the United States and Mexico, including the cause and total number of deaths,” and to publicly issue these data annually.
- Reporting on deaths of detainees. Information regarding the treatment and fate of immigration detainees should be made more available, beginning with systematic collection and annual reporting by DHS on deaths of migrants in federal detention, in privately run prisons, and in county jails.²⁸
- Testing and improving the E-Verify system. This pilot online system for verifying the employment eligibility of new hires, operated jointly by DHS and the Social Security Administration, should be reauthorized, but only if subjected to rigorous and regular testing and updating, well before any further consideration of expanding or requiring its use beyond what has been the case thus far.
- Shelving “No-Match” letter enforcement. Department of Homeland Security rules requiring employers to correct discrepancies or fire employees identified in Social Security Administration “no-match” letters—which are currently blocked pending a ruling from

the Ninth Circuit Court—should be shelved altogether until such time as a fully reliable E-Verify system is in place.

- Improving the U.S. Passport card. Several problems and limitations of this new card-size version of the U.S. passport should be addressed, including the lack of encryption of its embedded RFID chip and its inadequacy for air travel to the same countries it can be used to travel to by land and sea (Mexico, the Caribbean, Canada, and Bermuda)

Promoting Immigrant Integration

The proliferation of state and local policies either explicitly targeted at immigrants or that have a direct and disproportionate bearing on the lives of immigrants in U.S. communities presents opportunities for reframing the objectives of immigration policy reform. Punitive policies along these lines in some states and localities have drawn media attention, but what is less well known is the significant number of such policies that aim instead at enhancing immigrant integration.²⁹ Principal among these are the provision of in-state tuition for undocumented immigrant children at public colleges and universities, “New Americans” policies that provide English-language instruction and that encourage naturalization of legal immigrants, and enhanced enforcement of wage, safety, and workers compensation laws. Somewhat differing groups of nine to ten states have adopted policies in each of these areas, and numerous local jurisdictions have adopted specific integration policies as well aimed at providing health,

27. The Migration Policy Institute hosts a comprehensive database of state-level immigration legislation, compiled and analyzed in collaboration with the NYU School of Law at http://www.migrationinformation.org/datahub/statelaws_home.cfm. The National Conference of State Legislatures has an Executive Committee Task Force on Immigration and the States, which offers its own overview of legislation, analysis of issues and policy recommendations at <http://www.ncsl.org/programs/immig/immigtf.htm> and <http://www.ncsl.org/programs/press/2006/immipolicy.htm>.

28. *The New York Times* reported on 5 May 2008 that it had acquired a list of 66 deaths that occurred in immigration custody from 2004–2007, obtained under the Freedom of Information Act. Nina Bernstein, “Few Details on Immigrants Who Died in Custody”: <http://www.nytimes.com/2008/05/05/nyregion/05detain.html?pagewanted=all>

29. See *The AntiImmigrant Movement that Failed: Positive Integration Policies by State Governments Still Far Outweigh Punitive Policies Aimed at New Immigrants*. A Report by the Progressive States Network (September 2008): <http://www.progressivestates.org/files/reports/immigrationSept08.pdf>. See also the sources cited in footnote 1.

education, and English-language instruction more effectively to newcomer communities.

Significant support for immigrant integration can also be found in the corporate sector. As a recent report from the Americas Society and Council of the Americas has detailed, a large number of major U.S. corporations either sponsor or directly offer programs in support of immigrant integration.³⁰ These include “training for skills development, financial literacy programs, English language courses, scholarships for higher education, information about access to health care, and campaigns for civic participation.” Major national non-profit organizations are also increasingly providing these services as a means of outreach to newcomer communities.³¹ The establishment of these state and local initiatives, and those pursued by corporations and non-profits, in the midst of the bitter national policy debate of recent years should be leveraged to help reframe and refocus the meaning of immigration reform.

The following policy options might be pursued to build on efforts by local and state governments, the private sector, and major non-profit organizations:

- Highlighting integrative and “New Americans” policies. A White House conference on the subjects of state and local immigrant integration policies on one hand, and private-sector initiatives on the other, could be convened to identify best practices and to foster links between supporters of immigrant integration across the country. Incentives to expand the role of corporate programs in support of immigrant integration should be identified and developed.
- Improving, reintroducing, and supporting the Dream Act. This bill, introduced in several forms by Senators Richard Durbin (D-IL) and Orrin Hatch (R-UT), would make college education

more feasible for qualifying undocumented graduates of U.S. high schools (estimated at over 60,000 per year), by providing them provisional legal status, encouraging their access to in-state tuition and in some versions allowing access to financial aid.

- Modernizing the Naturalization System by placing a high priority on the completion of modernization plans underway since the application fee hike of July 2007. This should include the continuing reduction of the application backlog and processing times and developing a plan to work with non-profit organizations and the media to encourage high levels of naturalization applications. Efforts might require all district directors of Citizenship and Immigration Services (USCIS) to report annually to the Director of USCIS on their outreach and collaborative efforts geared toward generating naturalization applications.
- Enforcing Wage & Working Conditions. In addition to combining immigration enforcement at the workplace with inspection for violations of wage, hour and work standards (as recommended above), the enforcement of labor standards could be strengthened across the board as part of a comprehensive strategy of immigrant integration, with additional resources for inspection, increased penalties for violations, and greater cooperation with state labor offices.

Overhauling the Visa System

Perhaps the most complicated element of any effort at immigration reform—but also the most important one—is revising the visa system itself. Current visa policies largely originated in the 1960s, when the workplace needs of the United States and the immigration flows from the rest of the world were substantially different than they

30. *U.S. Business and Hispanic Integration: Expanding the Economic Contributions of Immigrants*. A Product of the Americas Society and Council of the Americas (23 July 2008): <http://as.americas-society.org/article.php?id=1145>

31. See, for example, *Strengthening Inclusion: Engaging Newcomer and Immigrant Communities*, Chicago, IL: YMCA of the USA, 2008.

are today. Political realities will dictate when and how the U.S. Congress and Obama administration address visa policy; however, a sensible approach will have to include at least two elements:

- Increasing the number of work-based visas. Visa policy could be simplified by creating a single “provisional” category for visas, with a flexible number, that would allow immigrants to come to the United States on a temporary basis to fill jobs but with the possibility of applying for permanent residence and eventually citizenship if they lay down roots in the United States and meet a set of conditions of good citizenship. Levels for provisional immigration would be set substantially higher than current work-based immigration but lower than current unauthorized flows. An independent immigration board could adjust visa levels to respond to changing circumstances in the economy.³²
- Allowing unauthorized immigrants currently in the United States to accede to provisional, and eventually permanent, residency if they meet stringent requirements of good citizenship.

In the short-term, a major overhaul of the U.S. immigration system may not be politically possible. While a comprehensive overhaul is far superior to a piecemeal approach, if that is politically impossible, short-term policy options include:

- Approving the existing Agricultural Job Opportunities, Benefits and Security Act (AgJobs), which is a compromise between farmworker advocates and agricultural employers and would provide earned legalization for undocumented farmworkers and H-2A guestworkers.
- Approving legislation to ensure a major reduction in the visa backlog, which would have the effect of legalizing a large number of unauthorized immigrants who have pending visa applications

and help improve the capacity of the immigration system to handle future visa policy changes.

Administrative Organization

In spite of the separate and delinked quality of the foregoing recommendations, most of them probably cannot gain significant consideration without the formation of a dedicated, overall coordinating body within the new administration—an interagency working group charged with formulating a new strategic approach to the immigration issue and shepherding its implementation. The incoming administration should consider taking immediate steps to form such a strategic working group with representation from the White House, DHS, the State Department, the Department of Justice, and the Department of Labor, in order to lay out plans of action along multiple avenues from the start of the new presidential term. The administration might also create an undersecretary position for immigration and border control, which would help coordinate policies among the various agencies that address immigration issues.

ENHANCING BILATERAL COOPERATION

Although both the United States and Mexico view policies on migration as wholly domestic issues, clearly the sheer number of Mexicans who leave their home country to settle in the United States means that this is also a binational issue that requires ongoing dialogue and consultation, even if many of the specific policy decisions are taken through domestic channels. The growing presence of Mexican immigrants as civic and political leaders in both their U.S. home communities and their Mexican communities of origin further highlights the need for creative dialogue between the two countries.

Issues that might be on a U.S.-Mexico migration agenda include the possibility of enlisting Mexican cooperation in the development

32. *Immigration and America's Future*.

of a high-tech “virtual fence” in certain areas, instead of the more controversial “border wall”; greater bilateral dialogue and coordination in addressing third-country migrants; drawing new attention to the migration of unaccompanied minors and how they are handled, and addressing the development needs of migrant-sending areas.

The last of these, regarding the conditions that spur and sustain ongoing migration to the United States, merits special attention. Approaches to migration policy in the United States typically place the problem of the *causes* of migration last, after addressing enforcement, labor needs, legal migration policy, and the status of long-term undocumented residents. But relegating the consideration of the causes of migration to last place has led to chronic neglect of this dimension, which is often dropped altogether from policy reviews and proposals. This tendency calls for separate treatment of the developmental dimension, and toward this end in this paper the issue of causes will be addressed in some detail.

Addressing the Causes of Migration

Despite great public concern in the United States with sustained high levels of unauthorized migration primarily from developing countries, U.S. international development policy appears to never have been directed to address or even to examine the causes of this migration. As the U.S. Agency for International Development (USAID) *Mexico Country Plan* for 2003–2008 states in its

first sentence, Mexico “is not a traditional USAID recipient country.” Later, this report notes that “USAID/Mexico’s programs will not address migration directly...”³³

Although the Mexico Country Plan makes passing references to migration to the United States, it contains no section or even a paragraph on this subject. This is in spite of the fact that the “Core Strategy” volume of USAID’s *Regional Strategy for Central America and Mexico: FY 2003–2008* lists reducing illegal immigration as a U.S. foreign policy interest and goal in Central America.³⁴ The USAID budget for development cooperation programs in Mexico is currently listed at \$28.9 million, out of an FY08 budget for Latin America and the Caribbean of approximately \$963 million.³⁵

There are serious obstacles in both countries to expanding the role of U.S. foreign aid in addressing development issues in Mexico. But these obstacles need not preclude an examination by U.S. development experts of the phenomenon of mass out-migration as a development challenge of interest to the United States. In this regard, policy options include:

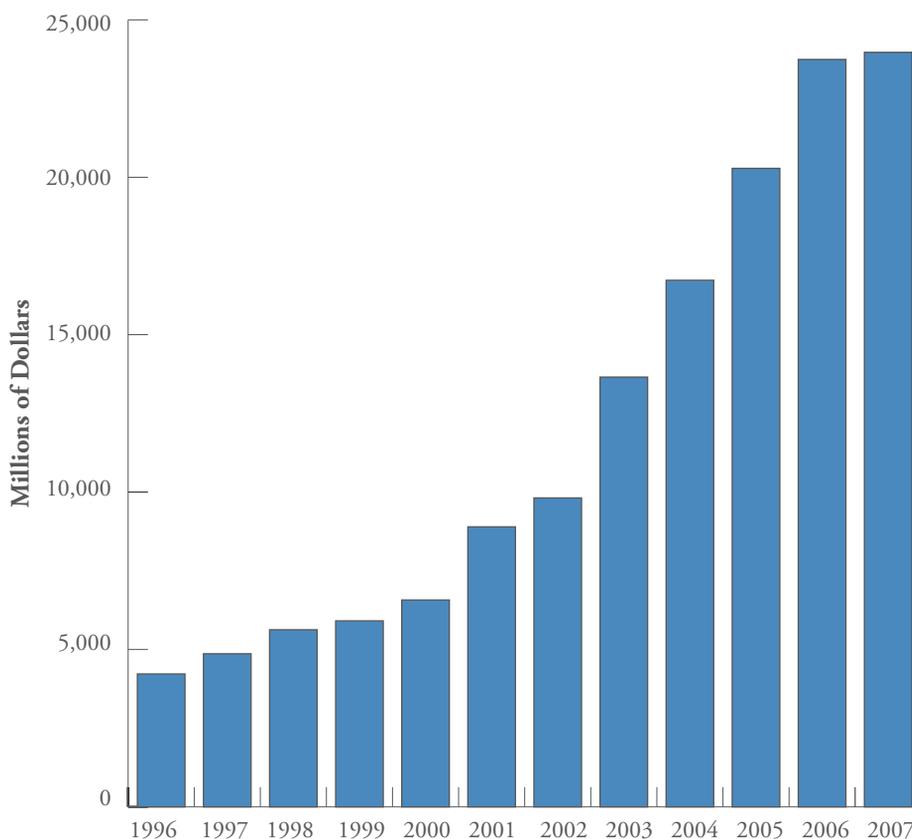
- The beginning of a review of U.S. policy on out-migration to assess the possibilities of cooperation with Mexico in the future on efforts to deal with this, including a systematic review of:
- The conditions and dynamics of out-migration, with particular attention to the

33. USAID, *Regional Strategy for Central America and Mexico: FY 2003-2008. Volume 2, Annex C Mexico Country Plan* (5 September 2003), p. 1: http://pdf.usaid.gov/pdf_docs/PDABZ674.pdf

34. USAID, *Regional Strategy for Central America and Mexico: FY 2003-2008. Volume 1 Core Strategy* (1 August 2003), p. 4 (http://pdf.usaid.gov/pdf_docs/PDABZ054.pdf), lists U.S. interests in the region as: Sustaining and deepening more open democratic systems across the region; Facilitating regional integration and “two-way” trade and investment between the United States and Central America; Promoting a more open, transparent and competitive market economy able to generate diversified investment and employment that will reduce poverty and lead to prosperity; Reducing illegal immigration and narcotics trafficking by reducing poverty, investing in people and collaborating on cross-border enforcement needs; Stemming global and regional threats from environmental and resource degradation and loss of biodiversity; and Containing the spread of infectious diseases, especially HIV/AIDS.

35. For Mexico see http://www.usaid.gov/locations/latin_america_caribbean/country/mexico/, for Latin America and the Caribbean see http://www.usaid.gov/locations/latin_america_caribbean/. It should be noted that supplemental funding for USAID programs in Mexico through the Merida Initiative will increase these funds significantly in 2008-2010, especially for programs on judicial strengthening.

FIGURE 11: Remittances to Mexico, 1996–2007



Source: Banxico

ongoing phenomenon of school abandonment and first-time migration by youth.

- Potential options for checking first-time migration, and the development of alternatives to cross-border migration.
- The dynamics of the geographic proliferation and spread of migration sending areas, and the identification of options for containing and avoiding both.
- The challenge of developing alternatives in southern Mexico to internal migration to the northern border region.

•Processes and problems of the reintegration of return migrants, with a focus on younger migrants with less experience in the United States.

- The optimal application of community development projects such as (but not limited to) those co-funded by migrant organizations and the Mexican government's "Three for One" matching funds program, for the purpose of mitigating migration pressures.

Any movement toward a role for U.S. foreign aid as part of a bilateral approach to addressing the causes of migration poses significant challenges for development specialists, leaders and constituencies in both countries. There is

recent experience on both sides, however, in meeting similar challenges, such as in the cases of the entry into Mexico of the U.S. Overseas Private Investment Corporation (OPIC) and the Peace Corps, both of which followed decades of exclusion, as well as the creation of the North American Development Bank (NADB). The advent of the North American Free Trade Agreement altered the course of U.S.-Mexico relations, the optimal terms of which have yet to be fully worked out.

The development of a deeper institutional understanding on the part of USAID of the conditions, causes and dynamics of mass migration to the United States is only a first, but critical step in drawing greater bilateral attention to this dimension of the migration policy dilemma. Another essential step would be a mandated review of U.S. foreign aid policy to determine the changes that would be needed to incorporate the mitigation of the causes of mass migration broadly into the definition of U.S. international development interests and objectives. A further step would be the formation of a working group that would include, among others, representatives of USAID, OPIC, the Peace Corps and NADB to begin a process of further acquiring and sharing knowledge of Mexican regional development policies and challenges, and engaging with key Mexican federal and local authorities in this area.

Promoting a Cooperative Approach to Border Control

The Secure Fence Act proposes a combination of hundreds of miles of double-layered fencing and a “virtual fence” in other areas made up of tower-mounted motion detectors, cameras and other surveillance equipment. The fencing or “border wall” has been badly received by a range of U.S. border jurisdictions and landowners, as well as criticized by Mexico. Meanwhile the virtual fence

project has run into serious technical difficulties. A more discriminating approach would include exploring the very real possibility of engaging Mexico in a cooperative approach to developing the high-tech virtual fence. The current delay in the progress of both types of border control should be used to engage Mexican authorities in the development of revised plans for the virtual fence. Some funds from the border fence might also be used more effectively to fund additional Custom and Border Inspectors, whose presence would greatly enhance the effectiveness of current checkpoints while ensuring greater security.

Addressing Third-Country Migrants

In October, Mexico reached agreements with Cuba to facilitate the return of unauthorized migrants using Mexico to reach the United States, and with Guatemala to achieve greater control over their common border. Coordinated intelligence, action and policy toward migrants from third countries should be a principal agenda item in the first encounters between the new U.S. and Mexican administrations. Our two governments can better face, acknowledge, and address their failings in this area and the multiple challenges of achieving humane control over their borders and migratory flows openly and together than they will by downplaying or ignoring these issues when they meet.

Humanizing Immigration Control

One promising potential avenue for bilateral cooperation and a reframing of the enforcement issue concerns the phenomenon of unauthorized migration by unaccompanied minors.³⁶ Mexico’s first lady, Margarita Zavala, herself a lawyer and former federal legislator, has spoken repeatedly on the subject of the tens of thousands of unaccompanied minors who are repatriated

36. See *A Child Alone and Without Papers: A Report on the Return and Repatriation of Unaccompanied Undocumented Children by the United States*. Center for Public Policy Priorities, September 2008: <http://www.cppp.org/repatriation/A%20Child%20Alone%20and%20Without%20Papers.pdf>

annually to Mexico by U.S. authorities. Two possibilities to be explored in this area are the formation of a binational working group or commission focused specifically on the challenge of unauthorized migrant children who arrive unaccompanied or become separated from their parents in the United States. The related possibility is the direct involvement of the Mexican first lady, and perhaps the U.S. first lady as well, in some manner in this approach. The initiative for this could come from the Mexican side, and specifically from the office of Margarita Zavala, but would require coordination with U.S. authorities.

Changing the Debate in Mexico

Mexican officials have repeatedly stated that migration to the United States should be “safe, orderly and legal,” and that migration should be a voluntary choice rather than necessitated by economic desperation. This position is tantamount to saying that unauthorized flows should end, but Mexico has been reluctant to explicitly state as much in so many words. In the United States, the accusation that Mexico benefits from and encourages illegal immigration raises the political costs of pursuing bilateral cooperation and dialogue. A more forthright expression of Mexican interest in ending unauthorized migration would empower advocates of bilateral approaches and reform. This interest should be based on both the hope that the United States will create a more welcoming immigration regime, but that the Mexican government will also take steps to create conditions for potential migrants to stay in Mexico (and current migrants to return).

It is politically impossible for the Mexican government to explicitly endorse the objective of ending unauthorized migration, for the sake of enhancing the prospect of bilateral dialogue and

cooperation on this issue, until such a position gains wider currency in Mexican society. However, Mexican opinion leaders can create the conditions for such a step by their own government. It would be healthy for Mexican leaders from a variety of sectors—including legislators, party leaders, intellectuals and others—to seriously consider how they can start to reframe the migration issue and thereby the conditions for bilateral cooperation, by working to establish Mexico’s interest in helping to finally bring an end to the long era of mass unauthorized migration to the United States.

Enhancing Regional Cooperation

Two aspects of regional cooperation are due for review and reform in relation to migration: the North American Free Trade Agreement (NAFTA), and the annual North American summit process that brings the three countries’ chief executives together outside of the NAFTA framework. Perhaps the weakest facet of both of these parallel institutionalized relationships is their treatment—or rather their non-treatment—of labor migration within the region. This omission is even more glaring than the neglect of mass migration in U.S. international development policy.

Labor issues are not addressed in the NAFTA accord itself but rather by a “side agreement” formally known as the North American Agreement on Labor Cooperation (NAALC). NAALC includes provisions regarding the protection of migrant workers, but there are no common laws or standards, no program for or oversight of migrant labor, and only weak mechanisms for advancing the enforcement of those protections that in principle exist in each country’s domestic laws.³⁷ NAALC created a trinational Commission on Labor Cooperation that issued a study in 2003 titled *North American Labor Markets: Main Changes Since NAFTA*.³⁸ This study, however, makes no

37. See *Protection of Migrant Agricultural Workers in Canada, Mexico and the United States*, Commission on Labor Cooperation (2002): <http://new.naalc.org/english/pdf/study4.pdf>

38. See the Commission’s web page at <http://new.naalc.org> and the report at http://new.naalc.org/english/pdf/labor_markets_en_1.pdf. The Commission’s Secretariat is located in Washington.

mention whatsoever of migratory labor flows.

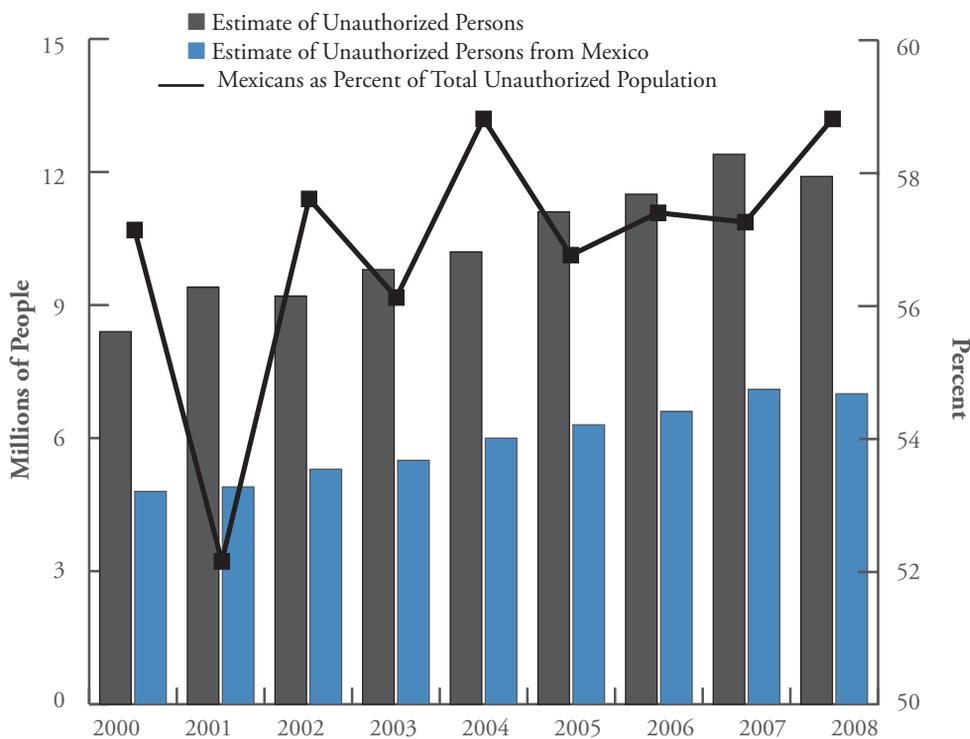
As for the annual meetings of the North American heads of government, these were institutionalized by the Bush administration under the rubric of the “Security and Prosperity Partnership” (SPP). Migration and labor market regulation, however, have been deliberately excluded from the SPP agenda.

The following steps might be taken to prepare the way for regional cooperation on migration:

- Rethinking the Labor Commission. The three governments could take steps to revise NAFTA’s labor side agreement. These would include reviewing NAALC, instructing the Secretariat
- Redesigning the North American Summit process. The annual summit process could be reconceived and renewed, and it could include a special task force on labor market regulation.

of the Commission on Labor Cooperation to prepare a new report on North American labor markets taking full account of migratory labor, and opening consultations in the NAALC Council of Ministers on a process of revision of the agreement. A new NAALC should include among its ultimate strategic objectives achieving the legal regulation of migratory labor flows in North America and the full protection of the labor rights of migratory workers.

FIGURE 12: Growth in Unauthorized Immigrant Population in the United States, 2000–2008



Source: Jeffrey Passel and D’Vera Cohn, “Trends in Unauthorized Immigration,” Washington, DC: Pew Hispanic Center, October 2, 2008.

The U.S.–Mexico Border: Special Challenges, Special Opportunities

The U.S.-Mexico border region both joins and divides Mexico and the United States. Frequently thought of as a unitary region, it nonetheless defies one-size-fits-all development applications and is characterized by high sub-regional differentiation in culture, language, political-economy, and topography. At its most nebulous, the border refers to an amorphous terrain of uncertain geographic contours, a boundary of separation shaped by inequality, yet also a point of unification and hybridization. At its most promising, the border refers to a transnational community with a shared history, a terrain for the exploration of common binational interests in support of the greater U.S.-Mexico agenda, and a resources-abundant region historically shaped by commercial and political entrepreneurship, yet whose comparative advantages in a globalized economy remain unrealized.

The binational border region faces challenges that often ignore the political concerns of national governments and that materialize regardless of sovereign borders or the barriers that are built at them. In the areas of natural resource management, water conservation, and natural disaster preparedness, unilateral efforts generate limited returns, if divorced from a strategy of bilateral collaboration and joint management. Likewise, actions that would capitalize on the border region's particular synergies, especially its comparative economic advantages built on the symbiosis of its many "twin cities," also require a sustained bilateral

commitment. The transnational quality of organized crime syndicates, whose violence is felt in Mexican border cities but threatens to spill over onto the U.S. side, makes long-term partnerships between cross-border law enforcement agencies necessary for effective engagement and prosecution.

FIGURE 13: Population of the Border States and Border Counties or Municipalities, United States and Mexico, 2000

	State	Counties/ Municipalities
United States		(44 counties)
Arizona	5,130,632	1,159,908
California	33,871,648	2,956,194
New Mexico	1,819,046	312,200
Texas	20,851,820	2,125,464
<i>Total</i>	<i>61,673,146</i>	<i>6,553,766</i>
Mexico		(80 Municipalities)
Baja California	2,487,367	2,487,367
Chihuahua	3,052,907	1,363,959
Coahuila	2,298,070	387,922
Nuevo León	3,834,141	116,556
Sonora	2,216,969	607,508
Tamaulipas	2,753,222	1,387,549
<i>Total</i>	<i>16,642,676</i>	<i>6,350,861</i>
Total	78,315,822	12,904,627

Source: United States Census Bureau: State and County QuickFacts. Instituto Nacional de Estadística, Geografía e Informática (INEGI). XII Censo General de Población y Vivienda 2000.

To a large extent, all of the other issues addressed in this report—security, economic integration, and migration—come together at the border between the two countries. It is tempting to think that we can control the border by limiting transit and commerce across it—the model perhaps best exemplified by the building of a fence on the U.S. side to control immigration and the flow of drugs. However, unilateral approaches rarely work and they belie the actual bilateral nature of border interactions. Even narcotics trafficking is the subject of bilateral flows: illegal drugs move to the north and cash and arms to the south. It is impossible to develop an effective strategy for controlling these flows that does not build on some form of binational cooperation to reduce flows in both directions. The two federal governments need to balance the legitimate right to assert their own sovereignty in stopping illegal traffic across the border with binational strategies that follow a more strategic and targeted approach. Since it is impossible to inspect all people and vehicles moving across the border, cross-border intelligence and carefully designed risk management strategies, supported by the latest technologies available, are more likely to yield real results.

This report also argues that the two federal governments need to find a way to balance the real needs for security with equally real needs to facilitate the flow of goods and people that sustain border communities and are essential for the economies of both countries. Implementing new security requirements without sufficient attention to the impact on trade can often impose costs on border communities and their fragile economies, as well as places a drag on the broader economies of both countries. In many cases, federal authorities could learn from the experiences of how local and state authorities manage their relationships across the border in designing effective cooperative strategies.

UPGRADING BORDER INFRASTRUCTURE

Lengthy and unpredictable cross-border wait times are creating significant challenges for merchants, consumers, workers, and students along the border. Wait times have increased since the application of stricter security measures at U.S. ports of entry following the 2001 terrorist attacks. Efforts by the U.S. Congress to strengthen border controls amid public outcries against unauthorized immigration and the implementation in 2008 of the Western Hemisphere Travel Initiative (WHTI) at land ports of entry have further complicated the process of crossing the border legally. South-North wait times for motorized traffic often exceed an hour or even two and are calculated to cost as much as \$9 billion a year in lost sales and investment. While lengthy wait times may be a mere irritation for infrequent travelers, they pose daily hardships for the residents of cross-border communities and raise the price of cross-border trade, undermining the comparative advantages of border communities.

Without a policy that facilitates an efficient, predictable, and safe border-crossing mechanism, especially for commercial and daily travelers, many cross-border collaborative ventures and partnerships are impossible even to consider. This places a drag on both the local economies of border communities and on the larger economies of both countries. As a San Diego-Tijuana border research consortium concluded in a recent publication, “The most significant (challenge facing enhanced cross-border innovation between the Californias) is assuring a secure and efficient border that enables frequent and rapid border crossings.”³⁹ At the same time scant evidence exists to prove that increased vigilance of all traffic crossing the border, which is the source of the long wait times, has actually led to improved security. An emphasis on “smarter” security for border crossing, which would target potential threats and move some commercial

39. Morris, Kenn, Nathan Owens, and Mary Walshok. *Borderless Innovation: Catalyzing the Competitiveness of the San Diego-Baja California Region*. December 2005. (San Diego Dialogue, San Diego, Calif.) Regents of the University System of California. San Diego and Berkeley, 5.

inspections farther from the border itself, could both enhance security and encourage efficiency in border crossings. Policy options to reverse this trend include:

- Including major spending for border infrastructure investment programs in the stimulus plans proposed by the governments of the United States and Mexico. Spending could focus on improvements in cross-border transportation facilities, ports, rail linkages, bridges, and the roads that connect these to larger cities, with the end aim of improving cross-border commerce and the lives of border-region residents. If a National Infrastructure Reinvestment Bank is developed by the Obama administration, this might include provisions for border infrastructure, which generally requires binational financing.
- Increasing the number of Customs and Border inspectors as a short-term measure to reduce border crossing times. Expand the hours of operation of border crossing stations as needed, and use two to three inspectors per line at peak hours. Consider double- or triple-stacking inspection booths, as needed, to shorten cross-border wait times. Funds from construction of the border fence could be redirected into paying for the costs of an increased number of border inspectors, which would enhance both security and commerce.
- Creating carpool-only (high occupancy vehicle) and bicycle lanes, as needed, at those crossing stations that would be able to accommodate these additions.
- Establishing a process to institutionalize dialogue among local, state, and federal stakeholders in the United States and Mexico to identify and prioritize future ports of entry and connecting transportation projects.
- Streamlining the process for approving permits for border crossing infrastructure by creating an

inter-agency Border Task Force to review these request and look for ways to reduce wait times. It is particularly important to support border state requests for presidential permits for international crossings that utilize alternative financing mechanisms, such as toll roads, to minimize cross-border wait times.

- Assessing the effectiveness and profitability of current cabotage procedures at land ports of entry.
- Creating a self-funded border state investment fund to finance shared infrastructure projects. Enable a profit-sharing mechanism for certain infrastructure projects, such as for toll roads and multimodal ports, to “share the wealth” of such projects, inhibit intra-regional competition for such public works projects, and even out the costs and benefits of such projects.
- Supporting the PORTS Act and other legislation that would create long-term multiyear funding options for port of entry projects since these currently end up competing against each other on a yearly basis.
- Creating a single binational mechanism to coordinate hours of operation at each port-of-entry, including an assessment of the best utilization for staffing and hours of operation. Frequently there is a lull in the early hours of operation until Mexican trucks are released and then are able to proceed to U.S. inspection. This could mean that the hours of operation are not identical but staggered.
- Considering the establishment of pre-clearance zones in Mexico to allow for commercial truck safety inspections to take place prior to the truck arriving at the border.
- Expanding SENTRI lanes in key ports-of-entry. There need to be more efforts to facilitate the flow of larger numbers of crossers. These efforts should include the application of WHTI technology for not just SENTRI or U.S. passport

holders but also for legal permanent residents and other visa holders. The incorporation of foreign travelers in these “smart” technology processes and regimes is highly important given that U.S. citizens represent only about one-third of all border crossers.

- Creating more dedicated lanes for bus-only traffic to encourage this mode of transportation.
- Analyzing ways to expand cross-border processing capacities through: 1) efficiently separating traffic by conducting screening and inspection procedures for some commercial and passenger traffic away from centralized border crossing stations; 2) conducting pre-clearance inspections near the border just inside of Mexico especially for U.S. passport holders and legal permanent residents.
- Promoting a discussion and debate in the United States on the Punta Colonet multimodal mega-port project near Ensenada, especially on how such a project could link with the U.S. transportation network near the southern Arizona-California border.

PROMOTING ECONOMIC DEVELOPMENT

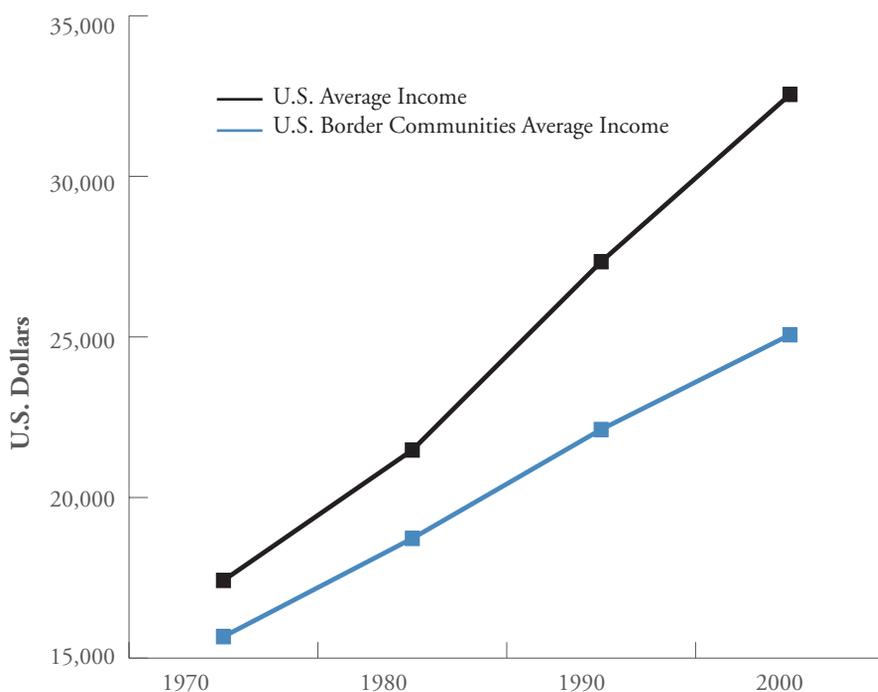
Given the phenomenon of continuous and rapid technological change in the global economy since NAFTA and the emergence of China as a major world manufacturer, a new paradigm is needed that constructively exploits the border region’s comparative economic advantages and that proposes a long-term vision for the comprehensive, strategic, and sustainable economic development of the region. Such a vision should be multidisciplinary, transcend the narrow goals of individual sectors, and build on the region’s natural business synergies and human capital advantages. Given the ten border states’ significant economic clout—collectively they represent the world’s third-largest economy—the border region

should play a central role in any national or state economic development strategy, and certainly not be relegated to a peripheral issue. The following are policy options to enhance economic development in the border region:

- Analyzing cross-border potential in the fields of aerospace and defense, pharmaceuticals and clinical research, marine biotechnology, software, and biomedical devices, particularly in Baja California, to capitalize on related industrial clusters and corridors in southern California.⁴⁰ It will be necessary to conduct research to determine the viability of these projects in other twin cities. The future of the border region’s economic future needs to look beyond the assembly-for-export and manufacturing sectors and toward industries that offer greater added value, such as biotechnology and software. Consistent and solid efforts could also be made to enhance the border region’s service sectors, especially as regards medical tourism and health services for U.S.-based pensioners and expatriate retirees. This should combine with the training of bilingual and culturally competent nurses capable of treating patients on either side of the border.
- Build on the natural synergies and symbioses of cross-border “twin cities.” Recognize that technology clusters are knowledge clusters that feed off human interaction and knowledge-sharing. This dynamic is impossible if border wait times remain lengthy, unpredictable, and burdensome for frequent travelers. The predominant definition of a business “cluster” should be updated to include the incorporation of cutting-edge environmental-friendly transportation technologies.
- Developing a financial services industry. The border region lacks a robust financial services sector. In fact, only 10 to 20 percent of the population of Tijuana, according to one

40. *Ibid.*

FIGURE 14: Income per Capita in U.S. Border Communities



Source: Joan B. Anderson and James Gerber, *Fifty Years of Change on the US-Mexico Border: Growth, Development, and Quality of Life*, University of Texas Press, 2007, data set available online at <http://www-rohan.sdsu.edu/~latamweb/BorderData.html>.

estimate, has a bank account. Invigorating the border-region financial sector by transforming it into a worthwhile broker and liaison between the U.S. and Mexican financial-services sectors will enable the creation of a pool of local investment financing for entrepreneurial projects and the like.

- Developing a more robust and integrated medical services industry. An aging U.S. population, high insurance costs, and an overtaxed U.S. healthcare system are all reasons why cross-border healthcare and gerontology services should be pursued as potential drivers for post-manufacturing economic growth in the region. Tijuana, especially, should capitalize on its proximity to the southern California healthcare infrastructure to better develop this sector as a formal cluster, organized around its universities, hospitals, and other medical service providers. At the same

time, efforts should be made to study the extent to which the portability of U.S. Medicare and other forms of U.S. health insurance may have a positive effect on the region.

- Funding cross-border educational partnerships to nurture resourceful, adaptable, and highly skilled workforces on both sides of the border. The border region is home to exceptional human capital, yet because of educational limitations the potential of this resource remains unrealized. Major investment in university and vocational education could transform the border region's workforce into one that is highly attractive to employers in high value-added industries, such as those related to biotechnology, "green" technology, and high-technology manufacturing and research.

- Creating sustained and committed buy-in from U.S. and Mexico universities to partner together on projects to improve sustainable economic development in the border region. Encourage U.S. universities to take stock of the advantages in sustained and robust cross-border research collaboration. Convince U.S. university administrators that cross-border partnerships are more valuable and beneficial to the border region than, in many cases, similar relationships with more distant regions.
- Create a structure for research and promotion of collaborative ventures, partnerships, and projects among universities in the ten border states. Encourage U.S. and Mexican academics and administrators to recognize the rich opportunities that exist from sustained cross-border collaboration. Emphasize that such projects benefit from significant buy-in from local corporations and governments.
- Strengthening the mandate of the North American Development Bank to fund infrastructure and employment-generating projects, including providing loan guarantees for private-sector investments.
- Examining the ways in which major infrastructure projects, such as the proposed Punta Colonet multimodal port south of Ensenada in Baja California, can carry multiplier benefits and directly help border communities, partly by mitigating the heavy environmental impact normally associated with such projects.
- Analyzing the feasibility of constructing cross-border terminals that service sister city airports. For example in San Diego County a terminal near Brown Field Municipal Airport or near the existing Otay Mesa border-crossing station linking with the Abelardo L. Rodríguez international airport in Tijuana. As the crow flies, less than 2 kilometers separate the two airports. It might be feasible to install a border-crossing station within the terminal of the Tijuana airport.

- Authorize the release of official reports that inform on the economic and commercial consequences of border crossing processes.
- Promoting a binational Olympics for the San Diego-Tijuana region.

ENSURING PUBLIC SECURITY

The transnational character of organized crime often defies unilateral enforcement efforts, while collaborative strategies can usually address both the supply and demand components of drug trafficking more effectively. Since 2006 consistently high numbers of cartel-related killings, particularly in the Mexican border cities of Ciudad Juárez and Tijuana, have underscored the threat that the border region faces from exceptionally sophisticated drug trafficking organizations. Given the intertwined lives of border-region residents and families, the U.S. side is also deeply affected by the violence perpetrated in Mexico, and U.S. citizens have numbered among the victims of the cartels. The fear that it may be only a matter of time before U.S. border towns themselves become sites for gangland slayings, the likes of which Mexico has experienced acutely since 2006, emphasizes the need for effective operational collaboration and intelligence-sharing between police in both countries. In addition, arms purchased in U.S. border cities fuel the drug trade, and bulk cash crosses from North to South at the border to supply the operations of the drug trafficking operations. Leaders of drug trafficking organizations often live and operate on both sides of the border. It is impossible to address the threat of organized crime without a thoroughly binational approach and one that takes into account the particular burdens that border communities bear as transit points for this illicit trade.

Other forms of crime that are not necessarily tied to drug trafficking, including auto theft, robbery, and domestic violence, also require creative responses from law enforcement and

judicial authorities who frequently have to work across international lines to pursue and prosecute suspects. Authorities on both sides of the border have developed mechanisms for rapid response in these cases, but they often require greater coordination with federal authorities.

The following are policy options to enhance collaborative efforts on regional public security:

- Strengthening the capacity and legal framework for local and state governments to work together to track and apprehend criminals who cross the border.
- Encouraging rapid response communication systems among law enforcement agencies on both sides of the border.
- Building on and replicating the successes of Border Enforcement Security Taskforces (B.E.S.T.s), which enable a framework for collaboration among U.S. and Mexican agencies
- Investing in the professionalization and long-term continued training of Mexican police forces, an essential step in reducing the over-reliance on the Mexican military to fight organized crime. Encouraging citizens to monitor and collaborate with law enforcement, including through community policing efforts, may provide models to encourage police professionalization. It may be possible for border communities to share successful efforts to abate police and official corruption.
- Developing joint operations to deal with common crime, such as automobile theft. It is vital to recognize that sustained buy-in from local actors is essential for the success of any joint binational law enforcement effort. For example, joint operations to crack down on car thieves who steal vehicles from U.S. motorists would be impossible without the support of local police in Mexico.
- Organizing a regular binational summit among judges, prosecutors, court clerks, defense attorneys, and court interpreters, among others, to discuss issues of common interest, to participate in clinics, and to pursue mechanisms of collaboration, particularly in the area of cross-border family law.
- Identifying “at risk” youth in Mexican border communities and investing in educational curricula and after-school programs for children and adolescents that help to inoculate them against the lure of crime or social deviance. In combination with investments in the vocational sector, help to create higher life expectations for these youth and their families. Study the effectiveness of similar crime-prevention measures.
- Emphasizing addiction treatment and drug rehabilitation programs as part of a comprehensive strategy to fight drug trafficking and to improve the psychological, economic, and physical integrity of border-region families. Make addiction treatment programs “portable” with suitable resources for addicts available in both countries. Given that large percentages of incarcerated persons in both countries may suffer from drug addiction, ensure that successful programs exist in penitentiaries, jails, and prisons to treat this frequently overlooked subpopulation.
- Developing controls to prevent the illegal export of weapons from the United States to Mexico, including the creation of North-South security checkpoints at the border, increased numbers of ATF inspectors in U.S. border communities, and stepped-up prosecution of surrogate arms purchasers.
- Promoting international collaborative efforts that degrade the logistics and supply chains of drug trafficking organizations, particularly through aggressive efforts to stop money laundering.

- Recognizing that authorized and unauthorized migrants can be an intelligence asset. Create an anonymous communications infrastructure to allow unauthorized migrants to confidentially report suspected illicit or criminal activity.

MANAGING THE ENVIRONMENT AND NATURAL RESOURCES

The environment knows no national boundaries. Air and water quality on one side of the border directly impacts communities on the other side. Rivers, watersheds, forests, and deserts are shared resources that require frequent consultation and often joint decision-making for effective management. It is important to discourage unilateral actions that are carried out with minimal consultation that could complicate effective joint border management operations and which may represent an obstacle for the environmental stewardship of the region. Efficient joint management of shared natural resources is appropriate for the continued survival of the border region's animal and plant species and the maintenance of its biodiversity.

Environmental factors are also responsible, in many cases, for the higher incidence of preventable disease at the border. Such diseases as hepatitis, asthma, diabetes, and tuberculosis are much higher in the border region than for the U.S. national average. The Imperial/Mexicali Valley consistently records some of the worst air quality for the entire border region and reports some of the highest rates of childhood asthma in North America. Sensible management of border natural resources will also help ensure a better quality of life for citizens on both sides of the border.

The following are policy options to address challenges involving the environment and the management of natural resources in the border region:

- Enhancing binational collaboration in the management of the Colorado River to ensure sufficient water for both people and the environment in both countries.

- Imposing a moratorium on additional canal-lining operations that would prevent seepage of Colorado River water into Mexico, until the long-term effects of such lining operations can be properly determined.
- Developing new mechanisms for environmental cooperation on water and air quality. New mechanisms might be implemented in conjunction with or separate from existing institutions and modeled after localized approaches, such as the Paso del Norte Air Quality Task Force.
- Promoting the development of “green” technology through cross-border clusters and corridors, i.e. an alternative-fuels supply chain/pipeline through the Californias, especially given the state of California’s pioneering efforts on fuel efficiency standards and its implementation of renewable energy policies.
- Institutionalizing binational commissions that hold policymaking and decision-making power for the joint-management of border-area natural resources should be strengthened. For example, the International Joint Commission, responsible for mediating water management disputes and issues under the framework of the Boundary Waters treaty between the United States and Canada, might be examined within the context of the U.S.-Mexico border for ways to improve upon, update, or reorganize the International Boundary and Water Commission. Recommendations for improvement might include more robust information and data analysis from academia as well as input from conservation and landowner interests through established “study boards” or other bodies charged with providing in depth policy analysis on timely water management and infrastructure issues.
- Aggressively recapitalizing the Border Environment Infrastructure Fund and create financial innovations to enable joint loans and investment funding among the B.E.I.F., the

North American Development Bank, and a potential future U.S. infrastructure investment program, to create beneficial economies of scale and optimally harness these different resources.

- Authorizing the use of government funds for cross-border projects that would directly improve the environment of a neighboring country. Even if local and state governments are able to find workarounds to existing federal rules that block such funding, such as by authorizing a grant to a non-governmental group, these operations are time-consuming and cumbersome. It is counterproductive to prohibit funding for a project that would improve the water quality of a river that originates in Mexico and flows into the United States.
- Supporting the U.S. Forest Service's Mexico Program and especially its Fire Management division to enable rapid joint response to natural disaster preparedness, especially to fight seasonal wildfires in southern California and Baja California.
- Promoting the development of "restoration economies" at the border through medium- to large-scale restoration projects on both public and private land that involve a variety of partners. Building a restoration economy has the potential to benefit a range of stakeholders. Proponents say they beautify the border region, encourage sustainable and responsible ecotourism and local recreational options, and create jobs. They may also improve the health, sense of pride, and environments of border-region residents. Such projects can be carried out in a way that will address security concerns effectively while minimizing the negative consequences of security infrastructure on wildlife through disruption of migratory patterns and habitat degradation.
- Examining the costs and benefits of desalination, as a means to mitigate demand on Colorado River water.
- Assessing ways to limit carbon emissions at border ports of entry to mitigate health risks.

Appendix One

List of Working Group Members

The policy options in this report were developed by four working groups convened by the Mexico Institute which met at the Center in the period October to December 2008. While the discussions in each working group helped develop the ideas in this report, working group members do not individually or institutionally endorse all these positions and we did not seek to build a consensus that all could agree with. A few additional comments from working group members can be found in the next appendix of this report.

+ Report Writer

Invited to offer remarks

* Participated via written comments

WORKING GROUP ON U.S.-MEXICO SECURITY COOPERATION OCTOBER 16–17, 2008

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 Rodrigo Iván Cortés Jiménez, Mexican Senate#
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Appendix Two

Additional Comments from Working Group Members

This report does not represent a consensus document and working group members and their organizations do not necessarily endorse all findings. However, we asked members to submit additional comments on the report if they wished, and the responses received are included below.

ECONOMIC INTEGRATION

Timothy Wise **Tufts University**

One of the most disappointing features of the Mexican economy under NAFTA has been weak job creation, and this has important implications for the US as well as Mexico. This problem will only get worse with the recession, as the report already notes. This makes it particularly important that the three NAFTA governments coordinate on economic policy and take steps that help ensure the livelihoods and food security of the continent's most vulnerable populations. Most reside in Mexico. Measures that strengthen employment and livelihoods are the most important for governments to undertake. Measures that threaten employment and livelihoods are the most important to avoid. In that context, and in the context of Mexico's weak employment growth under NAFTA, further trade opening is not a priority if it comes in areas that threaten livelihoods. Further development assistance is very much in order. Investments in smallholder agriculture could be particularly cost-effective toward the goals of ensuring food security, addressing poverty, and securing livelihoods for the poor. Protection of those sectors from import competition may be warranted.

Chappell Lawson **Massachusetts Institute of Technology**

I applaud the report's attention to issues of broad-based economic development, as well as its recognition of the fact that trade liberalization alone will not promote such development. I also agree that Mexico needs investment in roads, energy generation and transmission systems, water treatment facilities, and the like in order to grow. However, several decades of experience with large-scale infrastructure spending programs have revealed the perils of relying on such programs to generate growth. Foremost among these dangers are the waste and corruption that follow from the inability of governments to properly administer projects and to monitor the way funds are spent. Other potential perils of poorly crafted infrastructure spending programs include habitat destruction on a massive scale, the disruption of local communities that were not allowed to participate in the design of the projects, and the strengthening of political machines where the governments involved are already shot-through with clientelism. Only an infrastructure fund that explicitly addresses all of these issues will bring about the sort of development that this report rightly advocates.

Jeff Faux
Economic Policy Institute

The report correctly states that the goal of a post-NAFTA economic agenda must be to reduce inequality and raise living standards. But raising living standards was in fact the goal of NAFTA. The failure of the NAFTA development model, (i.e., financial deregulation, subsidized profits and export-dependent growth) requires a more ambitious re-thinking of North American integration than that suggested in this document. Inequality, for example, is in part a function of an economic model that subsidizes private interests at the expense of inadequate social investment and policies that undercut the bargaining power of those in the bottom roughly 75 percent of the work force. Moreover, the report is too focused on the question of facilitating more US-Mexican trade, which today is a marginal issue compared with the deteriorating global competitiveness of both nations. Put bluntly: if the NAFTA model could not create enough jobs for Mexico during 15 years of an extraordinary consumer boom in the US, it is unlikely to deliver more growth in an era in which the US must consume less, save more and substantially reduce its trade deficit. Given this new reality, North America is at an economic crossroads. It cannot go back to the pre-NAFTA world. To go forward, the three nations must commit to a new governance structure for the regional economy with coordinated trade, industrial and social development policies legitimized by more democratic processes.

Manuel Pérez Rocha
Institute for Policy Studies

As the document recognizes, civil society should be a stakeholder in trilateral relations. As such, NAFTA should be opened up for a serious participatory evaluation and renegotiation to redress its negative impacts on the population and the environment. It must not be forgotten that NAFTA was “sold” with “developmental” goals, such as creating

more and better employment for Mexicans at home, yet since NAFTA migration to the U.S. has accelerated because of the destruction of jobs in the countryside and in the public and private sectors. As a result of NAFTA provisions, small and medium companies are barely linked with larger exporters because the agreement was designed to eliminate requirements to establish linkages between them (including clauses such as the Prohibition of Performance Requirements and the elimination of Rules of Origin that would help local producers participate in international trade). Likewise, rather than merely “considering U.S. voluntary export restraints for white corn exported to Mexico” the increased food dependency of the latter must be addressed by renegotiating the agricultural chapter of NAFTA in order to allow Mexican peasants to retain their livelihoods, instead of being obliged “to transit to other crops.” To deal with the economic crisis, it is also necessary to evaluate how the elimination of capital controls under NAFTA impacts the Mexican economy. In the case of the SPP, it should be halted because of its undemocratic dealings to further deregulate the NAFTA area under the sole participation of the executive branches and the 30 corporations that integrate the NACC, excluding congresses and society. The most urgent structural reforms are those that tackle the increased concentration of power and wealth and help spread the “benefits of trade.” This will only be done with labor and environmental standards designed to converge to the highest denominators in the region.

THE BORDER

Jim Kolbe
McLarty Associates

The balance between ensuring security and facilitating commerce on the Mexican border has been seriously altered in the aftermath of the events of September 11, 2001. Promoting exchange of goods and people and improved bi-national relations has been sacrificed to

the dubious goal of border security—dubious because there is little evidence that the measures instituted since 9/11 have been effective in enhancing security. The report of the Binational Working Group makes important recommendations on how this balance might be righted. The new administration would do well to heed these recommendations.

Jim Gerber
San Diego State University

The Mexico Institute of the Woodrow Wilson International Center for Scholars and the Colegio de la Frontera Norte have contributed a thoughtful list of needs for the US-Mexico region. It is impossible to comment on each and every one, so I will make a few general comments. To begin, it is notable that while cross-border trade in goods and services continues, albeit with unnecessary and expensive obstacles, and that while large, but not small, capital flows also move relatively easily across the line, the residents on both sides feel the presence of the border in ways that remain mostly outside the considerations of the report. The report addresses bi-national issues for which it is to be commended, but

it does not directly address the problems affecting a regional border population that is increasingly transnational. If this population is going to see improvements in its quality of living, and if the border is going to prosper, their needs must be taken into consideration. In part this can be facilitated if universities and schools, nonprofits, and families are assisted so that they might contribute. Universities need mechanisms for crossing the border to attend classes including on a part-time basis, as one component of a full time schedule in the home country plus easier mechanisms for internships “on the other side,” and improvements in health and travel insurance so US students are not forced to act as if they are going to a faraway country when they work in their cross-border twin city. Nonprofits and border families need to be able to cross more easily in order to collaborate, to visit each other, and to develop the social capital of the border, while workers on both sides need to be able to get to work reliably on time. The border is about commerce, but it is also about building communities that know each other and that can work together to press their needs on their respective capitals.

Appendix Three

Brief Biographies of Report Authors

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