The Cultural Fabric of the Americas

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Essays from the 21st Annual Eugene Scassa MOAS Conference

Edited by

Joshua Hyles

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FOREWORD

JOSHUA HYLES

The following chapters are adapted from papers presented at the twenty-first annual Eugene Scassa Mock OAS Conference, held in November, 2017, at Texas State University. Just like the papers themselves, the presenters hailed from a wide range of backgrounds, educational experiences, and locations. The collection, though at first seemingly unrelated, becomes upon further review a remarkable snapshot of the complex cultural and historical fabric that comprises the Americas. The papers tackle historical and modern aspects of the two continents from a wide array of academic perspectives, including sociology, documentary history, archaeology, anthropology, qualitative historical analysis, and political science.

The Americas, taken together, have been the victim of academic and political homogenization. Rather than a collection of 36 independent and distinct states, too often the Americas have been lumped together as "Canada, the U.S., Central America, South America, and the Caribbean," with too little attention paid to the nuances of culture and history that make the states of the Americas distinct. Part of the *raison d'etre* of the ESMOAS annual conference and competition, as well as this publication, is to educate students of history, culture, and politics about the diversity we call the "cultural fabric of the Americas."

The book's first five chapters center on Mexico, which is in many ways the lynchpin of the Americas. Located in the interstice between Latin America and North America, Mexico holds the geographic distinction of being a funnel between the north and south—a distinction that is sometimes an advantage, and sometimes a disadvantage. Though it is in the position to manage the flow of trade, it must also manage the flow of refugees and cartels. This distinction has colored the political and the business relationship between the Mexico and its northern neighbor for better and for worse. In Chapter One, María Julia Rosales and Alejandra Huerta, both faculty members at the Universidad Regiomontana in Monterrey, México, and both holding MBA degrees in international business, discuss this strong but tumultuous trade relationship.

As the first mainland country conquered by Spain, Mexico also holds a strong cultural tie to Spain. In Chapter Two, Janelly Mitsue Haros Pérez presents a paper on the Spain-Mexico relationship that is rooted in business, but with sociological implications. Dr. Pérez is a Ph.D. in international relations and business from the Universidad Autónoma de Nuevo Léon. Discussing cross-culturalism and the need for companies to train employees on how to manage cultural differences in order to further trade ties and create more financial success, she casts light on the juncture where business and culture must coexist.

Chapter Three considers again the relationship between Mexico and the United States, this time from a civil rights perspective. Matthew Gritter, who received his Ph.D. in American Politics from the New School for Social Research in New York, and is currently associated with Angelo State University, considers the struggle of immigrants and the furthering of civil rights in the American Southwest during the mid-twentieth century. Dr. Gritter focuses on the consulate office and its role in guaranteeing the rights of minorities in the United States. In particular, the paper considers the career of Mexican consul Adolfo Domínguez, who proved instrumental in the addition of Hispanics and those of Mexican origin into the scope of the U.S. Fair Employment Practices Committee.

The issue of women's rights in Mexico, particularly regarding representation and protection within the Mexican political system, is taken up in Chapter Four by Mucia Flores. Ms. Flores, from the Drake University School of Law, chronicles the progress of women in Mexico over the past decade, outlining points of improvement in their level of government participation, and a corresponding decline in some subcategories of violence against women. The thrust of the chapter is positive—Mexico has, indeed, made significant strides forward in the arena of women's rights and women's participation in the political realm.

A different type of minority culture is considered in Chapter Five, where the history and archaeology of Mexico are used to discuss the unique challenges faced by homosexuals in Mexico, particularly those of *mestizo* descent. This chapter is written by Joshua Hyles, who holds advanced degrees in Mesoamerican archaeology and in the history of colonialism from Auburn University and Baylor University, respectively, and serves as the Executive Program Director of the ESMOAS Organization. In the chapter, Hyles suggests that the Mexican homosexual male is still strongly affected by the history of Mexico, both during the Mesoamerican and Contact Periods, illustrating just how much even our most distant history can shape our current culture.

Human rights remains the theme in Chapter Six, but the location shifts to the other end of the Americas. In this section, James Norris, a Ph.D. in Political Science and Director of Political Science and Sociology at Texas A&M International University, uses a quantitative method to analyze a half-century of protests in Chile. Considering protests beginning in the 1980s, including student protests, the Mapuche recognition movement, and numerous protests regarding private pension funds and other government shortcomings, Dr. Norris examines the Chilean "penchant to protest" by using three different models from the field of comparative politics. Norris analyzes the data through the lenses of postmaterialism, emancipative values, and authoritarian-libertarian values, as well as the biographic and demographic characteristics of individuals choosing to protest and further protest movements.

Many of the countries of the Americas have shared a history of violent suppression of protests like those in Chile and, at several instances, democracy as a whole has suffered consequential breakdowns. Organized officially in the Twentieth Century to defend democracy and help diminish atrocities resulting from breakdowns in government, the Organization of American States (OAS) has served as the primary organ of consultation and intervention in the Western Hemisphere on behalf of democracy and human rights, predating the United Nations. Its intervention in the countries of the Americas is addressed in the next two chapters. In Chapter Seven, Betsy Smith, a Ph.D. in Political Science from Georgia State University and currently an Assistant Professor at Saint Mary's University in San Antonio, considers the 2014 constitutional crisis in Venezuela and the response from the OAS. Despite the invocation of Article 20 of the Inter-American Democratic Charter against Venezuelan president Nicolás Maduro (the first time ever against a sitting head of state), the OAS has been unable to provoke effective change in Venezuela. Dr. Smith considers the principle of executive sovereignty and the political divisions in the organization, raising questions about the OAS and its ability to handle crises like Venezuela's in the future.

Chapter Eight is presented from a different viewpoint. In this chapter, Arturo Lopez-Levy, a Ph.D. in international relations from the Josef Korbel School of International Affairs, former electoral observer for the OAS, and international politics professor at the University of Texas-Rio Grande Valley, draws on his extensive expertise on his native Cuba to analyze OAS intervention in that country and its effects. Originally published in Spanish, Dr. Lopez-Levy's article explores the cycle of regress and renewal of the OAS definition of democratic governance, and examines it through the lens of OAS relations with Cuba since 1962. The paper is translated to English for this edition by Emmanuel Muñoz and Maria Elena Garcia, both from Baylor University.

While Chapters Seven and Eight review the decisions of the Organization of American States, particularly its interpretations of its fundamental documents (the OAS Charter and the Inter-American Declaration of Human Rights), some attention should be paid to the development of these documents. Closer study of the declaration, in particular, evokes earlier voices—those of the Declaration of Independence and the other founding documents of the United States. Issues of "fundamental morality" and its application to the definition of "inalienable human rights" are rooted in the history of the United States and, by extension, the OAS, which has been influenced heavily by the United States since its Nineteenth Century founding as the Pan American Union. Debate among U.S. history scholars continues, though, about just how much religious influence each of the Founding Fathers experienced and, consequently, utilized in the formation of these documents. In Chapter Nine, Diane Frazier, a historian from Baylor University and the Chairman of the Judging Committee for the ESMOAS Summit of the Americas Competition, considers the religious leanings of a selection of these early leaders, utilizing both primary and secondary source material to provide a better picture of how these men were influenced by their respective beliefs.

Finally, the book will shift from issues of religion to issues of capital, bringing us back full circle to a discussion of business in the Americas. Thus, Chapters Ten, Eleven, and Twelve include papers presented together as a panel. This panel focused on a single commodity—sugar—and its effect on the political and social history of the Caribbean, beginning with Cuba. The papers are presented by three political science and history students from the University of Mary Hardin-Baylor (UMHB), under the direction of Dr. Janet Adamski, a Ph.D. in Foreign Affairs from the University of Virginia and Dr. Claire Phelan, a Ph.D. in history from Texas Christian University with a Master's in Defense Studies from the University of New South Wales. These two professors, both now at UMHB, served as commentators for the panel. Chapter Ten, by Regan Murr, focuses on the effect of sugar and colonialism on Cuba. Chapter Eleven, presented by Taylor Frei, considers sugar's impact on Jamaica. Finally, Chapter Twelve, by Autumn Newman, considers the same commodity's legacy in Puerto Rico.

Taken together, these papers and the ESMOAS Conference provide a multifaceted, multifocal insight into the rich history, complex relationship, and diverse cultures of the Americas. The editor would like to thank the Faculty Steering Committee of the Eugene Scassa Mock OAS Program and the presenters from the 2017 ESMOAS Conference for their valuable support and research.

CHAPTER ONE

EVOLUTION OF THE COMPOSITION OF BILATERAL TRADE BETWEEN MEXICO AND THE UNITED STATES, 1970-2015

ALEJANDRA J. HUERTA
& MARÍA JULIA ROSALES

Abstract

The primary goal of this paper is to analyze the change in trade between both countries during the period between 1970 and 2015, and to describe briefly the historical background at each moment in time. Today, Mexico and the United States are important commercial partners; it is worth analyzing how these links became stronger and how both economies have evolved in the production of commodities and manufactured goods, as well as the implications this has had for both countries. This exercise shows different perspectives of this economic integration and tells a brief story of two great partners and their growth together, facing common challenges from wars to economic crises.

We look forward to sharing our findings during the 2017 ESMOAS academic conference and celebrate the friendship between these neighbors and friends: Mexico and United States of America.

Introduction

Why do people trade? In economics, we can find the phrase, *"Trade generates wealth"*. Though such a statement has sometimes proved controversial, if we analyze carefully and review the facts and history of trade partners like Mexico and the U.S., we can demonstrate that the phrase is proven right; there are winners and losers from international trade, but there are immeasurable benefits to be gained. Along with economic integration comes different benefits to both countries, such as the increase in diversity and options for consumers and producers. This allows for consumers to make better choices, and creates incentives for innovation in the local markets. Further, international trade means we are not only trading merchandise, but we are also exchanging traditions, culture, and knowledge, all while developing stronger linkages between people and countries that enriches every nation. Finally, the local, regional or international voluntary exchange of goods and services results in an expectation by people in both countries to be better off after the exchange. This, essentially, is the reason for trade.

Free trade agreements facilitate trade by providing a frame in which two or more countries can trade under the protection of certain rules. According to the United States Department of Commerce, in 2015 47% of U.S. exports went to FTA (Free Trade Agreement) partners, representing a total of US$710 billion; also, according to the same report, 97% of those exports from the United States correspond to small and medium enterprises. Today, the United States of America and Mexico continue to be strong allies and commercial partners: during 2016 the total volume of trade between both countries was US$579.7 billion. Mexico is currently the third most important trading partner to the United States,[1] while the United States represents the main commercial partner for Mexico.[2] Today, both countries are trying to find the best solution to continue this relationship through the re-negotiation of the North America Free Trade Agreement.

Early development of modern trade relationship (1970-1985)

Mexico experienced a complicated economic time during the period from 1970 to 1985, beginning with economic momentum and great potential, but ending the period with critically poor indicators. The country had to face a shock of reality that included the devaluation of its currency from the fixed rate of 12.50 pesos per dollar to around 25 pesos per dollar by the end of President Luis Echeverria´s administration; the effects of a

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[1] United States Census Bureau, “Western Hemisphere: Mexico.” 2016. Accessed October 17, 2017. https://ustr.gov/countries-regions/americas/mexico

[2] Organization for Economic Cooperation and Development (OECD), “Estudios Económicos de la OCDE,” January, 2015. http://www.oecd.org/economy/surveys/Mexico-Overview-2015%20Spanish.pdf

global recession and scarcity of oil that had also affected the United States led to an inevitable increase of 300% in Mexico's external debt.[3] As a result, Mexico continued to implement protectionist measures that had existed since the end of World War II, based on the adoption of the economic approach known as "imports substitution," which consisted of giving incentives to locals to produce industrialized goods and letting the government take a stronger role as economic agent by owning enterprises (though often in an inefficient manner). In addition, the government adopted a measure involving the unlimited consumption of products made at home, while establishing quantitative limits to the importation of goods. These limits were designed to incentivize the development of a more industrialized local economy. Effectually, all industries beginning to develop in Mexico during this time experienced no competition from the outside, because the Mexican government was creating strong barriers to substitutes and would only welcome goods into the country that could not yet be produced at home. Even these goods, though, also were shackled with significant tariffs and other types of economic barriers.[4] Unfortunately, the effects of this approach included high rates of unemployment, a poor agricultural sector (price controls) and a national economic system rendered incapable of feeding its own people.[5]

Considering the trade between Mexico and the United States during the years from 1970 to 1975, the trade balance reflects a deficit for Mexico of $US2.98 billion in each of the five years.[6] During this period, the main exported goods from Mexico to the United States were agriculture, meat, oil and electronics, while Mexico purchased from its neighbor primarily machinery, electronics, and cereals.[7] This illustrates well the Mexican government's focus on industrialization—importing machinery to be able to export more sophisticated goods. In this vein, Mexico's main trading partners during the period also included East Germany, West Germany,

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[3] C. Gribomont and M. Rimez, "La Política Económica del Gobierno de Luis Echeverría (1971-1976): Un Primer Ensayo de Interpretación," *El Trimestre Económico 44*, no. 176 (4): 771-835.

[4] Héctor Guillén Romo, "México: De la Sustitución de Importaciones al Nuevo Modelo Económico," *Bancomext, Comercio Exterior 63,* no. 4 (July-August, 2013): 34-60.

[5] Ricardo Peña-Alfaro, "La Política Económica Mexicana 1970-1976: Ensayo de Interpretación Bibliográfica." Nexos. April, 1979, accessed July 23, 2018. https://www.nexos.com.mx/?p=3321

[6] United States Census Bureau, 2016.

[7] Massachusetts Institute of Technology Observatory for Economic Complexity, "Mexico," Last updated July 2018. https://atlas.media.mit.edu/en/profile/country/mex/

and Japan alongside the United States. For the U.S., the partners were similar—Canada, Japan, West Germany, and Mexico. Despite its trade with heavily industrialized economies, however, Mexico was still a country focused primarily on commodities trade. Signs of change, though, were beginning to show.

During the presidency of Jose Lopez Portillo, between 1976 and 1982, two factors began spurring commercial integration between the U.S. and Mexico, and provided growing expectations to Mexico for favorable growth. The factors were: the oil crisis caused by the Iran-Iraq conflicts that resulted on a reduction of oil supply from the Middle East,[8] and new oil reserves found in Mexico during the same period. Mexico´s government believed that their task was now to administrate this new wealth with less control so the public spending would grow: a great deal of machinery was purchased to modernize the economy on the ground, while the President invested in his image abroad (traveling and living an expensive lifestyle), increasing the external debt to US$112 billion.[9] Nonetheless, Mexico increased its exports of oil to the United States considerably during this period: by 1980, 52% of Mexico´s imports to the United States were crude oil,[10] and the Mexican share of U.S. imports grew from 2.8% to 4.8%, increasing Mexico's status as a trade partner. However, mismanagement by the Mexican government along with the drop on oil prices during the end of Lopez Portillo's administration (1981-1982) left Mexico in a dire position. The exchange rate fell to 70 pesos per dollar. Subsequently, the nationalization of financial institutions was the last attempt of the president to try save some of what Mexico had left.[11] The economy and trade relationship did rebound. The evolution of the trade between United States and Mexico during the aforementioned fifteen year period saw Mexico erase a trade deficit of US$350 million in 1970 to a surplus of US$5.5 billion by 1985, thanks to the oil exports caused by the supply crisis and the reserves found. During the period, Mexico was able to erase its export dependency on agricultural goods and started to focus on industrialized goods, developing a deeper relationship with the

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[8] R.Vernon, "Oil Crisis," January 1976, accessed October 17, 2017. https://www.osti.gov/scitech/biblio/7186106

[9] Mario Ojeda, "El Poder Negociador del Petróleo: El caso de México," *Foro Internacional 21*, no. 1 (July-September): 44-64, accessed October 17, 2017. http://codex.colmex.mx:8991/exlibris/aleph/a18_1/apache_media/LTVUTMK97HJFT5XI37FNCTKNQ3F115.pdf

[10] Massachusetts Institute of Technology, 2018

[11] Clío, *Mini Biografias Clío* (April 21, 2015) [Video file], retrieved from https://www.youtube.com/watch?v=-PCghFyccNI

United States that can be seen with the increase of Mexico's share of U.S. exports (from 3.2% to 6.2%) and imports (from 2.8% to 5.5%). For the entirety of the period, Mexico stayed in the top four U.S. trading partners, reaching third place by 1985.

Mexico and United States Openness to the World: GATT and NAFTA (1986-2008)

In 1986, Mexico under the leadership of President Miguel de la Madrid opted for a more open trade approach and became the 92nd member of the General Agreement on Tariffs and Trade (GATT) by adopting all the rules on tariffs and non-tariff barriers, and enforcing the organization's other agreements.[12] This represented a new challenge, as Mexico now had to play with a different set of rules and forget about the protectionist policies it had applied for so long. International trade experts questioned Mexico's ability to respond under those conditions in many public forums, including in the *New York Times* that year.[13] Today, history has responded to those doubts as Mexico has become a country with more free trade agreements than most others, and possessing free commercial access to 60% of the GDP worldwide, representing potential access to over a billion consumers.

After entering GATT, the next milestone for Mexico´s trade strategy was the negotiation of the North American Free Trade Agreement (NAFTA). The agreement came into force in 1994 as an innovative agreement with the vision of a more open and wider market of North America. Since its inception, NAFTA has eliminated systemically most of the tariffs and non-tariff barriers for commerce and investment between Canada, the United States and Mexico, establishing a frame for long lasting investments based on stability and trust.

Some of the most important events that were part of the NAFTA birth process are:

- June 10, 1990: Canada, United States and Mexico establish the need of FTA.
- February 5, 1991: NAFTA negotiation tables begin.

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[12] General Agreement on Tariffs and Trade, 1986.

[13] William S. Stockton, "Mexico GATT Bid Called Bold Move," *New York Times* (New York), Dec. 8, 1985, accessed October 17, 2017. http://www.nytimes.com/1985/12/09/business/mexico-gatt-bid-called-bold-move.html

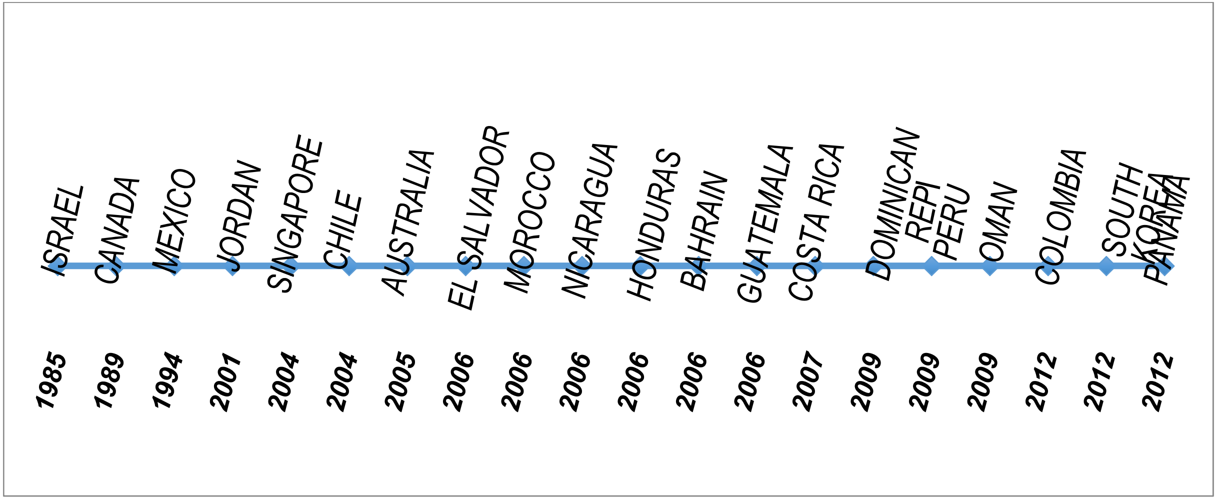
- December 17, 1992: heads of state of Mexico, United States and Canada sign the document.
- August 1993: accords regarding labor and environmental issues, parallel to NAFTA, are created.
- January 1st, 1994: NAFTA comes into force.

Ever since NAFTA started to work, the amount of benefits that it has brought to the signing countries have been incomputable. In an analysis published by the NAFTA-TODAY organization, fifteen years after it was signed and put into operation, NAFTA has contributed to stimulating economic growth and creating higher-paying jobs throughout North America. NAFTA has also fostered greater competition in the marketplace and expanded the range of products marketed, thus enhancing the decision-making and purchasing power of North American consumers, families, farmers and businesses. In addition, it has provided North American companies with better access to materials, technologies, investment capital and talent available throughout the region. This has made Canadian, American, and Mexican companies more competitive, both in North America and around the world. Facing the challenge of competing against rapidly growing economies in Asia and South America continues to bring challenges to North American competitiveness, and for that NAFTA remains a key to sustained growth and prosperity in the region.

NAFTA has demonstrated that trade liberalization plays an important role in promoting transparency, economic growth and legal certainty. Facing increasing global competition, Canada, the United States and Mexico have worked together to strengthen the competitiveness of the North American region, continuing to boost trade within the region and with other regions. During the 2009 North American Leaders' Summit, these three countries agreed to reiterate the common commitment to strengthen their trade relationship and to ensure that the benefits of the economic relationship are widely shared and sustainable. And although today it faces a complex renegotiation, it is a fact that the interdependence generated in various sectors of the economy has grown and has become stronger, generating complex and highly integrated economic sectors.

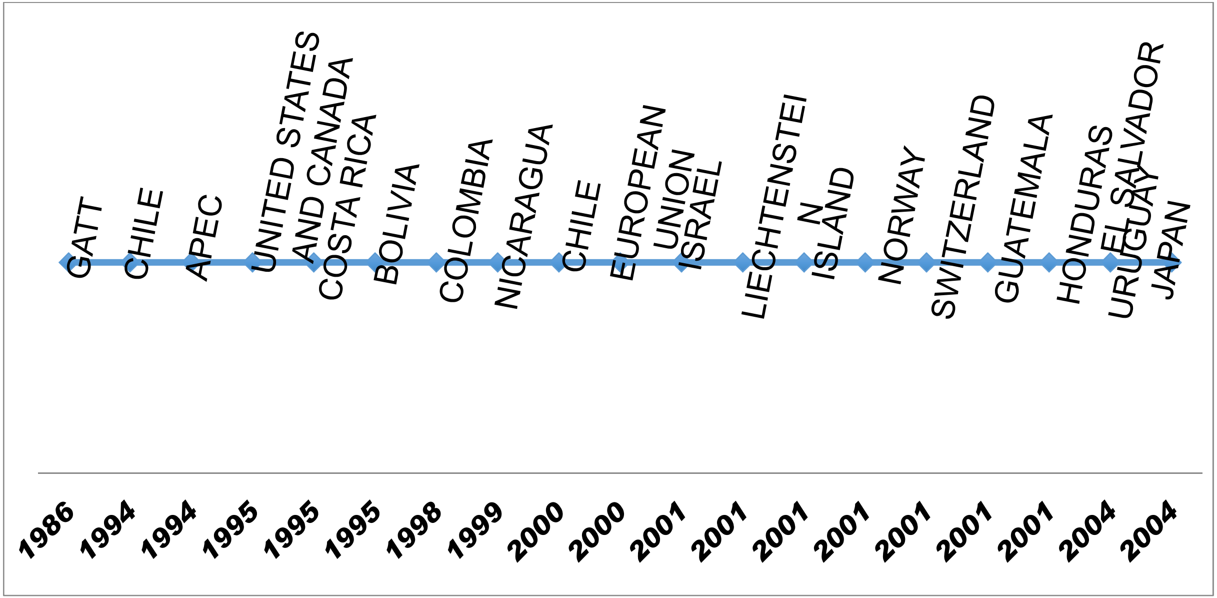
On the other hand, and parallel to the development of trade liberalization in Mexico, it is interesting to observe the commercial opening of the United States; figure 1 and figure 2 illustrate the respective timelines of each country’s bilateral trade agreements, in the order they were signed:

Figure 1: Free Trade Agreements of the U.S.[14]



[14] United States Chamber of Commerce, "The Open Door of Trade: The Impressive Benefits of America's Free Trade Agreements," last modified 2015.
https://www.uschamber.com/sites/default/files/open_door_trade_report.pdf

Figure 2: Free Trade Agreements of Mexico[15]



[15] Secretaría de Economía de México, *NAFTA*, accessed October 17, 2017. http://www.promexico.gob.mx/en/mx/home

Figures 1 and 2 show how both countries started to diversify around the same moment in time, with their markets evolving from their diplomatic relations with other countries into free trade agreements. The United States originally signed a free trade agreement with Canada, which later was replaced by NAFTA. It was 1994 when this relationship began its consolidation; it was a crucial year for trade liberalization, since the North American Free Trade Agreement entered into force. NAFTA's arrival, however, was eclipsed in Mexico due to political instability created by the guerrillas (EZLN) that chose the very same day to make their appearance in Chiapas, demanding fair conditions for the agricultural sector. President Zedillo (who took office in late 1994) had to deal with an economic crisis that ended up in a devaluation causing a 30% fall of the country´s gross domestic product. After ten months, Mexico´s economy began a recovery in part because of a financial rescue from the U.S.A. and the International Monetary fund (IMF) and because of the lower prices devaluation created on Mexican products that allowed them to be sold more easily in foreign markets.

The export sector was an important for Mexico's eventual recovery, as was the devaluation and, consequently, the cheapness of Mexican products. Additionally, the world was influenced by the image of openness that had been generated during the previous presidential period of Carlos Salinas de Gortari. Mexico was perceived as an ambitious country that was opening its markets, privatizing companies, signing free trade agreements, and standardizing processes and procedures with other countries. All in all, Mexico was a model country in the restructuring of its economy and above all it was considered a country that was inserting itself firmly into the global market.

There is evidence that the export manufacturing sector acted as the primary, though not the sole, driver of recovery in several complicated stages. As stranded in the column "Coordinates," published by Enrique Quintana in the newspaper *El Norte,* during the last two decades, the year of best performance of the Mexican economy was 1997, when it reached a growth of 7.2 percent. The Zedillo era harvested the fruits of the structural changes of the Salinas presidential period, especially the negotiation of the North American Free Trade Agreement. After the deep crisis of 1995 that led to the worst economic downturn in modern history, Mexico had 5 years with an outstanding economic rhythm: GDP grew by an average of 5.3 percent a year for the rest of the six-year period. Between 1995 and 2000, exports of processed products grew by 120 percent, implying a rate of 15.8 percent a year. In the recovery of 2010, the pattern was the same, but doubled, with a rise of 29.5 percent that year and the highest level in history.[16]

According to the analysis made by TLCAN Hoy (a website co-managed by the governments of the three member states of NAFTA) regarding the first 15 years of NAFTA 1994-2008, we can highlight some of the benefits:

- Trade between Canada and the United States has almost tripled, while trade between Mexico and the United States has more than quadrupled.
- In 2008, the NAFTA partner countries exchanged goods valued at approximately US$ 2.6 million per day, equivalent to US$ 108 million per hour.
- From the date NAFTA came into force until 2008, the size of the North American economy doubled; the combined gross domestic product (GDP) of Canada, the United States and Mexico exceeded US$ 17 trillion in 2007, compared with US$ 7.6 billion recorded in 1993.
- In 2008, foreign direct investment received by Canada and the United States from the NAFTA region reached US$ 469.8 billion.[17]

NAFTA: 2008-2015

In 2008, the world experienced one of the worst economic crises in history. The so-called "credit crisis" was a huge challenge for economies such as the United States; as the capacity for action and response of different governments was tested in both Mexico and the United States, many companies filed for bankruptcy, banks had to be "rescued" with government financial aid, and thousands of people lost their assets in the absence of a timely appropriate financial regulation.[18] The downturn resulted in other adverse economic indicators, such as the fall in the rate of growth of GDP globally, a huge unemployment rate, and an economic

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[16] Enrique Quintana, "Los Años Felices," *NTR Television Zacatecas*, accessed October 17, 2017. http://ntrzacatecas.com/2011/02/21/los-anos-felices/

[17] Ministry of External Relations and International Commerce and NAFTA Now, "Trade and Free Commerce in North America," last modified April 1, 2008. http://www.tlcanhoy.org/

[18] John Marshall, "The Financial Crisis in the U.S.: Key Events, Causes, and Responses," *Business and Transport Section, House of Commons Library*, last modified April 22, 2009. http://www.voltairenet.org/IMG/pdf/US_Financial_Crisis.pdf

recession from which many countries are still barely emerging. Yet, despite this, not all sectors experienced such catastrophic losses; despite the fall in production in affected countries like the United States, other factors such as the Chinese economy and other emerging economies had more positive results. Many emerging economies, for example, took advantage of the exchange rate in a unique way. For example, in Mexico, the export sector continued to grow and, once again, with the depreciation of the peso against the dollar, there was a greater commercial dynamism due to the cheapening of the Mexican exports.

Meanwhile, in the U.S., the intervention of Barack Obama's government, hand in hand with Ben Bernanke in the Federal Reserve, applied a flexible monetary policy to position the domestic market with an interest rate close to zero so that the economy would slowly reactivate. This led to a greater economic recovery in the United States by the end of the Obama Administration’s second term.

Conclusions

The evolution of the commercial relationship between Mexico and the United States from 1970 to 2015 has undergone great changes that have allowed a greater consolidation and economic integration. To facilitate the final analysis, we will focus on three fundamental aspects:

1. The evolution of the trade balance between the two countries and the percentage of trade that represents one for the other.
2. How the commercial exchange of goods has changed over these years.
3. The commercial dynamics of both Mexico and the United States with their respective main trading partners.

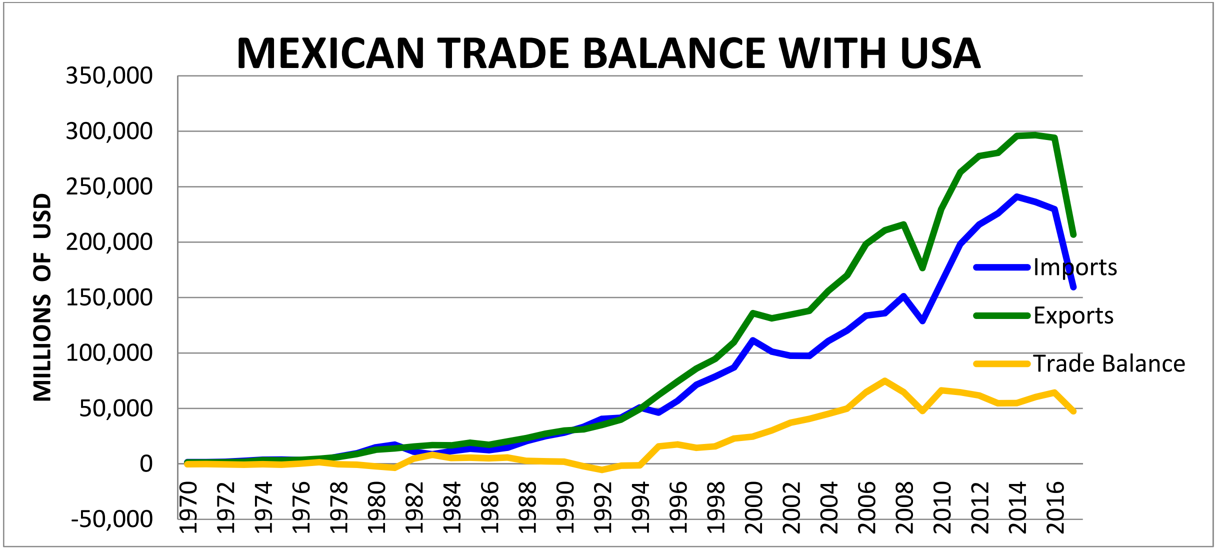
To further illustrate these points, the final pages of this paper will include a series of charts and graphs constructed using data from the United States Census Bureau and the Observatory of Economic Complexity at the Massachusetts Institute of Technology. Most of the information presented here is the direct result of analyzing the balance of trade between United States and Mexico.

The Evolution of the Trade Balance

Figure 3 shows that, from 1970 to 1986, commercial trade between Mexico and the United States was incipient, given the model of substitution of imports that was applied in Mexico during those years. A slight increase appears in the mid-80's when the oil crisis spiked prices of this commodity, Mexico found new reserves, and when the two countries began opening their trade frontiers; but it is not until NAFTA starts that we can see a dramatic increase in the value of the trade balance. Overall, the commercial dynamics have experienced a very strong upward trend. On the other hand, we can observe the percentage of imports that arrive from Mexico to the USA and the exports that the USA sends to Mexico, in relation to the total foreign trade that the United States has; Figure 4 shows this evolution.

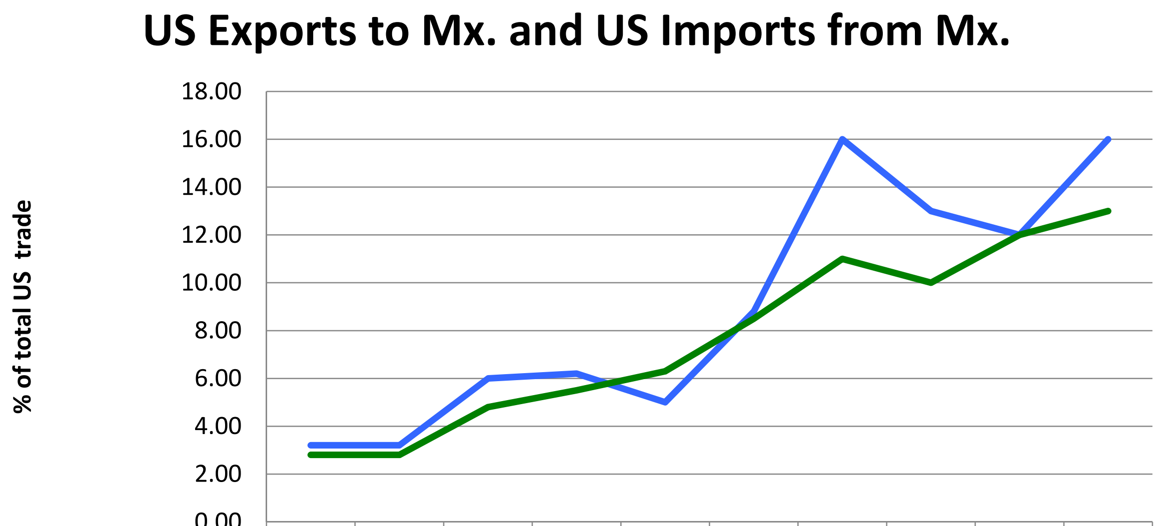
It can be observed that in 1970, the level of exports from the USA to Mexico was only an incipient 3.20% and imports 2.8%. In 1995, the first year that NAFTA came into force, that ratio changed to 8.8% and 8.50% respectively, and by the year 2015 the share of exports to Mexico was doubled to 16% and imports also increased considerably. Since 2015, of the total imports purchased by the United States, 13% comes from Mexico. However, with regard to the trade dynamics of Mexico towards the United States, a much more consistent pattern emerges, as shown in Figure 5.

Figure 3. Mexican Trade Balance with the U.S.[19]



[19] US Census Bureau, 2017.

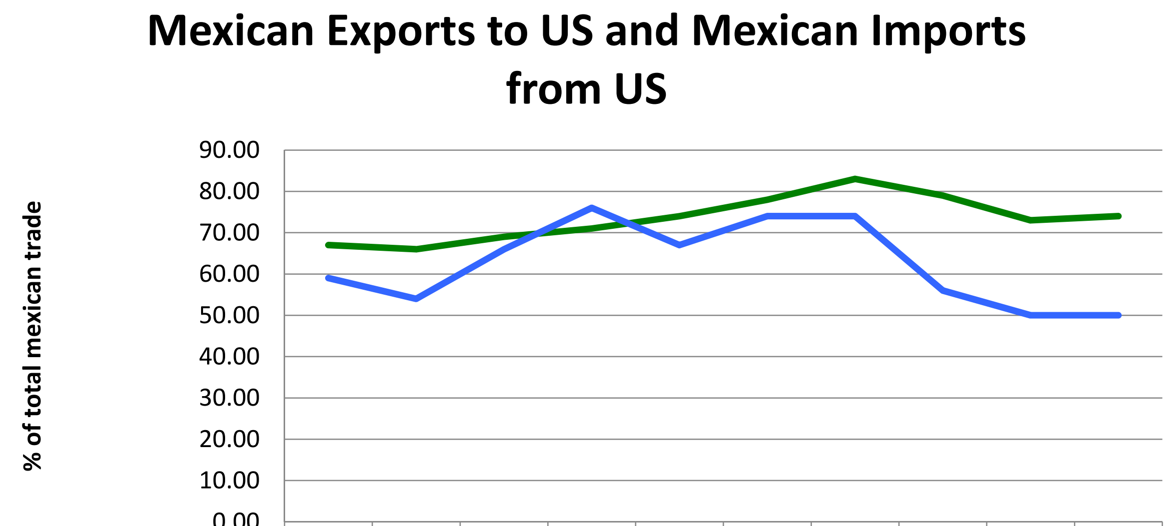
Figure 4: U.S. Exports to Mexico and Imports from Mexico[20]



	1970	1975	1980	1985	1990	1995	2000	2005	2010	2015
% EX. TO MX	3.20	3.20	6.00	6.20	5.00	8.80	16.00	13.00	12.00	16.00
% IM. FROM MX	2.80	2.80	4.80	5.50	6.30	8.50	11.00	10.00	12.00	13.00

[20] *Ibid.*

Figure 5: Mexican Exports to the U.S. and Imports from the U.S.[21]



	1970	1975	1980	1985	1990	1995	2000	2005	2010	2015
% EX. TO USA	67.00	66.00	69.00	71.00	74.00	78.00	83.00	79.00	73.00	74.00
% IM. FROM USA	59.00	54.00	66.00	76.00	67.00	74.00	74.00	56.00	50.00	50.00

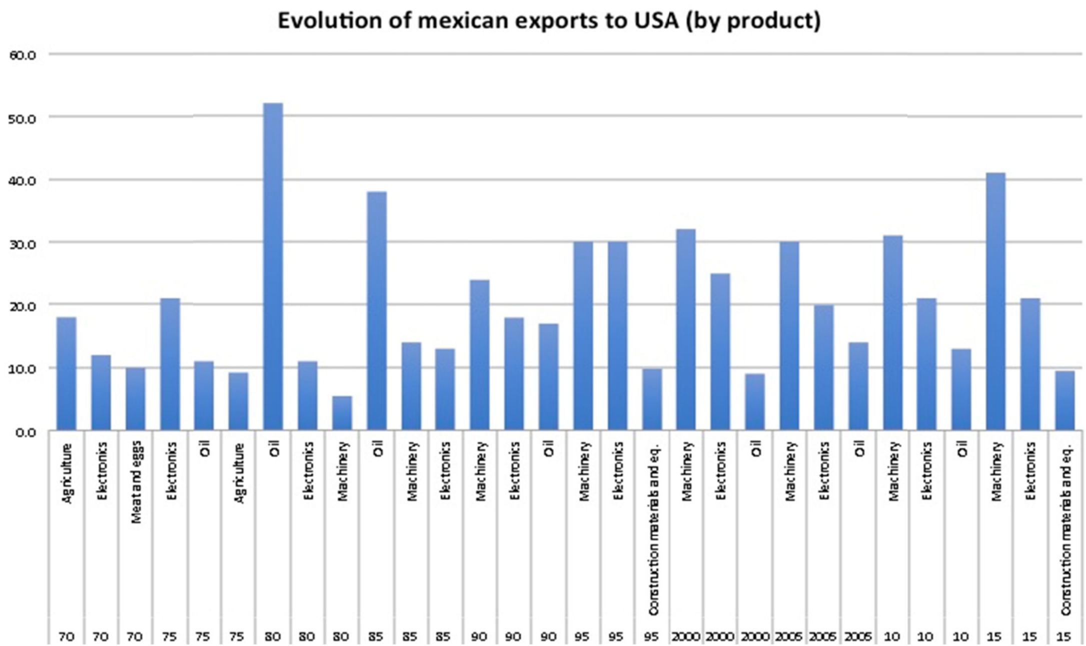
[21] US Census Bureau, 2016.

The graph shows that the percentage of bilateral trade with the United States has been somewhat more consistent from Mexico, since of the total Mexican exports, the main destination was the U.S. In 1970 it was 67%, in 1995, 78 % and in 2015, 74%.

Trade by Product

The second aspect that helps us analyze this evolution and interaction of both countries is an analysis of the products exported and imported through the years from both countries. Figure 6 (both chart and graph) reflect how Mexico evolved from being an economy that produces only primary goods to being the complex economy Mexico is today. In the case of United States, how they also evolved from what they supplied and demanded during the years may also be analyzed in this document.

Figure 6: Evolution of Mexican Exports to the U.S. (by product)[22]



[22] US Census Bureau, 2017.

BILATERAL RELATION				
YEAR	**EXPORT GOODS TO USA**	**%**	**IMPORT GOODS FROM USA**	**%**
1970				
	Agriculture	18.0	Machinery	38.0
	Electronics	12.0	Electronics	11.0
	Meat and eggs	10.0	Chemicals and Health prod.	11.0
1995				
	Machinery	30.0	Machinery	24.0
	Electronics	30.0	Electronics	20.0
	Construction materials and eq.	9.8	Construction materials and eq.	9.1
2015				
	Machinery	41.0	Machinery	36.0
	Electronics	21.0	Chemicals and Health prod.	9.7
	Construction materials and eq.	9.5	Electronics	7.7