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9. ABSTRACT

Analyzes the current status of U.S.-Mexico bilateral economic assistance and proposes an approach to future U.S.-Mexican development cooperation. This U.S.-Mexican approach could concomitantly help less poor countries (LPC) in the western hemisphere. The paper discusses politically and socially defined limitations on U.S. aid to Mexican development and considers problems related to the illegal migration of job-seeking Mexicans to the U.S. The divergent attitudes of the U.S. and the government of Mexico regarding the migration problem are examined. The report then recommends that the U.S. and Mexico establish an Inter-American Institute for Applied Development Analysis, which would help improve the research and development capacities of western hemisphere LPC's, while providing a forum for joint U.S.-Mexican research on development.

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U.S.-MEXICAN DEVELOPMENT
COLLABORATION: A QUESTION OF
SUBSTANCE AND STYLE

G.G. GUTIERREZ

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U.S. - Mexican Development Collaboration:
A Question of Substance and Style

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U.S.-Mexican Development Collaboration
A Question of Substance And Style

ABSTRACT

This discussion explores the limits and prospects for U.S.-Mexico Bilateral Economic Assistance and proposes an approach to Development Cooperation which might serve the interests of both countries while concomitantly addressing the development interests of other less developed countries in the Hemisphere.

The analyst introduces a conceptualization of U.S.-Mexican relations which is more inclusive of the international and domestic considerations that bound the substance and form of potential development collaboration.

Recommendations for research and development cooperation include:

- 1) The formulation and establishment of an Inter-American Institute for Applied Development Analysis (IIADA).
- 2) U.S.-Mexican collaboration in the design of an Inter-American Development Agenda which would be inclusive of critical, unique, and shared problems of contiguity and relevant to both Middle-Income and less developed countries.

U.S. - Mexican Development
Collaboration: A Question of Substance
And Style

I. OVERVIEW

The principle objective of this discussion is to explore and evaluate alternatives to U.S.-Mexican Development Cooperation which might facilitate further collaboration among other less poor or middle-income countries in the Western Hemisphere. The discussion in scope is not comprehensive as much as skeletal and suggestive. The intent is to review the specific advantages and disadvantages associated with bilateral assistance versus a multi-lateral development relationship between the U.S. and Mexico as instrumental approaches to Inter-American Development Collaboration.

A central assumption that underpins this discussion is that the objective of the U.S. is to promote political stability which is compatible with the economic well-being of Mexico in a period significant of change. It is relatedly presumed that there exist interest in the identification of an effective mechanism for U.S.-Mexican Development Cooperation which integrates those international and domestic considerations critical to the

achievement of U.S. objectives.

II. THE SETTING

A. The Development Diseconomy of U.S.-Mexican
Contiguity

Mexico and the U.S. have political and economic interests which require greater cooperation. The necessity for an effective management approach to the current diseconomies that characterize contiguity is indeed more necessary than possible as international and domestic issues have been permitted to overshadow the benefits of a development focused relationship.

The most complex policy issue in U.S.-Mexico relations is how to cope with the undocumented worker flow in a manner that will not undermine our basic objectives of a politically stable and economically prospering Mexico, and interfere with the attainment of other U.S. objectives and goals.

Mexico's critical development problems are characterized by:

A high rate of population increase which exceeds economic capacity.

- A very inequitable income distribution.
- A growing unemployment and underemployment problem (now estimated at nearly 50% of the work force, due to population pressures and the GOM's capital-intensive model for economic development).
- A burgeoning urban migration stimulated by the population explosion, growing rural poverty, shortage of arable land and social and education deprivations in the rural areas.
- Exclusion of small farmers from the money economy (see IAF proposal).

A Congress of Mexican economists meeting in the Spring of 1976 reached a general consensus that the old model of development had failed.

As alternative models of development are debated a critical question haunts the dialogue - does the growth of Mexico's population challenge any model of development? National revenues from oil resources will not be easily translated into policies and programs that will restrain consumptuous spending by the wealthy or provide economic relief to larger numbers of Mexicans who are victimized by a structural inability on the part of the

Government of Mexico to satisfy their most basic needs (see Grayson, Fagin, Williams).*

Presidential admonitions from Lopez Portillo to resolve the contradictions between an already outworn development scheme and the model to which the Mexican revolution aspires do not satisfactorily address critical organizational inefficiencies and technical deficiencies which are both causes and characteristic of underdevelopment.^{1/}

Both the U.S. and Mexico are experiencing the adverse consequences of juxtaposed economic development policies whose objects and instruments are not coherently managed to minimize unnecessary dislocations. Failure to address defacto economic integration which is particularly intense in the Border Region is becoming costly. It is the view of this analyst that unilateral or joint development efforts can be promoted by a clear understanding of the nature and implications associated with development interdependence as a condition of contiguity. Conversely, it is suggested that the absence of the former can seriously aggravate that relationship as unmanaged economic integration and uncoordinate development policies appear to be overwhelming the institutional capacities of both countries to

deal comprehensively and effectively with the range of inter-related development issues that characterize contiguity.

B. The Conceptual Limits of U.S. Solutions to A Mexican Development Predicament.

The contemporary problem is that the U.S. has expressed an interest and sought to influence Mexican development policies it has done so in the specific context of responding to an increasingly controversial domestic issue. A domestic issue in which the specific objectives of 1) gaining greater control of the U.S. Border Region i.e., population movement from Mexico; 2) restricting the employment opportunities of those working in the U.S. illegally; and 3) regulations of the undocumented worker in the U.S. labor market, appears to be in potential conflict with the general policy objective of improving cooperation with sender countries i.e., Mexico.

Remedies currently being considered as appropriate and necessary to the restriction of access to the U.S. labor market raises fundamental questions of economic and human rights. Unemployment or underemployment which appears to be a by-product of an unprecedented number of undocumented workers in the U.S. is

a highly charged and visible issue of national and regional consequences. To the extent that this public policy issue can be addressed by identifying and refining appropriate enforcement remedies, it acquires the symbolism associated with a major civil liberties issue.^{2/}* This is especially true in the case of a growing U.S. Hispanic population that has both an economic and psychological stake in addressing the flow of undocumented workers from Mexico to the U.S.

Mexican development policies which contribute to the intensity of "push-factors" within the economy are hence no longer of marginal interest to the U.S. Government. Attention in the U.S. has gravitated to structural factors within the Mexican economy. In this regard it is not difficult to understand the reluctance of the Mexican Government to respond to a zealous U.S. prescription for its development problems. Fiscal and administrative costs to the U.S. economy have been calculated in the U.S. political arena without benefit of what Mexican specialists have termed a serious review of historically documentable "pull-factors" which have contributed to incapacities of the Mexican economy to balance income distribution and social expenditures with growth i.e., restrictive trade policies.

C. The Mutual Constraints of Bilateral Cooperation

There is growing awareness on the part of both the U.S. and Mexico that the problems currently confronting them are not diplomatic in nature. They involve fundamental issues of economic development. It is also clear that issues of development cannot be resolved in a collaborative fashion without some awareness of the need to articulate national interest and priorities. There exist few common solutions to distinct problems of economic development in the U.S. and Mexico. The task confronting the U.S. Government is to understand that policy or set of policies that currently characterizes economic development as it relates to outmigration to the U.S. from Mexico and to determine what the U.S. can do that is consistent with its general policy objectives as a Border Nation.

Consideration of proposals for joint development activities between the U.S. and Mexico must take place with an appreciation for the Mexican disposition toward direct U.S. assistance. Mexico has consistently eschewed conspicuous dependence on U.S. assistance which would constitute an admission of the discrepancy between government policies and the goals of the revolution.

"If anything Mexicans seem to dislike most in matters of international relations, it is to see their governments losing face with the big Northern neighbor."^{3/} (M. Ojeda)

Having historically rejected the stigma of bilateral assistance with "strings" that has been viewed both exploitative and in violation of international independence, ("Our Nation thrives on charting its own course in International Affairs"),^{4/} the Mexican Government has however, accepted with some enthusiasm Multilateral Assistance. It was involved in the creation of the Inter-American Bank and promoted its expansion. Most recently, officials of the Government have publicly reasserted its interest in direct U.S. assistance by declarations that underscored a preference for changes in the U.S. Trade Policies rather than aid. ("We want to export commodities, not people.")

Summarizing the Mexican perspective on preferred modes of development assistance, Mexican Scholar Mario Ojeda concluded recently in a presentation at a Brookings Institution - El Colegio de Mexico Symposium on Structural Factors in Migration that:

"...it seems logical to assume that short of tariff concessions and being put to the necessity of choosing between multilateral and bilateral cooperation the Mexican Government would favor the first one."^{5/}(emphasis my own)

It appears that a bilateral assistance relationship offered as a salve rather than a well conceived response to a development focused relationship invites rejection from the Mexican Government. Beyond underestimating nationalistic values, such a proposal may be minimizing the value attached by Mexican officials to expanding institutional relations with other less developed countries in the Hemisphere.

As pointed out by Ronfeldt and Sereseres, Mexico recently promoted the organization of SELA (Sistema Economica de Latina America). In spite of such activity, Ronfeldt and Sereseres have concluded that Mexico's status and role in the Latin American System is restricted. As some countries perceive Mexico as a peripheral member of the region too closely linked with the U.S.^{6/}

Development assistance from the U.S. to Mexico would in this context have to be designed to overcome the above as factors in GOM resistance. More fundamentally, development cooperation

implies the will to accommodate conditions and competing goals rather than threatening them. Development cooperation is not likely to result from activity that in substance and consequences appears to contravene national purposes.

The Investment Fund

The Joint Fund by the U.S. was conceived as an approach to generate employment in Mexico by supplying credit to labor-intensive enterprises. The Fund would have relied upon existing institutions such as the IBRD and local Mexican cooperatives and Banks to identify and evaluate projects.

The three million dollar investment proposal was not a significant amount in context of Mexico's potential access to external credit. Indeed, if the proposal served any purpose it existed in the psychological value of a highly visible U.S. overture that in substance demonstrated U.S. will to make a public issue of the need for structural changes within Mexico by linking the Investment Fund to the Administration's Immigration Legislation. The risks incurred are obvious as the GOM was and remains unlikely to initiate economic reforms that are in appearance concessions to external pressures from the North, i.e., the Fund

as a means to diffuse Mexican reaction to U.S. steps to close-off the Border. The Mexican refusal to affirmatively respond to the proposed Fund underscored the serious task which confronts U.S.-Mexican policy. Specifically, whether the USG is capable of reconciling domestic political demands for an affirmative approach to population migration with the general objective of sustaining close and cordial relations with Mexico in other policy areas of domestic and international importance. What, if anything, can the USG do to facilitate GOM support for short-term efforts to reduce migration to the U.S.?

The interests of both countries lie in Mexican economic development undertakings which will dilute the factors which prompt migration. Given GOM opposition to the proposed USG programs to stem the flow of undocumented workers, the USG must identify those policy instruments which might minimize international and interethnic tensions resulting from steps taken to implement the proposed Border Management Legislation.

D. Issues of Substance and Style

Questions of substance and style are paramount and should not be minimized. A bilateral concept may have consider-

able utility and appeal if in content and form it effectively communicates a synthesis of mutually beneficial development purpose. As such it would have to emphasize shared interests and responsibility for problem resolution while conveying a presumption of preferentially and tangible recognition that issues of U.S.-Mexican-contiguity are in their very nature intermestic. That is, both international and domestic in content and thereby resolved by a managed and coordinated integration of international and domestic considerations.

Contemporary U.S. efforts to promote development cooperation appear to acknowledge the value of relying upon existing mechanisms to administrate assistance in a "low-key" style. Unfortunately, it is the very nature of the linkage of substance and context which has rendered questions of style academic in considering U.S. development assistance to Mexico. What remains missing is a satisfactory response to the Ronfeldt and Sereseres query concerning that "policy rationale or set of symbols that can guide the political discourse and provide some direction in U.S.-Mexico policy-making encounters."⁷⁷ Perhaps even more significantly, what remains obscure is how perception of the need for development cooperation differ and converge in purpose and content.

Can conflicting National issues be resolved if international implications are not fully defined or articulated?

1. The U.S. Perspective

Mexico is an important "upper-tier" or middle-income country in the North-South dialogue. It is now and will become increasingly an important objective of U.S. Latin American policy. While Mexico has shown increasingly acute awareness of its structural inability to provide sufficient economic opportunities to satisfy its population as a contiguous neighbor, it appears more interested in the prerogatives of a Border Nation than the responsibility to assist the U.S. in resolving its domestic problems of absorbing the fiscal and administrative costs associated with of being an unwilling recipient of Mexico's unemployment.

While the USG and Mexico have converged economic and political interests at stake in the evolution of a development focused bilateral relationship the major problem in U.S.-Mexican relations stems from the failures of Mexican development; i.e., policies, trade liberalization investment, foreign assistance can only reinforce or complement Mexico's efforts. Relatedly, there is a growing awareness of a complex interdependent relation-

ship that requires management techniques that will minimize the spill-over of domestic problems and maximize the capacities of both countries to cope with economic integration and its cultural and political influences.

2. The Mexican View

The GOM feels that it has been informed rather than consulted about the direction and content of U.S. programs. The Mexican Government's disposition toward proposed U.S. programs to stem population movement is summarized by migration specialist Jorge Bustamante as involving the following:

- (1) The migration phenomena of Mexican workers to the U.S. cannot be understood without appreciating the structural factors that provoke it on both sides of the frontier i.e., a push-pull dynamic.
- (2) These push-pull factors that are similar to a supply and demand process will not disappear by decree. No legislative remedy designed to respond to symptoms rather than structural causes can be successful and will only provoke international

tensions and aggitate interethnic conflict.

(3) In the short-run it is impossible to reduce the structural causes of the migration flow. What is required is a medium and long-term plan.

(4) Steps to promote employment and improve income distribution will promote development objectives and should not be undertaken to restrain migration.

(5) American aid is not necessary but cooperation to promote expansion of trade is.

(6) The U.S. is better off accepting the reality of population movement rather than incurring the risks and costs of undertaking unilateral repressive measures.^{8/}

From the perspective of the GOM, contiguity as an existential fact bounds both the definition and resolution of U.S.-Mexican problems. The GOM prefers the treatment accorded a Border Nation.

"Our government considers that the sharing of a Border and the consequences of this on the economic elements should be taken into account in the U.S. Government's decision on trade, credit policies, international air traffic control, restrictions on its citizens who visit Mexico, and related matters. In short, Mexico hopes that the U.S. will recognize our Nation's right in various economic areas to be given the treatment of a Border Nation." 9/

Border Nation treatment is inclusive, in the view of Mexican officials, of a general appreciation for the unique capacity of Mexico as a contiguous and interested neighbor to function as a "Bridge-Builder" in the Inter-American Community. 10/
In this regard Mexico is predisposed to a relationship of "Bilateral Specialness" without conspicuous U.S. involvement in Mexican development undertakings.

Lopez Portillo has been very explicit in his assertions that Mexican development problems will be resolved by Mexicans:

"We have it within our means to solve both the population explosion and poverty dilemma."

"Mexico does not want the U.S. or any foreign experts poking around the country telling it how to recover or take off."
(U.S. House Hearings, 1975) 11/

III. U.S.-MEXICAN COLLABORATION WHICH SERVES THE ENDS OF BILATERAL SPECIALNESS

A. The Limits of Contingent Threat in Pursuing U.S. Development Objectives.

Given the limits which characterize potential bilateral development assistance between the U.S. and Mexico, it may be advantageous to minimize the counterproductive dimensions of a direct assistance relationship which in style is conspicuous in both Mexico and the Hemisphere. Such an effect would seek to scale down the impact of direct political and security considerations as the primary motivation for U.S. proposals for Mexican development cooperation. It would appreciate the extent to which recent USG efforts to promote development collaboration with Mexico appear to be more intent upon catalyzing the GOM and relevant interest groups to review and adapt development policies by threatening in a contingent manner Mexican access to the U.S. labor market i.e., accelerating enforcement activity and establishing employer sanctions, and convincing the former of the USG resolve not to indefinitely accept the burdens of being the primary recipient of Mexico's outmigration flow. Indicative of this perceived emphasis is the view of Grayson that:

"Restricting the Border flow is not intended to sensitize the President of Mexico's needs. He is well aware of the Herculean problems facing his country. But many powerful constituencies - key industrialists, professionals, bureaucrats, labor leaders, businessmen, and political chieftains must understand that only by promulgating structural changes can they avert massize social unrest and continue to enjoy a reasonably comfortable life." (Grayson) 12/

This view presumes that the structural factors which contribute to population movement both within Mexico and to the U.S. can be dealt with by the GOM i.e., resources and management skills are available in the short-term. It also presumes that USG policies are adequate for the task of effectively complementing alterations in Mexican development policies. There exists little doubt that by closing off access to the U.S. labor market the USG can promote a reappraisal of preferred Mexican development policies. What is unclear is whether the U.S. can effectively reinforce alternative development policies by manipulating in a coherent fashion relevant economic policies and coordinating the activity of responsible domestic and foreign affairs agencies. The critical tasks remains to identify that development policy synthesis in which the constructive values of interdependence and independence can be merged and their destrup-

tive potential minimized.

B. Interestic Development Cooperation

U.S.-Mexican development cooperation requires an effective means of specifying the nature of economic interdependencies relevant to distinct development problems and policies.

It is suggested that the GOM low tolerance for direct U.S. assistance might be off-set by a U.S.-Mexican development pact that in form is multilateral and in substance serves multilateral development objectives while acknowledging and promoting a special development relationship. Development cooperation would be premised upon the need to address a systematic fashion unique and shared problems via an institutional mechanism which would serve the larger purpose of an Inter-American development capacity. What is proposed is a multilateral organization catalyzed by U.S.-Mexican development collaboration that might serve as a prototype for Middle-income country cooperation in addressing specific development areas.

It is believed that development problems which characterize Mexico and other less poor countries such as Venezuela, Brazil, Colombia, and Argentina are relevant in content to the USG interest in improving the quality of American life, i.e., urban, rural, and social problems in developing sectors of the U.S. economy coincide with those of the former. It is this converging development focused agenda that might serve as a model for Inter-American development cooperation among middle-income nations and less developed countries in the Hemisphere.

The interdependence of U.S. and Mexican economies is an addition to bring international inter-local, i.e., population, unemployment, and migration constitute joint problems. Disruption of a particular export or import pattern may or may not seriously impact on the economy of either country but it is certain to raise serious dislocations in specific domestic regions, industries, and work forces.^{13/}(B. Manning)

It is commonly acknowledged that the U.S.-Mexico Border Region is increasingly interdependent and important to both countries. It is also recognized that no binational coordinating mechanism currently exists to cope with the range of unique and shared Border problems e.g., integration of development economies,

urbanization, environmental planning, tourism, trade, and border crime, which do not fall under the mandate of the International Boundary and Water Commission.^{14/}

The USG in Title V of the Public Works and Economic Development Act of 1965 has recognized that some economic problems are of such a scale as to extend beyond the boundaries of a single state. The Southwest Border Regional Commission which covers some 36 countries along the U.S.-Mexican Border, like seven other regional commissions mandated under Title V and administered by the U.S. Department of Commerce, is designed to provide a formal mechanism for Federal-State decision-making on long-range economic development. The specific objective is to promote economic development by reducing or removing obstacles to growth through planning, research, technical assistance, and supplemental funding of Federal grant-in-aid programs. The principal program categories of the Commissions include:

- (1) industrial development;
- (2) human resources development (worker training and retraining);
- (3) energy conservation and development;
- (4) natural resource development;
- (5) transportation and development; and
- (6) tourism and recreation development.

In view of the complexities involved in organizing a coherent U.S.-Mexico interface on problems of contiguity, Clark Reynolds proposed in 1977 before a House Sub-Committee the establishment of a Standing Committee comprised of both countries to provide a continuous exchange of information and to introduce issues deserving of attention and to prescribe means to deal with them.

"I propose that a Commission be standing on a permanent basis so that instead of proceeding in an ad hoc way as we have in the past on specific commodities, on certain matters in the Border, territorial problems (and) migration, we would be able to work out long-term relationships and develop the legal framework necessary to cause them to be implemented as a reasonable basis with a certain degree of security for the individuals involved."
(emphasis mine) 15/

Pointing out that "since diplomats cannot solve social problems, we have to think in totally new terms" Reynolds proposed a tripartite North American Committee including Canada to facilitate the common economic development social progress of the continent.
16/

In theory certain problems affecting the Border and other areas were to be addressed via the Consultative Mechanism

and its appropriate sub-groups. What has been accomplished has been mainly in the environmental areas. On the Mexican side the Inter-Secretarial Commission for Border Development, which was established in June 1977, is concentrating its efforts on greater economic development and integration of the Border Region into Mexico National life and economy.

In the U.S., the new Southwest Border Regional Commission is mandated to promote and coordinate U.S. development in four Southwestern States. The two organizations have distinct goals. There has been little contact and inclination to cooperate in promoting integrated programs to address common Border problems.

Given the obvious interdependence and growing problems of the two national communities in the Border area, the USG has recognized the need for more effective cooperation at the Federal as well as State and Municipal levels to address and promote workable solutions to Border problems.

In accord with this disposition it has proposed that the USG consider promoting within its consultative mechanism the creation of a binational working group composed of Federal officials, basic and applied researchers with interests and expertise to

conduct a study of common Border problems and make recommendations to Mexican Foreign Minister Roel and Secretary of State Vance regarding effective means of addressing the problems identified.

The proposed study appears to underscore recognition on the part of USG representatives in Mexico that U.S.-Mexico relations are in quality diverse and primarily conditioned by regional and local initiatives rather than the two federal governments.* The principal tasks of a Binational Analysis of contiguity would involve an examination of how the U.S. and Mexico are currently dealing with mutual problems in order to ascertain whether existing instruments at the State and Municipal levels are effective and whether it would be desirable to create a more institutionalized binational mechanism at the Federal level to deal with Border issues.

Underscoring the need for a more conscious approach to managing a changing U.S.-Mexico relationship, Deputy Secretary of State Warren Christopher has pointed out:

"In the absence of a strong and well-coordinated national effort these local activities can greatly complicate our foreign relations and undermine the international image of the U.S." 17/

C. Border Development Management Contiguity As a
Second Generation Development Issue in the Western Hemisphere

The nature of economic development problems which arise from contiguous Borders among and between less developed and less poor countries has not received systematic attention. Little has been done to identify, analyze, and categorize the unique and shared problems which characterize efforts to manage economic development problems which arise from contiguity.

The increasing complexity of U.S.-Mexican relations is indeed the manifestation of a larger global phenomena -- the failure of governments to effectively conceptualize and implement institutional capacities to address interdependent development problems. As articulated by Gardner:

"There are certain obvious gaps in institutional structure. Certain necessary functions which no institution is now performing adequately. Among them are the following:

(1) The coordination of a 'macro-economic policy' ...to assure that the countries do not export inflation or deflation to the detriment of the world economy.

(2) The coordination of a 'micro-economic policy' ...to assure that investment decisions by countries in particular industrial sectors e.g., petrochemicals, fertilizer, and steel

are mutually compatible and do not result in either excess or inadequate industrial capacity in relation to global needs." 18/

Given the diverse and increasing nature of economic interdependence in the Western Hemisphere, it appears that institutions interested in the management of economic development would benefit from inquiry into the foreign and domestic policy consequences of unmanaged contiguous relations among less developed countries.

Assuming that interdependence implies degrees of economic vulnerability regarding levels of trade, the distribution of scarce resources, manpower shortages, and surpluses and market accessibility among and between Nations of the Hemisphere a critical imperative of economic development is management of defacto economic integration. The reality of contiguity as one dimension in development is that economic issues are simultaneously domestic and international in nature. Nowhere is this more clear than in Border Regions of the Hemisphere. The most obvious case of the intermestic (international and domestic issue interface) development is the contiguity of the U.S. and Mexico.

In Central America, El Salvador, Honduras, Panama, Costa Rica, and Colombia provide instances of contiguity that are relevant to economic development. In South America, Brazil, interfaces with Bolivia, Uruguay, Argentina, Peru, Colombia, Venezuela - and contiguous Border Areas are characterized by inter-local economic integration which impacts on development activities.

Border Development Management requires technical administration capabilities on the part of international as well as domestic institutions to plan and implement a coherent, mutually beneficial approach to development. Specifically what is required:

1. Technical assistance - the preparation of Border Development Management potential profiles.
2. Special training to improve the operational capability of Border Development Management.
3. Assistance in institutional development to improve the administrative functioning of the agency.

The interest of both the USG and GOM might be advanced by systematic focus on how problems of contiguity influence social and economic development.

More specifically, U.S.-Mexican development cooperation might be promoted by a joint research effort which would consider:

- (1) The identification of a representative sample of Border Development Regions and specific cases that might be reviewed in the interest of identifying problems and issues of LPC-LDC contiguity as they influence Inter-American development.
- (2) The identification of alternative mechanisms which might facilitate management of economic integration to the degree that it exists, and
- (3) Steps that might be taken bilaterally, multilaterally, or unilaterally to promote cooperative Border development.

Suggestive areas of focus relevant to Border Development Management might include:

1. Resources Evaluation Planning for Border Management - the potential and limits of Collaboration and Coordination.
2. Identifying an integrated Border Management approach employing social, economic, spatial, and environmental criteria.
3. Formulation of Border Development Management packages of related projects designed as the operative mechanism for implementing plans.

4. Identification of the necessary inter-disciplinary skills needed for Border Development Planning. What legal, administrative, economic, social, and political instruments are required to bring about effective development.

IV. RECOMMENDATIONS

A. The Inter-American Institute for Applied Development Analysis

It is proposed that LAC/AID consider the feasibility of encouraging the USG to establish an Inter-American Institute for Applied Development Analysis (IIADA) to promote the research and development capacities of LPCs to address shared and unique development problems in the Hemisphere.

It is further proposed that GOM and USG seek to encourage the active participation of other LPCs such as Brazil, Venezuela, Argentina, and Colombia in establishing such an Institute. The Institute would be modeled after the International Institute of Applied Systems Analysis located in Vienna, Austria (IIASA).^{19/}

It would thus be non-governmental in nature as it would be administered and funded through the National Science Academies of Member Nations. Funding would be derived from Category "A"

Countries such as Mexico, Brazil, Argentina, Venezuela, the U.S., and Colombia (Canada?). Category "B" Country funding would be derived from member nations that do not fall in the less poor or middle-income status. A third category and support Category "C" would be derived from International and Domestic Foundations and Institutions that have a specific and general interest or commitment to development research.

The IIADA would be directed by a governing Council made up of member nation representatives from the respective National Science Academies i.e., NSF, CONACYT, et. al. The Council as a governing agency would formulate a development research agenda for applied analysis and identifying steps required to establish an effective network to disseminate and critique the Institute's findings and interface with other relevant Western Hemisphere and International organizations, i.e., IIASA, U.N., et. al.

The IIADA would be staffed by multidisciplinary basic and applied researchers who would focus their energies on a Council directed research agenda with emphasis upon development cooperation and the implications of interdependence among LPCs and LDCs in the Western Hemisphere.

Research on major problems of development of Hemispheric and global nature would be conducted by individuals as well as collaborative groups and institutions. Particular emphasis would be placed upon the introduction of science and technology as critical variables in development collaboration.

The specific areas of focus include:

1. Interdisciplinary focus on global issues such as energy, food, that impact on all Western Hemisphere Countries.
3. Interdisciplinary focus on Hemispheric issues such as regional development and the management of economic integration which is associated with contiguity.

B. IIADA In the Foreign Economic Assistance Context

There exists a recognized need to clarify development objectives among less poor countries in the Hemisphere and to specify the nature of an Inter-American Development Cooperation Agenda.

Severe technical and planning problems characterize Western Hemisphere LPCs. The U.S. does possess a unique capacity to assist the research development capacities of LPCs. They in turn have skills and resources relevant to U.S. develop-

ment objectives both in the domestic as well as Hemispheric context.

A critical deficiency of U.S. Foreign Assistance has been identified as the basis of an organizational means by which the U.S. might enhance its participation in a collaborative development process. A recent Brookings study concerning the administration of U.S. Foreign Economic Assistance underscored a number of critical issues of relevance to the consideration of potential U.S. involvement as a member of the Inter-American Institute for Development Analysis (IIADA).

1. There is a need to mobilize U.S. efforts to identify an effective collaborative research and development relationship with LDCs.
2. Programs of technical collaboration are in the mutual interests of LPCs and LDCs. Many non-recipient countries with middle-income attributes would welcome collaborative relationships with U.S. research institutions but can ill-afford to bear the full costs. At present no suitable U.S. mechanism for supporting collaborative research on a shared basis exists.
3. There is a need to effectively utilize the scientific and technical resources of Federal agencies for development of collaboration purposes.
4. Three principle instruments of development collaboration are:

- policy development
- organization
- technology 20/

C. IIADA And the International Development Cooperation Act of 1978

The IIADA proposal is consistent with specific proposed provisions of the Administration's reorganization of U.S. Foreign Economic Assistance. The International Development Cooperation Act of 1978 mandates that the International Development Cooperation Agency (IDCA) "will administrate assistance programs planned and utilized to encourage regional cooperation by developing countries in the solution of common problems and the development of shared resources." (Section 201(1)).

Further there is specific provision for assistance efforts which are designed to facilitate cooperation with development assistance efforts of other countries. These include the planning and implementation of program projects on a multilateral and multi-donor basis. (Section 201(i)).

Under the Education Development Administration and Human Resources Assistance Section IDCA Assistance shall be used to strengthen the capabilities of country and regional institutions

with respect to program planning management and technical expertise. (Section 204(3)).

More specifically Section 205 Selected Development Programs provides for:

"programs of research into and evaluation of the process of economic development in developing countries and areas, factors affecting the relative success and costs of development activities and into the means, techniques, and others. Such aspects of development assistance as the Administrator may determine in order to render such assistance of increasing value and benefit. And Section 205(8) Authorizes technical cooperation and international development organizations.

Section 206 provides for assistance to U.S. Research and Educational Institutions for the purpose of strengthening their capacity to develop and carry out programs concerned with economic and social development of developing countries."

D. The International Institute of Applied Systems
Analysis Experience: Critical Decisions

Critical choices that facilitated the creation of
IIASA as a unique international experiment.

1. The decision to make the Institute non-governmental - the objective was to insulate the Institute from those questions of National prestige and policy that intrude when Nations interact within Intergovernmental organizations. IIASA staff participate as individuals and not as representatives of government.

2. The decision to focus on a specific analytical capacity - applied systems analysis. The intent was from the out-set to mobilize the contributions of many sciences and technologies in the interest of development and systematizing the methods of systems analysis on an international scale.

3. The decision to select a positive site for the Institute - where there was commitment and interests to satisfy the needs of the Institute and its international staff.

4. The decision to establish a Council to assume the responsibility for guiding the Institute's development. Together with the Director and Institute staff, the Council acts to specify the research program, provide the needed resources, and to establish links with the external world. The Institute is tied to the Scientific Communities in all its member countries through collaborative agreements, liaison, and advisory committees.

5. The decision to - through the activity of the Institute's Council, its Committee - to translate expressions of general interest into a diverse, carefully structural examination of crucial issues of global and universal importance.

E. General Objectives of the Inter-American Institute of Applied Development Analysis (IIADA)

Three principle objectives will be served by the creation of IIADA. They include:

- Strengthening the Inter-American capacity for Development Cooperation.
- Promotion of Science and Technology as critical instruments of the Inter-American development process, and
- The application of development analysis and experience to shared development problems in the Western Hemisphere.

1. RESEARCH FORMAT

In the pursuit of the objectives specified above, the IIASA experience may be relevant to the formulation of an initial strategy of research.

IIASA's research program is focused on two levels of activity. The first comprises programs which direct interdisciplinary teams in the investigation of major international Problems over a fixed period - generally 4-5 years.

The second level comprises Areas which provide pools of expertise in fields of knowledge contributing to systems analyses and which link the Institute to the related disciplines. Unlike Programs, Areas do not have limited time spans.

Both Programs and Areas are divided into tasks, i.e., units of planned research activity. The tasks constituting a Program are intended to form a coherent whole so that when all are accomplished the Program goals have been accomplished.

The tasks characterizing an Area are not so closely linked. They span the range of the Area, in such a way that they bring to the Institute the knowledge needed for its integrative activity.

2. PROGRAMS AND AREAS OF FOCUS

The programs are the principle vehicle through which IIASA concentrates its efforts to perform analyses of International problems.

They are organized and managed by a Program Leader assisted by a small core of scholars. The specialists needed to carry out specific studies and to form the interdisciplinary program team should be drawn from research Areas. Programs serve as cross-cutting linkages among the Institute's Areas.

The mutual responsibility for staff members shared by a Program and an Area is intended to serve as a cross-check on quality, with the Program Leader frequently more interested with relevance of research to an applied problem and the Area Specialist more concerned that the work produced represents the current state of the art.

The two current IIASA Programs are primarily global, i.e., Energy Systems Programs and the Food and Agriculture Programs.

Areas are the mechanism through which IIASA maintains contact with the boundaries of research in the large number of disciplines. Each Area is developed and managed by an Area Leader, and its work is twofold. The first is participation in the tasks of the Programs or other Areas where their expertise is required. The second is participation in tasks originating within the Area's contributions to knowledge and method within

the Areas field of interest, but selected so as to benefit from the specific nature of IIASA - its interdisciplinary international and applied character.

There are four Areas. Three focus on substantive application, one on methodology:

1. Resources and Development
2. Human Settlements and Services
3. Management and Technology
4. Systems and Decision Sciences

Organizationally, IIADA would seek to have independent scholars as its research staff and be linked directly to collaborating institutions to assure that inter-American membership is reflected throughout its research programs and to pursue the objective of becoming an Inter-American Clearinghouse for applied development research.

IIADA would focus attention on inter-American problems which transcend national boundaries and cannot be addressed by a single nation acting alone, i.e., Population Planning and Resources, etc. and Universal problems which exists within national boundaries but are shared by nations through the World, i.e., management of transportation systems, health services delivery systems, urbanization, etc.

IIADA can play a critical coordinating and catalytical role in both areas. For Inter-American problems it offers a forum for less poor and less developed country consideration of issues that affect the Western Hemisphere and mankind in general. For global problems, it can promote an organized exchange of experience and methods among nations at different stages of the development process.

The general objectives of IIADA that are viewed as complementary rather than conflicting include:

1. To create and maintain a development analysis process which serves the uniqueness of the Inter-American Community. The process of collaboration constitutes an end product as well as a means. Emphasis must initially be placed on the primacy of IIADA's Clearing-house function.
2. To create a high-powered Inter-American development collaboration among quality scientific institutions the product of which is the advancement of individual disciplines relevant to the development process, i.e., advance the study of development as a focus of basic research, and
3. To focus Inter-American development resources and skills in specific applied areas of immediate and long-term relevance to decision-makers in developing countries in the Hemisphere.

The research program of the Institute staff would advance all three objectives. Individual activities may advance one goal in preference to others. Some activities will emphasize application, the promotion of basic research, and still others the collaborative process.

It is clear that the current ad hoc arrangements that characterize U.S.-Mexican development collaboration are inadequate for the serious development related problems which bound U.S.-Mexican relations. It is suggested that a U.S.-Mexico development cooperation context be effectively employed to review the feasibility of a collaborative effort to promote the creation of an Inter-American Development Analysis capacity to address the language shared by development problems experienced in the Hemisphere. It proposed that such a capacity would accelerate development cooperation as the mutual interest of less poor as well as less developed countries would be advanced.

F. Alternative Instruments of Development Cooperation

Alternative options which might be considered in promoting U.S.-Mexican development cooperation that is relevant to their MICs in the Western Hemisphere include:

A. Joint U.S.-Mexican Development Fund

A U.S.-Mexican Fund to promote Collaborative Research and Development Cooperation which would be administered by NSF and CONACYT. The focus would be on a interdisciplinary approach to economic development policy coordination. A specific objective would be to promote and advance the capacities of both Nations to manage the development implications of contiguity.

An OAS Development Fund

An OAS administered Development Fund similar to the Mar del Plata Fund, specifically designed to serve the development interests of MICS. The OAS Inter-American Council for Education, Science, and Culture established the Mar del Plata Fund as a mechanism whereby at least two member governments may jointly plan a project and submit it to the Council or its Executive Committee for approval. The projects must emphasize a practical approach to solving specific educational, scientific, or technological problems of participating countries. The Fund accords funding Priority to the relatively less-developed members. Each project is financed by special contributions from those members who participate and a standard matching amount from the United States.

There is also a clear requirement that the more developed Latin American countries help underwrite the development projects of their less-developed neighbors. Fifteen percent of the contributions of Argentina, Brazil, Mexico, and Venezuela are used for this purpose.

The U.S. was deeply involved in the creation of this new Fund under the CIECC. Its special features -- joint projects by two or more member states, and orientation to applied problems -- were devised to set examples which the members would find so productive that they would seek to replicate them with their own funds and outside the OAS Organization.

An Inter-American Development Institute Federation

LAC/AID could promote the creation of an Inter-American Federation of Western Hemisphere Institution for the advancement of development research and analysis. The Federation would be made up of Hemispheric Universities and Institutes interested in development. Specific efforts would be made to match-up development areas of specialization on the basis of comparative country and institutional advantage. The main task would be to build adequate specialized capacity for research and development training and Inter-American collaboration among less poor countries in

critical development areas.

The effective utilization of Title XII as a stimulus would be critical to this proposal if the objective is to establish a network of development focused educational institutes.

FOOTNOTES

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3. Mario Ojeda, "Role of International Cooperation In Dealing with Mexican Migration" paper Symposium on Structural Factors in Population Migration: Mexico and the Caribbean. Brookings Institution - El Colegio de Mexico. Washington, D.C., June 28-30, 1978.
4. George Grayson, "Mexico's Opportunity - The Oil boom" Foreign Policy, Winter, 1977. p.77.
5. Ojeda,
6. David Ronfeldt and Caesar Sereseres, "The Management of U.S.-Mexico Interdependence: Drift Toward Failure" Rand (paper) December, 1977. pp.36-37.
7. Ibid., p3, pp38-40.
8. Jorge Bustamante, "The Undocumented: Unsolvble Problem", uno mas uno. Mexico City, Mexico. July 3, 1978.
9. Olga Pellicer de Brody, "Mexico In the 1970's And its Relations with The United States" Latin America and The United States: Changing Realities. J. Cotler and R. Fagin Eds. Stanford Univ. Press Stanford, California, 1974. p318.
10. Edward J. Williams, Oil In Mexican - U.S. Relations: Analysis And Bargaining Scenario Orbis, Spring 1978. p.207.
11. Hearings, U.S. House Representatives Subcommittee on Inter-American Economic Relations of The Joint Economic Committee "Recent Developments In Mexico and Their Implications for the U.S. 1975. p83.

12. Grayson, p. 83
13. Bayless Manning, "The Congress, The Executive, And Interestic Affairs: Three Proposals" Foreign Affairs, January, 1977,
14. Ronfeldt and Sereseres, p50 also see 49-53.
15. Clark Reynolds, Testimony, U.S. House Rep. Subcommittee on Inter-American Econ. Relations of The Joint Econ. Committee
16. Ibid., "Recent Developments In Mexico and Their Implication for the U.S. 1975. p83.
17. Testimony, Warren Christopher Before U.S. Senate Judiciary Committee May 10, 1978. p.11
18. Richard N. Gardner, "To Make the World Safe For Interdependence" The Interdependent, July - August, 1975. p.19.
19. Roger Levin, "The First Five Years Director's Review", International Institute For Applied Systems Analysis, A-2361. November, 1977.
20. Interim Report An Assessment of Development Assistance Strategies. The Brookings Institution. October 6, 1977. No. 1722 - 720235.

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