

## BLACK GOLD IN MEXICO AND IN U.S.–MEXICAN RELATIONS

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- THE POLITICS OF MEXICAN OIL.* By GEORGE W. GRAYSON. (Pittsburgh, Pa.: University of Pittsburgh Press, 1980. Pp. 283. \$21.95.)
- THE BORDER ECONOMY: REGIONAL DEVELOPMENT IN THE SOUTHWEST.* By NILES HANSEN. (Austin: University of Texas Press, 1981. Pp. 225. \$17.95 cloth, \$8.95 paper.)
- U.S.–MEXICAN ENERGY RELATIONS.* Edited by JERRY R. LADMAN, DEBORAH J. BALDWIN, AND ELIHU BERGMAN. (Lexington, Ma.: Lexington Books, 1981. Pp. 237. \$24.95.)
- MEXICO AND THE UNITED STATES.* Edited by ROBERT H. McBRIDE. (Englewood Cliffs, N.J.: Prentice Hall, 1981. Pp. 197. \$12.95.)
- MEXICO–UNITED STATES RELATIONS.* Edited by SUSAN KAUFMAN PURCELL. (New York: The Academy of Political Science, 1981. Pp. 213. \$24.95.)
- MEXICO'S PETROLEUM AND U.S. POLICY: IMPLICATIONS FOR THE 1980'S.* By DAVID RONFELDT, RICHARD NEHRING, AND ARTURO GÁNDARA. (Santa Monica, Ca.: The Rand Corporation, 1980. Pp. 97. \$7.50.)
- PETRÓLEO Y ESTRATEGIA: MÉXICO Y ESTADOS UNIDOS EN EL CONTEXTO DE LA POLÍTICA GLOBAL.* By JOHN SAXE-FERNÁNDEZ. (México: Siglo Veintiuno Editores, 1980. Pp. 177.)
- THE REBIRTH OF THE MEXICAN PETROLEUM INDUSTRY.* By EDWARD J. WILLIAMS. (Lexington, Ma.: Lexington Books, 1979. Pp. 218. \$19.95.)

What is the meaning of Mexican oil for Mexico? For the U.S.? For U.S.–Mexican relations? As almost all of the works considered here point out, revelations that Mexico has major reserves of oil succeeded in puncturing U.S. indifference toward that country, and U.S.–Mexican relations suddenly became relevant and popular topics in the 1970s and 1980s. As a result of this new consciousness, a plethora of books and articles has been produced whose purpose is to educate the public about the history and development of Mexico and Mexican oil and the issues involved in U.S.–Mexican relations. Less consistently, some works purport to address important conceptual issues relating to the politics of oil and the relationship between the two countries. With a few exceptions, the books reviewed here can be characterized by their dutiful repetition of

what is known about oil, Mexico, and U.S.–Mexican relations, as well as their extensive speculation about what is as yet unknown. Much of the repetition and speculation can be justified as important for educating the interested public; however, little of it can be expected to make a major contribution to scholarly discourse.

What is known and oft-repeated about oil in Mexico and U.S.–Mexican relations can be briefly summarized. First, Mexico has lots of oil, although precise amounts are subject to considerable discussion. Second, Mexico is unlike Saudi Arabia or other major oil exporters because almost four decades of rapid industrialization preceded its emergence as a significant oil producer, because it has operated a national integrated oil industry since 1938, and because it has a large population. Third, Mexican relations with the United States are overlaid by sensitivity to nationalist issues, of which the control over oil is symbolic. Fourth, many issues involving considerable ambiguity exist between Mexico and the United States; principal among them are energy, trade, investment, and immigration. Also, if the number of times specific examples are mentioned is any indication, the tomato war and the natural gas controversy were significant events in U.S.–Mexican relations. Beyond these assertions, however, a variety of perspectives emerge about the economic, political, and social impact of oil on Mexico and its relations with the Colossus of the North.

Two recently published books deal primarily with Mexico and the oil industry there. In *The Politics of Mexican Oil*, George W. Grayson reviews the history and development of the petroleum industry in Mexico, offering a brief and readable account of foreign exploitation that began in the 1870s, the expropriation of the industry in 1938 under the Cárdenas administration, and the history of PEMEX and the oil workers' union since that date. He is particularly concerned with cataloguing the role of corruption in PEMEX and the union, arguing that it has been a principal cause of inefficiency in the industry. Grayson considers the impact of oil on the domestic economy and, iterating a perspective found in many other commentaries, he points to the urgent need to create jobs from oil wealth. In addition, Grayson documents the ecological damage and social dislocation that have followed in the wake of rapid and incautious oil exploration and exploitation, describing the Ixtoc 1 blowout of 1979 in detail. His discussion of U.S.–Mexican relations points to new potential for self-assertion vis-à-vis the United States, but warns of the danger of increased dependence if the Venezuelan and Ecuadorian experiences are repeated. More generally, policy-making patterns vary greatly between the two countries—that of the U.S. is highly fragmented, that of Mexico is highly centralized—and this contrast is likely to increase rather than decrease problems in resolving bilateral issues between the two countries.

Grayson is clear that oil wealth does not insure that Mexico's economic and social problems will find easy solutions, and that its relations with the United States are hedged with problems that will continue well into the future. Oil means wealth, but also inflation, rising expectations, corruption, social dislocation, ecological damage, foreign pressure, and increased indebtedness. These points are well taken. Given the extent of the descriptive material presented in this book, however, it is disappointing that the author failed to develop them into a broader theoretical or conceptual argument. In the introduction, for example, he argues that dependence is a central concern of the book. After this brief mention, it is left largely up to the reader to define this concept and to analyze how oil is related to its increase or decrease. Similarly, PEMEX is analyzed without a framework for understanding the Mexican state and the role of labor and corruption within it. The cases of Venezuela and Ecuador and the discussion of Mexico's relationship with OPEC provided opportunities to develop tools for understanding the domestic and international politics of oil more broadly, but the challenge was not taken up. *The Politics of Mexican Oil* therefore offers considerable historical and contemporary data and descriptive analysis, but it is not a source of new departures in theory or conceptual analysis.

This evaluation is also appropriate for *The Rebirth of the Mexican Petroleum Industry* by Edward J. Williams. This book synthesizes much of the published commentary regarding Mexican oil since 1974. Williams explores the question of how much oil Mexico has, and the political implications of various strategies—from secrecy to inclusion in bold presidential announcements—for revealing the extent of proven, probable, and potential reserves. This section is followed by an analysis of Mexican oil development policy, including exploration, infrastructure development, export and domestic pricing policy, and petrochemical development. In particular, the efforts and perspectives of the Echeverría administration (1970–76) are contrasted with those of the López Portillo government (1976–82), emphasizing the pressures that developed to encourage rapid exploitation and expansion of exports under the more recent administration. In domestic politics, the author argues that PEMEX must be included as a significantly more powerful actor than it was in the past and that policy decisions in the future will reflect its new importance. The enterprise has nevertheless had to endure new public attention to its internal operations and its efficiency as an industry: it is regularly scolded for creating ecological problems and social dislocation in its expanding zones of operation. In terms of U.S.–Mexican relations, Williams indicates that Mexican oil is likely to become even more vital to the United States, but that the fragmented policymaking apparatus and the impact of diverse domestic pressures in the United States, as well as Mexican sensitivity to issues of national sovereignty and dignity, have

hindered the development of smooth relations between the two countries. Nevertheless, Williams is optimistic about “a wide-ranging bargaining scenario featuring the resolution of a series of outstanding problems encompassing a host of subjects” between the two countries ( p. 77).

Williams asserts that the “rebirth of the Mexican petroleum industry is the most significant event since the Revolution of 1910” in offering new potential for short-, medium-, and long-term changes in domestic and foreign policy ( p. 176). This optimistic assessment is balanced by concern over the possibilities for failure—failure to address issues of employment and income distribution, poverty in rural areas, capital-intensive industrialization, and tense relations with the United States over oil, immigration, and trade.

Like Grayson, Williams presents a great deal of information to the reader and provides interesting analysis of why specific events occurred as they did; but he is unwilling to link his data to broader questions of dependence or interdependence, internal class formations, the role of the state in oil-based economies, or international relations theory. It was clearly not his intention to address such issues; the book was intended to be primarily a descriptive analysis of Mexican oil and what it means for domestic politics and relations with the United States. Nevertheless, the conclusions—that we know that great changes are occurring as a result of oil both nationally and internationally, but we cannot yet assess either the direction or ultimate outcome of these changes—might have been more profound had he informed his analysis with concepts and theoretical frameworks for more general comparative analysis. The enduring value of this interesting work would have been enhanced if he had done so.

In three recent publications, the assessment of the relations of power resulting from petroleum wealth and demand between the United States and Mexico are of central concern. A volume edited by Jerry R. Ladman, Deborah J. Baldwin, and Elihu Bergman is the result of a conference held at Arizona State University late in 1979; the meeting and the book grew out of an apprehension that “hope and fantasy were interfering with a realistic assessment of present and prospective relationships between Mexico and the United States” (p. xvi). The volume offers a variety of papers, including a number that attempt to assess the extent of probable Mexican reserves and the probable energy requirements of the United States (essays by Bernardo F. Grossling, Bruce C. Netschert, and Lawrence Goldmuntz), others that analyze the impact of oil on Mexican development policy (essays by Jesús Puente Leyva, Isidro Sepúlveda, Rene Villareal, Laura Randall, and Clark W. Reynolds), and several that consider the impact of oil on U.S.–Mexican relations (essays by Edward J. Williams, Olga Pellicer de Brody, and Mario Ojeda).

The volume also includes comments and summaries of discussions that followed presentation of the papers at the conference.

Several of the contributions to *U.S.–Mexican Energy Relationships* can be singled out for the issues they raise, issues that could serve as a source of hypothesis-creation and theory-building for additional scholarship. Isidro Sepúlveda, for instance, argues that PEMEX, as a public enterprise created to fulfill social and domestic economic criteria, was not allowed to develop as an efficient economic enterprise. The impact of new oil wealth on the state and the society, however, has meant that the populism that propelled past development decision-making has been replaced by a new dominant coalition of interests concerned about efficiency and profit-making as an end of public policy. PEMEX's role in the future is therefore likely to be more responsive to efficient sectors of the private economy, particularly those oriented toward export promotion. Also concerned with Mexican domestic policy, Rene Villareal distinguishes between the problems involved in utilizing oil wealth to generate economic growth on the one hand and economic development on the other; he warns that success on both counts requires committed and disciplined policymaking and implementation on the part of the Mexican state. Clark Reynolds emphasizes the importance of using oil wealth to improve the potential for both economic and political democracy in Mexico. In this regard, he proposes a "workers' bond" program to ensure that low-income sectors of the population benefit not only from increased employment opportunities but also from access to increased wealth in the form of profits.

When questions are raised about power in the relations between the United States and Mexico, important differences emerge among the conference participants. Olga Pellicer de Brody reviews recent relationships between the two countries and argues that asymmetrical power relations are not likely to be significantly altered by petroleum wealth. Bilateral negotiations will inevitably be disadvantageous to Mexico, and U.S.–supported proposals for a common market between the two countries should be treated with extreme skepticism by Mexicans: their sole purpose is "to obtain more direct access to Mexican oil and to help the penetration of U.S. products in Mexico" at the cost of greater dependence for the weaker of the two countries (p. 195). Similarly, Mario Ojeda indicates that the possession of oil can easily lead to much greater foreign penetration of the country's still vulnerable economy, which in turn weakens the power of oil as a negotiating tool. In a commentary that sparked heated response at the conference, Robert L. Ayres argues that the "crisis" in U.S.–Mexican relations is a creation of intellectual elites, not a reflection of reality. The most likely future for Mexico is incorporation into the industrialized world in a "basically capitalistic, Western, and reformist manner" ( p. 218). Apocalyptic visions of in-

ternal revolution and extensive international conflict are highly misplaced, he suggests. From this perspective, future U.S.–Mexican relations are likely to be resolved along the lines of congruent, not contradictory, interests, and domestic policies in Mexico are likely to manage and ameliorate gradually the level of inequity and exploitation evident in the society. Such markedly different perspectives merit ongoing research and analysis by serious scholars of international and domestic political economy.

In a study prepared by the Rand Corporation for the U.S. Department of Energy, David Ronfeldt, Richard Nehring, and Arturo Gándara assess Mexican oil potential and policy and U.S. interests and options, arguing that the United States is well advised to promote moderate production and export levels of Mexican oil. They indicate that such a posture is in the best interests of U.S. energy security and domestic stability in Mexico. In fact, they argue, it is likely that Mexican policy will favor this alternative in any event and thus the U.S. should not place undue pressure on Mexico to adopt such a course of action: given great sensitivity to U.S. interventionism, such pressure could actually be counterproductive to long-term U.S. interests. Ultimately, these authors also view U.S.–Mexican relations as complementary and mutually beneficial, especially if U.S. policymakers treat energy relations as only one aspect of a broadly interdependent relationship. Their perspective is sustained in part because they are not seriously concerned with the issues of asymmetrical power and dependence raised by scholars such as Pellicer de Brody and Ojeda.

A markedly distinct analysis is developed by John Saxe-Fernández, who sees in Mexican oil the very real threat of much-increased U.S. aggression toward Mexico. The United States, he argues, faces a multifaceted structural crisis as a world capitalist power. The military-industrial complex that dominates strategic and economic policymaking has responded to this crisis—characterized by declines in productivity and capital accumulation, inflation, unemployment, financial panics, and bankruptcies—by promoting new perspectives on the requisites for national security in order to bolster its economic power. This situation is achieved through a new emphasis on the possibility of thermonuclear war, the need to establish and maintain a first-strike capability, and promotion of the technical capability for limited nuclear warfare. To achieve this new definition of national security, the country must increase its sale of arms abroad, strengthen the potential of multinational capital to dominate foreign markets, production, and politics, and maintain the flow of primary products, especially strategic ones, from dependent nations in the Third World to its productive centers. Increased military spending is thus expected to lead not only to greater military preparedness but also to economic recovery. What this means for



Mexico, as the possessor of major reserves of oil close to U.S. borders, is that it will be the target of inexorable pressure and, ultimately, armed aggression from the United States in order to ensure that Mexican oil belongs to the United States, not to Mexico. Thus, in a new era of "strategic dependence," Mexico is likely to remain the weak and exploited victim of U.S. imperialism. U.S. national security, based on the health of its military-industrial complex, requires aggressive economic and political behavior globally. Canada and Mexico are therefore likely to be integrated into a new U.S.-dominated North American economic and political union.

Many readers of this book will find the scenario depicted and the dynamics envisioned difficult to accept. It can justifiably be objected that Saxe-Fernández's scholarship does violence to considerable complexity in international relations and U.S. domestic policymaking. It is perhaps only by ignoring the nuances and ambiguity of power relationships in domestic and international politics that he can develop and sustain such an argument. Moreover, in depicting the United States as an aggressor and Mexico as the victim, he ignores the importance of divisions among social classes in both countries in terms of power, influence, and interests. Ultimately, his message—that the United States will go to great lengths to ensure its access to Mexican oil, other resources, and markets—does not need to rest on the increased threat of thermonuclear war, the needs of the military-industrial complex, or its control over policymaking in Washington. Consumption habits among the American middle class may provide much more immediate pressures to secure Mexican oil. Nevertheless, this book is adequate testimony to the fears and perspectives held by many Mexicans about the country's new popularity in the United States. Moreover, even if for reasons other than those developed by Saxe-Fernández, they may be well advised to cast a skeptical eye on U.S. overtures of friendship and "mutuality of interests."

Three other recent publications consider U.S.-Mexican relations in broader terms than those of energy. Two edited volumes were explicitly produced to introduce non-specialists and general readers to the complexity of U.S.-Mexican relations. Of these, the volume edited by Susan Kaufman Purcell for the Academy of Political Science is clearly the more useful. Several chapters in this work (those by Olga Pellicer de Brody, Bruce M. Bagley, Salvador Campos Icardo, and Richard E. Feinberg) present alternative perspectives on U.S.-Mexican relations, once again returning to questions of power asymmetry, interdependence, or dependence, and once again reiterating the importance of Mexican nationalism and fear of the Colossus of the North. Although probably not of great interest to the generalist, the chapter by Feinberg, which outlines the various organizational and negotiating relationships that result from Mexican-U.S. issues being treated to global, special, or preferential

treatment, is of analytic importance and is one of the few contributions to utilize a conceptual framework to generate policy-relevant hypotheses.

A series of chapters in this volume deals with specific issues in U.S.–Mexican relations and, while brief, each provides valuable insight for the nonspecialist. Thus, Wayne Cornelius presents a brief analysis of migration problems, indicating the futility and negative impact of attempting to alter radically the nature of the migratory process. Milton H. Tamail directs attention to the vitality and creativity of private voluntary efforts to resolve common problems that have characterized the border area and points out the counterproductivity of many official—particularly federal—attempts to legislate solutions to what are frequently local problems. Richard S. Weinert writes about foreign investment in Mexico, George Grayson about oil, Jesús Puente Leyva about the natural gas controversy, and Patrick H. Heffernan and C. Richard Bath about marine resources and water disputes respectively.

In yet other essays, a number of scholars attempt to provide some basic understanding of Mexican development and politics. Among these, the essay by John F. H. Purcell should be singled out for its concise and accurate portrait of major social issues in the country and how these have been created by Mexico's path toward development and maintained by the structure of its political regime. The final essay by Robert L. Ayres sums up the major issues that will continue to be on the agenda of U.S.–Mexican relations and underscores an extensive range of unknown factors that inhibit speculation on the future of the relationship. He then offers the stimulating conjectures that inequality will be exacerbated in Mexico and will be accompanied by greater emphasis on authoritarianism, that the U.S. economy is in serious trouble and that its politics are likely to move in a conservative direction, and that U.S.–Mexican tensions will no doubt be resolved more frequently on the basis of bilateral relations than within the context of regional or global arrangements. Although these perspectives are difficult to square with his comments in the Ladman, Baldwin, and Bergman volume discussed previously, each should stimulate further analysis.

The essays in *Mexico and the United States*, edited by Robert H. McBride for the American Assembly, are less interesting and useful on the whole than those found in the Purcell volume. Overall, the volume is optimistic about the future of U.S.–Mexican relations, and some of the contributions, such as those by Al R. Wichtrich and William B. Cobb, are characterized by a tone of boosterism. Chapters by Laura Randall on Mexican development plans and Wayne Cornelius on immigration and employment creation in Mexico can be recommended as more serious efforts to present information and analysis to the nonspecialist. A chapter by David T. Gregory usefully reflects upon the possibilities for



achieving a temporary workers' program for migration to the U.S. and reviews the work of the Select Commission on Immigration and Refugee Policy. In general, however, the volume imparts little real understanding of the actual or potential negative effects of oil or the U.S. economy on Mexico. In contrast to the Purcell volume, it develops little insight into the Mexican political system or into the dynamics of its development process.

A final book of interest is a study of the border region by Niles Hansen that concentrates on the U.S. side of the frontier. His principal points are well taken and his data useful: there is great variation among the regions of the border economy; the economies of various regions are relatively strong and dynamic, not backward and poverty-stricken; and the economies of regions on the north and south of the border are characterized by complex interactions with each other. Investigation indicates that the economic development of the border regions has spread from west to east, diminishing both levels of absolute poverty and differences in income disparity. He finds that Mexican-Americans have increased their levels of education, income, and occupation since World War II, but that as a group they suffer from discrimination, especially in matters related to occupation and income. The vast majority of the most disadvantaged, the migrant farm laborers, are Mexican-Americans who have received little relief through government efforts to improve national conditions of health, education, and welfare. He predicts a continuing dynamism for the border economies and increased symbiosis between communities north and south.

Although there is little analysis of U.S.–Mexican relations in this book other than a review of policies that have had a direct impact on the border regions, the book has clear policy relevance. The data are useful, especially those that indicate trends over time. The emphasis on symbiosis as the dominant relationship between the U.S. and Mexican borderlands, however, once again raises questions about the nature of the interactions between the two countries. Hansen's reassuring perspective is sustained by focusing primarily on the impact of Mexico on the United States and by avoiding a serious discussion of the negative consequences of economic dependence or symbiosis on Mexico itself.

In one way or another, the books reviewed here are relevant attempts to understand the meaning of Mexico's oil for both Mexico and the United States. Yet, it is clear that a weakness shared by all is the paucity of theory and conceptual analysis that would help order and assess the great quantity of information that is presented. More specifically, it can be suggested that scholars need to give greater attention to exploring theories relevant to the economic, social, and political impact of oil wealth on a country. In practice, for instance, many Mexicans gave considerable attention to the domestic and international experience of

other major oil producers (Venezuela and Iran, in particular) in efforts to ensure that similar problems would not develop as a result of exploitation of their own black gold. Nevertheless, many of the same problems have been encountered by Mexico. Why? Research needs to be directed toward the impact of oil on social class structure, income distribution, and domestic and international political alliances that are likely to emerge from oil wealth. A second area that should be of continuing concern, and one that merits much closer analysis, is the recurring question of whether and to what extent U.S.–Mexican interests are complementary, symbiotic, or contradictory; and whether interdependence, asymmetry, or dependence best describes the relationship between the two countries. Many of the commentaries reviewed here have raised these issues; few have fruitfully addressed them.