

TEXAS PAPERS ON LATIN AMERICA

**Pre-publication working papers of the
Institute of Latin American Studies
University of Texas at Austin**

ISSN 0892-3507

**Past Meets Future:
Texas and Latin America in the 21st Century**

Michael E. Conroy

**Institute of Latin American Studies
and Department of Economics
University of Texas at Austin**

Paper No. 89-06

Past Meets Future: Texas and Latin America in the 21st Century¹

by Michael E. Conroy²

(February 28, 1989)

The culture, society, economy and government that Texans built in the 19th century were forged in a distinctly Latin American crucible. The 20th century history of the state has been wrought in the blacksmith shops, oil fields, farms, and factories of a predominantly Anglo-Saxon culture. As one scans the trends in both Texas and Latin America at the end of this century, it is increasingly clear that one of the brightest glows on the 21st century horizon emanates from a reinvigoration of Texas' ties to Latin America. And the Hispanic cultural and demographic wealth of the state may be the principal comparative advantage that contributes to that encouraging future.

There are also clouds on that horizon for both Texas and Latin America that portend ill for both regions. If the most negative tendencies apparent in the late 1980s continue and are not assuaged by policy in Texas, in the United States as whole, or in Latin America, the future prospects for both Texas and Latin America are significantly dimmer.

¹ This paper has been prepared for publication in a volume, conceived and edited by Prof. Gordon Bennett of the Department of Government at the University of Texas at Austin, tentatively entitled: Texas and Four Global Regions in the 21st Century. The project was funded by the Texas Committee for the Humanities, "Texas in the 21st Century" Project.

² The author is Associate Professor of Economics and Associate Director of the Institute of Latin American Studies at the University of Texas at Austin. Invaluable research assistance was provided by Ms. Robin Ann King.

This essay presents an exploration of alternative futures for Texas and Latin America, and their intermingling. It draws from the common historical pasts of the two regions, builds on the "Latin American" side of Texas in this century, and focuses upon both the best combined future world that might occur and the dimmest alternative future for each. The "best" and the "worst" in each case are tempered to fit the trends apparent in the 1980s. Their actual development will depend upon decisions, changes, or other occurrences in each area that cannot be predicted with certainty. But the future development of each "scenario" will be greatly affected by attitudes, decisions, and policies that could be implemented by individual citizens, citizens' groups, local government officials, and by national and international organizations in the intervening years.

Our analysis here can only suggest the broadest outlines of those futures. It will be built around present and future decisions to illustrate the potential impact that they might have. One can only hope that it will contribute today to reflection upon the evolution of both societies as they move into tomorrow.

An Optimistic Scenario.

We are fortunate to have retrieved a scrap of historical evidence from the 21st century that sheds great light on both Latin America and its ties to Texas. The following article, or one vaguely similar to it, will appear in Texas newspapers some 25 years hence.

A Special New Year's Report:

LATIN AMERICA REFLECTS UPON A 'STERLING' YEAR: Texas Ties Noted

(1/1/2016). Special to *The Houston Chronicle*. [Supplemented by NYT, AP and AFP cables.]

The 25th anniversary of the beginning of the "Decade of Hemispheric Cooperation" will be celebrated throughout Latin Ame-

rica this week with speeches, parades, and conferences in many capitals. The largest celebration will be in San Antonio, "because that's where it all began," noted the Brazilian ambassador, Joao de Souza, at the New Year's Eve gala held at the Hemispheric

Trade Center, east of downtown San Antonio.

The year 2015 brought Latin America its 20th consecutive annual period of steady economic growth, rivaling the period from 1950 to 1970 when the greatest previous expansion of the economies of the region had occurred. Trade with the United States, extended technical cooperation, and the continually-rising number of joint ventures between U.S. investors and Latin American firms, both private and government owned, were cited by Texas Governor Anita Buenaventura as the strongest bases for this unprecedented progress.

"Texas has been enriched over this decade in its historically new role as a bridge to Latin America, in the expansion of its laboratories and research centers, in the role it has played as advocate for, and interpreter of, the problems of Latin America," she proclaimed. "And we are proud of our closeness to the Latin American friends gathered here, and the 400 million persons they represent."

The governor's speech, delivered almost equally in Spanish and English, was greeted with repeated cheers by the 1500 members of the U.S.-Latin American Chamber of Commerce who paid 1000 New Dollars apiece for the dinner and dance. Proceeds will benefit the New Venture Fund of the Texas Hemispheric Research Center in Austin.

The governor's introductory remarks were followed by a lengthy description of "how far we have come" offered by Prof. Bryan Rickert, director of the University of Texas' Hemispheric Enterprise Project. Prof. Rickert's comment, replete with recollections of the start of the process of "hemispheric reconstruction," served to summarize the quarter century of achievement in Latin America, in Texas, and in cooperation between the two regions.

The Bush Doctrine. Texas became the focal point for U.S.-Latin American commercial and political relations on January 1, 1990 when U.S. president George Bush delivered his now famous "Hemispheric Cooperation" speech in the shadow of San Antonio's "Hemisfair Tower." President Bush announced "a new era in U.S. relations with Latin America" that was to be based on "a new realm of social, political, and economic investment" encompassing what he dubbed the "Three C's: Courage, Compassion, and Cooperation."

He had then asked U.S. citizens to have the courage to comprehend with patience Latin America's search for new modes of development; he called on Latin Americans to have the courage to believe that the United States could be trusted as an ally and an economic partner.

In an explicit attempt to counteract the waves of doubt and concern about future ties to the United States that had swept Latin America in the 1980s, he pledged that there would be no future repetition of the heavy-handed economic policies that had been used in the 1980s to attempt to force compliance with U.S. policy on the part of Mexico, Panama, Peru, Nicaragua, and other major debtor countries. He called for a "Trusting Partnership" as the theme of his approach to U.S.-Latin American relations; this had generally been translated by the Latin American media as "Socios de Confianza."

President Bush then made the announcement for which he is most remembered in Latin America, twenty-five years later, when he declared that the U.S. Treasury would begin immediately to negotiate with private and public lenders to reduce "dramatically and permanently" the burden of Latin America's accumulated international debt. He proposed that "debt forgiveness had long been a compassionate principle of American financial management," noted that the Texas economy had been greatly

assisted by the forgiveness of billions of dollars of indebtedness to its banks and savings and loan associations, and predicted that "Latin America will become America's greatest trading partner once this debt burden has been lifted."

The subsequent negotiations created the policies still known as the "Bush Doctrine": that debts contracted during the 1970s oil crisis would be eased from the books of all U.S. banks, that no country would be required to pay more than 15% of its annual export earnings in foreign debt servicing, and that future lenders whose loans pushed a nation beyond that limit would receive lowest priority in the end-of-year debt settlement conferences that quickly became common.

Bush had invoked his Texas roots as he reminded the media representatives gathered for the announcement that there were far more similarities than differences between the grain, cattle, and oil economies of Texas, Louisiana, and Oklahoma and the developing economies of Mexico, Argentina, and Venezuela. And he had chided both the "Eastern bankers" and "European financiers" for resisting his earlier attempts to solve both the financial problems of the Southwest and the accumulated problems of a debt-burdened Latin America.

How Texas Fared. Some suggest that it was that moment in history that gave Texas a headstart in the new economic relations between the U.S. and Latin America. Others suggest that it was more fundamental: the combination of Texas-size entrepreneurial vision and the presence of an exceptionally capable Mexican American population with the needed cross-cultural and language skills. Or it may have been Latin American recollection of the fact that Texas, through its congressional delegation, had taken the lead, in 1989, in the national campaign for Latin American debt relief.

For whatever reason, Texas became in fewer than ten years the focal point for U.S. economic ties to Latin America. And "cooperation" became the principal guideline. Rapid growth of the *maquila* industry along Texas borders during the '90s expanded after the turn of the century into numerous examples of "multinational integrated production" linking manufacturing in Texas with assembly plants throughout Mexico, Central America, and the Caribbean.

New process and product ideas originating in the cooperative high-tech research laboratories of Austin, Houston, and the Dallas-Ft. Worth area were developed into innovative products that proved highly competitive internationally. And as full control of production was turned over to the Latin American partners, under the phase-out agreements developed at the University of Texas Graduate School of Business, new product lines were developed and jointly underwritten.

Spanish-speaking and Portuguese-speaking scientists, managers, and professionals at every level were essential to this process. The Hispanic population of the state provided the first advantage. The commitment then made by the Texas Education Agency in 1994, that every Texas student would gain full professional competency in at least one other language, catapulted Texas further ahead in the competition for Latin American business and political links.

The proliferation of differing production and collaboration arrangements had led, in fact, to the re-writing of many of the old business administration texts, as both public and private research laboratories sought production contracts with mixed government/private firms in Latin America. As of 2010, Prof. Rickert noted, less than one-fifth of production in Latin America was generated in strictly-private firms, down from nearly 60% in 1990. But no more than 18% in 2010 came from strictly

public-sector (government-owned) firms either.

Investment by U.S.-based firms and individual investors had accounted for nearly 30% of the new private sector investment in Latin America over the first 15 years of the new century. Latin American shares of new investment in jointly-owned research facilities, both in Texas and in Latin America, rose dramatically, especially after the Mexican government announced in 1998 its intention to fund 50% of the Bi-national Petroleum Technology Research Institute that now spans the Rio Bravo at Eagle Pass.

Multinational and joint public-private ventures were the most common form for organizing new firms throughout Latin America; and Texas-based investors had taken the lead.

The Global Assistance Program. The U.S., Latin America, and Texas, in particular, were in especially good positions to take advantage of the Global Assistance Program (GAP) created by the United Nations in 1999 and implemented in the first year of this century. Reminding his listeners of the simple beginnings of the program that now channels more than 100 billion New Dollars each year into the less developed areas, Prof. Pinkert listed the principal components:

- ▶ with 25% set aside for NWB "global production facilities" and private-sector "challenge" grants for new industry;
 - ▶ and 50% distributed as "development grants" to nations in proportion to their newly negotiated steady-state population size and inversely proportional to their level of income per capita at each 5-year benchmark.
- The Texas congressional delegation had taken the lead in moving approval of the GAP commitment through the U.S. Congress. The program had not been universally accepted, especially by representatives of the self-declared "Americanist States," the group of farm-based Mid-western states that sought to isolate the U.S. from the increase of foreign cultural and commercial presence in the in the nation.
- Latin America's share of the "development grants" had only been about 25% of the total; but it's share of challenge grants had risen to nearly 50% in 2015 because of the extensive programs of public-private cooperation that had grown during the '90s.
- Latin Americans who remember the 1980s recall the net outflow of financial capital in excess of 150 billion Old Dollars that had, by 1990, forced living standards in Latin America back down to levels first seen in the late 1960s. The continuing drain on all hard-earned export income had left the region with exceedingly poor prospects for the next decade. Implementation of the Bush Doctrine in the 1990s and then the creation of the GAP program had reversed that outflow and had created the basis for sustained social and economic development.
- "And that," Prof. Rickert reminded his audience, "was before the World Green-Peace Movement convinced the United Nations to emphasize the use of GAP fund-
- ▶ the tax on all nations equal to 1% of Adjusted Gross National Product and administered by the New World Bank, reformed successor to the International Bank for Reconstruction Development that had been created at the end of the Second World War;
 - ▶ with 25% of the proceeds banked for international disaster relief for any nation of the globe, developed or under-developed, and administered by the United Nations;

ing on projects that avoided destruction of the hemisphere's rainforests, protected endangered species, and implemented the ecologically-sensitive techniques now known as the New Sustainable Agriculture."

Democratization. "Latin America may never before have had as much democratic rule as it has had in this last quarter century," Prof. Rickert asserted, "and it may never have had so many different forms of experiment with democratic rule." He called attention to the continued one-party rule, with expanded democratic practices inside the party, that has characterized Mexico's political system for nearly a century. And he contrasted it with the parliamentary system, guaranteeing minority party representation, that emerged in the 1984 elections in Nicaragua and that were strengthened in the internationally closely-watched elections of 1990. He noted the emergence of "popular participation" in the "Senates" of Colombia, Haiti, and Barbados, where "mass organizations" such as farmworkers, chambers of commerce, and university students were each given a single representative. "Democracy now has many faces in Latin America," he asserted, "and we are learning from them as well."

The political stability of the region that resulted after the turn of the century is linked by most Latin American observers to two events, he suggested. First, the reduction of the debt burden under the Bush Doctrine, for democratic governments in the 1980s and early 1990s had simply been unable to impose the level of economic austerity that would have been needed to repay all of the debt of the 1970s. And second, the Interamerican Human Rights Accord of 1992, signed in Santo Domingo on the 500th anniversary of Christopher Columbus' landing in what he thought was a New World. The IHRA followed the pattern first set in Helsinki in 1975, and that was repeated in Vienna in 1989. In the 1992 IHRA all the nations of the region, backed by representatives of 30 nations

from other parts of the world, signed a reaffirmation of the Universal Declaration of Human Rights, agreed to abide by them within their own boundaries, and agreed to monitoring and verification of compliance by international groups.

This "legitimation of human rights monitoring" had proven especially effective in 1995 when the Brazilian military had attempted to overthrow the constitutional government and in 1998 when the combined militaries of Honduras, El Salvador, and Guatemala had attempted to create a military-led "New Central American Federation." The virtually instantaneous condemnation of both attempts, the threats of major economic sanctions, and the support for elected civilian governments had forced the military to relinquish control in both cases.

Protection of media rights under the IHRA had also guaranteed opposition groups access to the public, and had lessened the propensity for opposition groups to revert to guerrilla warfare as they had done frequently during the second half of the 20th century. The restoration of the Unidad Popular government in Chile by plebiscite in 1997 and the removal of the hapless "socialist" government of Pres. Gregorio Arce in Bolivia in 2006 have often been cited to show that the IHRA favors neither right nor left. They also illustrated, however, that fundamental problems of social class and class conflict may not be resolved any more easily under broadened democratic processes.

Trading Blocs Cited. When Latin America first divided into the three great trading blocs that we now know, there was great fear that protectionism, isolationism, and nationalism would severely restrict Latin American development and ties between the U.S. and the Latin American region. But the results have belied the fears. "In 2015," Prof. Rickert pointed out, "all four major trading blocks of the Wes-

tern Hemisphere completed a solid decade of social and economic progress, whether judged by the UN Composite Social Development Indicators or by the older and simpler measures, favored by business, based on aggregate economic growth. And much of the economic growth in Texas during the same period, he noted, could be traced to its links to Latin America."

The New Sustainable Agriculture programs had drawn heavily from technology developed in the high plains of Texas at the Texas Tech Sustainable Agriculture Laboratory. Integrated grain, cotton, and cattle production, as pioneered there, now constitute 50% of all production on the great South American plains, in the center of the continent. "High plains agriculture still sets the pace for the world," Rickert noted; "no one has come close to the levels of efficiency and by-product recycling obtained there."

The CARIMEX group (Mexico, Central America, and most of the island nations of the Caribbean) also enjoyed sustained progress, though economic growth was slowed by their common decision to emphasize improved social indicators in the first decade of the century. Infant mortality in the CARIMEX countries fell for the first time, during that decade, to New World Bank (NWB) global guidelines; and universal educational attainment leapt by 25%. Economic growth also reached 3.5% per year; but this meant slightly less than 1.9% per year per capita, for the birth rate did not fall significantly until the later years of improvement in social conditions.

"Cooperative specialization" was the term used by Rickert to describe the principal bases for CARIMEX social and economic progress. He noted that this not only permitted the best use of agricultural resources (such as the continuous flow of flowers and vegetables that now come to the U.S. and Western Europe from the tropical highlands of Mexico, Guatemala, and Costa

Rica) but also the best use of new technology.

He noted the role that had been played by the Inter-American Center for Agricultural Research (IACAR), created at Texas A&M in 1993 as a collaborative effort with the Mexican National Agricultural University at Chapingo and the Honduran and Costa Rican agricultural training programs at Zamorano and Turrialba. It is now viewed around the world as a landmark cooperative venture among U.S. and Third World agricultural scientists. "The global pinnacle of high-intensity agricultural research," as it had been dubbed by the United Nations General Assembly in a special proclamation in 2013 that honored its 20th anniversary, IACAR has expanded to encompass nearly 5000 scientists, 60% of them from Latin America, working in laboratories strung along the Bryan-Houston superhighway.

Of even greater importance to Texas, according to Rickert, was the role that Texas had played in maintaining contact with Mexico after the U.S. had closed the border in 1998 in retaliation for Mexico's increased tariffs and investment restrictions as CARIMEX was formed. Mexican Americans from Texas, and other legislators, were at the forefront of the public outcry.

Although it took two full years, during which there was little but contraband trade across the border, the Texas Initiative for Renewed Mexican Trade was passed in November 2000. And trade was restored on January 1st, 2001. "Those were the two darkest years for Texas since the 1980s," Rickert reminisced. "We didn't know how much we had depended on Mexico."

Those "Trade Prohibition Years" from 1998 to 2000 are also remembered by Texans as the time when they first came to realize the fundamental similarities between its economic base and that of Mexico.

Low prices for petroleum, natural gas, and petrochemicals had hurt each equally; restrictions on exports of farm products had hurt producers on both sides of the border. And the loss of *maquila* industry jobs had affected hundreds of thousands on both sides of the border.

The Latin American nations that struggled the most to compete with the evolving world economy were the members of the so-called "Bloque Andino": Venezuela, Colombia, Ecuador, Peru, and Bolivia. Late in joining together, they had attempted several other combinations of political and economic unions before forming the present group in 2006. Although the regional average level of consumption had improved by more than 30% between that year and the end of 2015, a remarkable rate of nearly 3.5% per year, their late start, difficulties in negotiating with other trading blocs around the globe, and recurring indigenous and ethnic rivalries have slowed overall progress to little more than 0.5% percent per year in this century. Social indicators published in 2015 illustrated that the Bloque Andino now has the lowest levels in the hemisphere.

Broader Cultural Impacts. The re-opening of Latin America to ties with the United States, cultural contacts that had been jeopardized by the policies of the 1980s, have had impacts that extended beyond commercial and political arenas. "This can be seen especially clearly in Texas," Prof. Rickert mentioned as he finished his address. In his view Latin American culture in Texas has been reinforced by expanded contact with Latin America.

Mexican Americans now draw their cultural identity from more than just Mexico, he insisted; and non-Hispanic Texans have developed greater access to the cultural richness of Latin America.

Texans have come to enjoy expanded tourism, increased bi-lingualism, the proliferation of sister-city connections with Latin America, and multi-cultural festivities that draw from indigenous Mexico and Guatemala, highland Bolivia, and the pampas of Argentina as much as from Czech, German, Irish, and Appalachian folk traditions. Texans are now as likely to celebrate annual "Fiestas," "Cinco de Mayo," and "15 de Setiembre" as they are to travel to New Braunfels for "OktoberFest" and to Caldwell for "KolacheFest." "This has enriched us all," Professor Rickert concluded, "whether we are counting the take in our businesses or taking into account the multi-lingual and multi-cultural heritage we pass to our children."

The applause for Prof. Rickert's recollections and reminders may have also been applause for the renewed Latin American future of Texas. This future was evident in the ballroom, later in the evening, as the dancers alternated among waltzes, polkas, Texas two-step, salsas, merengues, and the ever-enjoyed Cotton-Eyed Joe.

Plausibility of the Optimistic Scenario

The principal features of this scenario are drawn directly from tendencies present in Texas and in Latin America during the 1980s. And the links between

Texas and the rest of the hemisphere to the South have expanded in recent years.³

On an economic plane Texas may not enjoy the greatest financial flows from Latin America; these appear to go toward Miami more than to other destinations in the U.S. But the vast majority of U.S. trade with Latin America originates in, or passes through, Texas. This is partly attributable to the importance of grain exports through the Houston port facilities and partly to exports to Mexico as the principal Latin American trading partner for the U.S. The experiences of Texans in development of, and support for, the *maquila* or *maquiladora* operations along the Texas-Mexico border now provide one of the most rapidly growing source of employment and income on both sides of the border.⁴

The evolution of Texas toward an increasingly high-tech economy, whether in computers, aircraft, semiconductors, or superconductor technology is one of the most striking trends of the 1980s. This scenario merely translates that national importance into international terms, recognizing that Latin America (and other parts of the world) will soon be able to produce much of what Texas now produces, and at substantially lower costs. The development of Texas, and other areas of the United States, into research centers, technology incubators, and centers of training, management, and financial innovation merely represents a

³ There is ample technical support for the international ties that are important to the Texas economy, and the Texas Department of Commerce has been particularly important in gathering that information and making it available to analysts across the state. See, for example, "International Trade Facts" (June 1, 1988) and "Texas Export Data," (April 15, 1988), unpublished compilations that they can provide.

⁴ There are several key sources available here. See, for example, the Texas Department of Commerce "Maquiladora Fact Sheet" (May 24, 1988) and an unpublished path-breaking analysis by Prof. Donald A. Michie of the U.T.-El Paso Department of Marketing, entitled "The Maquiladoras: A 'Positive' Response to American Business' Lack of Industrial Competitiveness." no date.

projection into the future of one answer to the question: what will we produce as our competitors become increasingly capable.

The proposal that Latin America will respond to opportunities to work with investors from the rest of the world with a wide diversity of types of firms and production partnerships is a straightforward extension of recent trends in public enterprises and in negotiation of forms of participation. Latin America is looking for new ways to obtain improved technology and access to markets without losing control of development processes. The large number of Latin American technicians recently trained and being trained in Business Schools, Economics Departments, and Public Administration programs throughout the U.S. and Europe, together with the sharing of information among Planning Ministries throughout the region, guarantees that Latin American will never take foreign investment in the future on the same, often exploitative, terms that characterized the past. The non-Latin American participants who will play the largest role in the reconstruction and future development of the region are those most willing and most able to respond creatively to these changing realities.

The division of Latin America into large regional trading blocks is a highly likely outcome of current processes. Significant steps were taken in 1987 and 1988 to implement substantial new integration of the Brazilian and Argentine economies. Mexican government officials have expressed considerable concern over the U.S.-Canada Free Trade Agreement, noting that many of the products that Mexico presently exports to the United States, such as petrochemical products, automotive components, and railroad equipment, are also available competitively from Canada. No current proposal for the reactivation of the Central American economies omits the need for substantial regional integration. And the feared "closing off" of Europe after 1992 has been a frequent focus for

discussion among Latin American leaders in their own economic and political summits.

Democratization, in various forms and to various degrees, is one of the most important trends characterizing changes in Latin America from the 1970s to the 1980s. The Guatemala Peace Accords signed by the five elected Central American presidents in August 1987 represented a courageous and somewhat defiant attempt on their part to strengthen their individual positions with respect to their own military forces, as well as with respect to outside actors, both the United States and the large Latin American countries. Two years after that accord there remains greater political space for opposition groups in all countries of the region, greater international pressure for fulfillment of the commitments to democratization, media freedom, national reconciliation, and non-intervention than had existed at any time prior. Generalization of this trend, encouraged by the 1989 Vienna Agreement, is neither farfetched nor inappropriate. And what better date than 1992, the 500th anniversary of the moment when Columbus stumbled onto the beaches of Indigenous America and "fathered" the start of Latin America?

The cultural implications for Texas of an expanded opening to Latin America may be the most speculative forecast; but the alternatives for Texas in terms of the loss of cultural wealth from the decline and disappearance of its Hispanic roots may be far less speculative. It forms an important component of the following pessimistic scenario.

A Pessimistic Scenario.

There is another clipping that has drifted forward in time to us and that depicts another alternative future for Texas and Latin America, a grimmer, less encouraging future. And one that may also be based in some of the trends that we have seen recently.

A Special New Year's Report:

LATIN AMERICA REFLECTS UPON A 'DISASTROUS' YEAR: Texas Ties Noted

(1/1/2016). Special to *The Houston Chronicle*. [Supplemented by NYT, AP and AFP cables.]

Two reports issued during the last week provide, when compared, a discouraging insight into the future of both the state of Texas and the Latin American and Caribbean region, once Texas' principal trading partner. The first, the "Preliminary Overview of 2015," prepared by the UN Economic Commission for Latin America and the Caribbean, identified this past year as "singularly disastrous" for the region. The other, entitled "Prospects for Texas in 2016," was published by the Comptroller's Office in Austin. It projected continued decline for the state economy "in the face of rapidly shrinking export markets and a dearth of new production efforts."

The *Chronicle* has interviewed six specialists from universities and the private sector across the state to obtain evaluations of these combined prospects. Their analyses concur only on the most general levels: all agree that the "Fortress America" program of the past decade has been very exceedingly difficult for Texas. Whether Texas can "turn it around" in the coming years and how that might be undertaken brings widely differing responses.

We turned first to John Rochemont, Chairman of the Board of Texas Consolidated Bank, successor to the four bank

holding companies that collapsed in 1998 and 1999 after the imposition of the Uniform Emergency Trade Embargo.

Chronicle: You have been Chairman at TCB since its creation in 1998. You predicted, when you first moved to Texas from New York, that "Texas would be rolling by the turn of the century." We are now fifteen years into the new century and there's no sign of the "roll." What do you predict now?

Montefort: Texas is on a "roll." Every day there are new jobs being created to replace those lost under the Embargo. The rate of outmigration has fallen to less than 4% per year. State revenues have risen for each of the past four years; they will return to the levels of the year 2000 within one or two more years. And the smaller state population requires lower levels of government expenditures, in any event.

Chronicle: This new report from the Comptroller's Office, however, says that exports from and through Texas continue to fall. Are we just creating jobs for one another, scratching each other's back, as it were?

Montefort: Not at all. Texas products are being exported through California and New York to markets in Europe and Asia; it is only shipments to Latin American that continue to fall, unless we try to include estimates of the contraband going to and from Mexico. Texas can adjust; our nation-

al policy has been reinforced by three administrations now. There is no point at this time crying over spilled milk, especially 15-year-old spilled milk.

Chronicle: Many Texans still say that the Embargo was a mistake, that we could have taken a more cooperative attitude. What do you believe?

Montefort: What alternative did the U.S. have? Latin America decided to shut us out with these damned trading blocs. How could we maintain our balance of payments if we only imported from them and couldn't export to them. And when they began to discriminate against American businesses, giving preference to investors from Europe and Japan and even the Socialist countries, what leverage did we have left other than blocking their access to our markets?

Chronicle: But isn't it true that it had only been intended as a temporary measure?

Montefort: Well, that's what the so-called "insiders" say. All those books by former officials, claiming to have the "real" story don't add up to a hill a' beans, I say. We took a stance. We called their bluff. And they didn't have the good sense to back down. Now they have no access to American technology or American markets. Sure, it hurt Texas more than most places. But look how the industrial belt has rebounded now that all that competition from unfairly cheap imports has been eliminated. We'll do our part. We'll adjust. And each year will be better.

-- * -- * -- * --

Two experts on Latin America at the University of Texas, Dr. Bryan Richter and Dr. Angeles Soto, provided very different interpretations of recent trends that relate to both Texas and Latin America.

Chronicle: You are specialists on Latin American and Mexican American issues,

and your books and speeches suggest criticism of the Embargo and the policies that have followed. Let's start with current conditions in Latin America. Does that have any direct link to Texas?

Richter: No, not directly. It wasn't Texas that imposed the Embargo. But Texas was the site, perhaps coincidentally, of the moment that is generally considered to have determined much of the past 25 years of Latin American social and economic history.

Chronicle: You mean the 1990 Bush declaration on debt and democracy?

Richter: Right. When President George Bush came to San Antonio to address the 1990 Emergency Hemispheric Conference on Debt Relief, there were great expectations that his recently-elected administration would initiate a dramatic new program for debt relief. His speech, which was warmly received across the U.S., is remembered by Latin Americans as one of the biggest disappointments of the past century.

Soto: It's not that people didn't expect him to take a hard line; his Vice-president had said, in one of the televised campaign debates, that debt forgiveness "just wouldn't be right." But no one expected him to be so "ideological" in his approach. In the light of the last 25 years, it looks downright silly.

Richter: He demanded that debt and democracy be linked, insisted that future U.S. aid and bank lending would go only to those countries that met both a "democracy" test and a "debt-repayment" test. And he announced that the U.S. Treasury would begin to mediate in the debt negotiations only for those countries that publicly committed themselves to repayment of all outstanding debt and that met the "democratization" criterion of the State Department.

Chronicle: And that's when Mexico reneged on its debt?

Soto: Not quite. Mexico applauded the speech, along with a half-dozen other countries, in a room that was otherwise icily silent. The Mexican government was confident that it would meet the "democracy" test. It wasn't until six months later that it was told that no debt assistance would be forthcoming until the PRI reformed itself to the satisfaction of the political leaders of PAN, the conservative opposition party. What followed then was tumultuous.

Richter: First a moratorium on about \$15 billion due in 1991. When the U.S. announced a temporary embargo on all trade with Mexico, Mexico then renounced the whole \$93 billion and blocked U.S. exports.

Chronicle: And the embargo became permanent.

Richter: That was the series of events that set Latin America into motion in the formation of regional trading blocs. They justified them, generally, as responses to the U.S.-Canadian Free Trade Agreement of 1989 and the complete integration of the European Economic Community in 1992. But there was at least as much fear of the use of U.S. economic leverage against other countries in the region behind the accelerated pursuit of trading blocs.

The first to come together, in 1996, was the Greater South American Pact (GSAP), including Brazil, Argentina, Uruguay, Paraguay, and, after 1998, Chile. They had both geographically contiguous boundaries and roughly similar levels of development at the time they were combined. And they have done the best of all the Latin American trading blocs.

Chronicle: Why did they begin to block U.S. firms from investing?

Soto: There was no definite blocking tactic until at least 1998. Prior to that what tend-

ed to occur was an increasing preference for European and Japanese investors, or contracts with those firms. Colombia was, in fact, the first country where a definitive anti-U.S. bias was noted. The Colombian Planning Ministry was taking bids on a coal mining joint-venture. They awarded the concession to a French firm over a much lower bid from Anaconda Mining of Arizona. The Colombian legislature refused to ratify a contract with a U.S.-based firm because, in the words of the majority leader, "it will just give the U.S. government one more lever to force our compliance with their policies." The debate hinged on U.S. policies toward Panama in '87 and '88, despite the fact that most of the legislators considered General Noriega, the Panamanian dictator, to be despicable. Colombia had been one of the 23 (out of 24) Latin American members of the Organization of American States that voted to condemn the U.S. actions against Panama back then.

Richter: And that attitude tended to grow, and it was reinforced by the hard-line attitude that the U.S. took against Mexico, closing the border and all.

Chronicle: And that then escalated to the total embargo on Latin American trade.

Richter: Well, it has never been total. Consistent with the "modified Bush doctrine," we trade with those countries that are willing to declare their intent to repay all their debt, that "are moving toward" the democratization we seek, and that will publicly guarantee equal access for U.S.-based firms to their investment opportunities. But there isn't much trade, as you know. Only Jamaica, El Salvador, and Puerto Rico technically qualify.

Chronicle: And the impact on Texas?

Soto: Pretty harsh. We've had militarization of the Mexican border for nearly ten years now. Twin-plant employment is about 10% of what it was in 1990; it's just too

difficult to get cargoes back and forth across the border. All the publicity that *maquila* shipments are just "surreptitious exports" -- contraband, in other words -- has wiped out the program.

The biggest loss has come to the whole border economy that had been developing so rapidly in the late 1980s. And the human costs of disrupted families, loss of contact with Mexico for Mexican American families, and the gradual submersion, almost persecution, of Mexican culture, has taken a terrible cultural toll. That's something that we don't measure in social science statistics, but it is tangible nonetheless.

-- * -- * -- * --

The Texas agricultural industry has stagnated for more than two decades. The proportion of the state population that listed "farming or ranching" as its principal occupation on the census of 2010 reached an all-time low, less than 8%. The Chronicle turned to John Bob Pickering, president of the Texas Agricultural Producers Association, for his evaluation of the future of the Texas economy and its potential links to Latin America.

Chronicle: The Comptroller has predicted that farm production will fall again this year, Mr. Pickering. Is that consistent with the predictions of your organization?

Pickering: No, we believe that Texas farm production may reach new highs, this year, but that will depend on Washington. If they give us the Labor Import Permits that we need, and if we can get enough workers in here from the Caribbean, we should bring production up to levels higher than we've seen in maybe ten years. But without the permits, my friend, we'll be whistling in the wind.

Chronicle: How severe was the labor shortage this past year?

Pickering: About the same as it's been for the past five or six. The competition for ranch hands has been fairly good; 'cause we can provide them year-round employment. There's always a few thousand ranch hands signed up in the All-Texas Labor Pool in San Antonio. Where we have been hurting is for pickers for seasonal crops. Even with the use of 2000 National Guardsman last year, we only got about 60% of the citrus crop harvested. But we can't pay a wage high enough to draw workers from the North and still make a profit on the citrus we ship.

Chronicle: Meat prices soared fifteen years ago, after the Embargo. Are Texas sheep and cattle producers still benefitting from that?

Pickering: The elimination of imports from Mexico and from much of Latin America gave us bonanza years from '02 through '05. Beef on the hoof went over \$2.00 a pound, triple where it was in the '90s. But Washington encouraged every farmer to raise more cattle, and the falling price of grains made it easier than ever. So now we have the worst of both worlds: low grain prices, because we aren't exporting half of what we used to, and low beef prices because every Cub Scout has a heifer in the back yard.

Chronicle: Then, do Texas' farmers and ranchers support elimination of the Embargo?

Pickering: Hell, no! Texas' farmers and ranchers are just as patriotic as the next guy! We would welcome expansion of the Labor Import Permit program to replace the labor we lost after the Mexico border was militarized. You know, we still get only about a quarter as many as then. And we would love to be able to ship more grains to those Latin American countries. But we can't let 'em push us around. That's not right.

What Texas' farmers and ranchers want is a chance to compete fairly. If we can get the international markets back to the kind we had back in the '90s, we'd be plenty happy to jump right in with all the rest.

-- * -- * -- * --

The *Chronicle* turned, finally, to one of the state's leading experts on the Mexican American community, seeking further assessment of the links between the crises of this still-new century in both Texas and Latin America. He is Amador Luz, Chicano poet, and columnist for the San Antonio Express-Light.

Chronicle: What has the past fifteen years of stagnation in the Texas economy, deterioration in Latin America, and emigration from the state meant for the Hispanic community?

Luz: We are cut off, hermano. And our culture is dying. But the problems aren't just economic. They began earlier. They began with that bendito "English Only Movement" back in the '80s. When they then amended the Texas constitution in '91 to ban all teaching in Spanish, the culture began to die. Look at me. I can't publish any of my poetry in my own arts column, 'cause it includes a mixture of Spanish and English. My kids, if they want to learn educated Spanish in school, have to take it as a foreign language. A foreign language!

Chronicle: But isn't the Hispanic community growing? The census of '10 showed that Hispanic surname people constituted nearly 40% of the state?

Luz: Right. But how many of them speak Spanish? Better yet, how many of them speak something other than "street Spanish." How many can read it? Some say fewer than 10%, and that's mostly the older folks.

With all the troubles around Latin America and the racist antagonism toward Mexico, our kids don't want to be seen as Mexican. They don't want to be Latino. They want to fit in. And there's no safe place these days for Latinos.

Chronicle: Some say that this can't be blamed on the U.S., that it was an inevitable response to actions taken in Latin America.

Luz: I doubt that there is any value in casting about for someone to blame, amigo. Maybe what we need to recognize is that there is an attitude that is at fault, an attitude of aggressiveness, an attitude of defensiveness, an attitude of intolerance.

This is a country that has feared those who were different. We have never been more content than when we thought there were few differences among us, when everyone seemed to agree on the course that the nation was taking. We have built elaborate justifications for reassuring ourselves that the way we do things is "the best way." So when our compadres in Latin America try to do things a little differently, we have this almost irresistible urge to stop them, to convince them that they're wrong. Then, if they persist, we use our clout, whatever clout we have, to stop them.

That's been a very troublesome basis for "getting along" with our neighbors, no?

Chronicle: What can Texas and Texans do, Amador Luz, to counter the fear, the intolerance, the aggressiveness that you claim has become the hallmark of our relations with Latin America?

Luz: It's not just Texas and Texans, hombre. It's what this country should have done!

Life in Latin America is no different from life in this country. People are born, they live lives in search of small comforts, a little bit of hope for themselves -- and a lot of

hope for their kids -- and they die. They are seeking, like we are seeking, a more modern, productive, safe and sane world.

If we had learned, half a century ago, that our brothers and sisters to the South don't want to threaten us; they want to work with us. If we had learned thirty years ago, that we don't have all the answers for our own problems, let alone the best answers for Latin America. If we had learned that they are capable of making their own decisions, their own choices, falling into their own mistakes, and stumbling across solutions at least as good as ours. If we had learned respect...

Chronicle: But how could we have learned all that better than we have?

Language, man. Culture. Travel. Education. We should have sent thousands of our high school and college kids to study in Latin America, rather than cutting them off from it. We should have fortified our cultural roots, rather than paving them over with English-only, anti-Latino education.

We could have learned from our amigos Latinos, rather than putting them down as inferior, ignorant, and hostile. And we could have cooperated with them, on the basis of respect, rather than isolating ourselves behind a barrier of anger and distrust.

Plausibility of the Pessimistic Scenario.

Are we capable of launching ourselves into a long-term adversarial relationship with our Latin American neighbors and our Latin American heritage? Are the latent fear of "brown hordes" from Mexico and the rest of Latin America, the narrow-minded cultural superiority of the English-only movement, and the propensity for knee-jerk protectionist responses to misunderstood policies in Latin America close enough to the surface in our national character that this scenario is plausible?

Is it possible that we would attempt to close totally and militarize our border with Mexico? Are we capable of imposing poorly-thought-out requirements on our allies and trading partners? Are we capable, as a nation, of repeatedly shooting ourselves in the foot?

The experience of the past 40 years, cautiously interpreted, is not encouraging. Whether we recall the CIA activities in Central America in the 1980s, the U.S.

role in bringing the dictatorial General Pinochet to power in Chile in the 1970s, our use of economic sanctions to punish Peru for nationalizing the International Petroleum Company in the 1960s, or our open support for the dictators Batista, Trujillo, Stroessner, and Somoza in the 1950s, each decade has been marked by misinformation, ignorance, and action that was regretted in the decade following.

The images of the late 1980s lend little additional optimism: new tent cities and detention centers for Central American refugees, imprisoned after peremptory, same-day determination of their eligibility for political asylum; miles-long ditches or moats between Northern Mexico and Southern California; the quasi-militarization of the border with Vietnam-era electronic detectors, hundreds of additional armed INS agents, helicopters, and razor wire; and calls for the use of the military to patrol.

We, as a nation, have tended to alienate our natural allies in Latin America, to reinforce those whose values are most at odds with the values of this nation, and to communicate to Latin America and to the rest of the world that we are a nation that acts precipitously, massively, clumsily, and regretfully. We make it difficult for friends to defend us, easy for our opponents to laugh at us, impossible for those who might look to us for respect, cooperation, and collaboration.

Anglo-Texans are often ambivalent about the richness of our Mexican heritage, papering over our insecurity in the face of another culture with boisterous celebration of victory over the "Mezkins" at the battle of San Jacinto, or glorification of anti-Hispanic versions of the history of the Alamo. Hispanic-Texans are encouraged to assimilate, discouraged from speaking Spanish, and, the Chicano tragedy of Texas, often graduated from high school with full command of neither English nor Spanish!

The closer that Texans are to the U.S.-Mexican border, the greater our propensity to recognize the importance of trading relations with Latin America. The South Texas business community has always had close ties to Mexico, through labor force, materials, markets, and holidays. But our economic sights look North, and East, and West before looking South. It has been too easy to be swept into the national focus on the border as a "problem" rather than the border as an opportunity.

But neither most Texans nor most U.S. citizens are fundamentally mean-spirited, exploitative, or insensitive. Our responses can be traced, more often, to an ignorance of Latin America and Latin Americans, even those among us. Our national culture, and our local state culture, is fundamentally generous, just, and open. It is those basic characteristics that lessen the likelihood of the most pessimistic scenario, if, that is, our fundamental nature is provided an opportunity to develop into awareness, recognition, plans, and policies.

Policies for Texas from Our Latin American Past and Future

There is a debate among sociologists and historians about whether Texas really belongs to the South or the West. What does it mean, they ask, to belong to the Southwest. It has been my implicit contention here that Texas belonged, belongs, and will belong more to Latin America than to any other major cultural, sociological, or economic grouping.

The economy of Texas does, in fact, bear greater similarity to Latin America than to the industrialized North, East, or West. The predominance of cattle and oil, on the other hand, has greater similarity to Mexico, Argentina, and frontier Brazil, than to the Old South in the U.S. Favorable global price trends for oil and gas, cotton, meat, and even winter garden fruits and vegetables that benefit Latin America also benefit Texas; unfavorable prices for those products that delight the

Northeastern and Midwestern U.S., as well as Europe, often bring harm to the economies of Texas and the rest of Latin America. The accumulation of indebtedness that brought a land-based and energy-based economic boom to Texas in the 1970s and 1980s has also left Latin America with accumulated bankruptcy as the principal obstacle to future economic growth.

These similarities, however, can mask the differences. Texas is tied inexorably to the financial policies, the taxation policies, the foreign policy, educational policies, and the labor and capital markets of the U.S. It has received, and will continue to receive, billions of dollars each year in debt relief through government programs to protect depositors at Texas' financial institutions. It has unrestricted access to U.S. markets for its products, access that provides an advantage over Latin America, no matter what the prices of their common products.

The State of Texas, its citizens, and especially its elected representatives can make a difference in the future that Texas and Latin America will share, especially in that which they will have in common. The following list of suggestions for policies by Texas and Texans is designed to increase the likelihood that the optimistic scenario becomes real. They do not cover every possibility, but they are indicative of the kinds of steps that Texas could take to build a stronger international future on the basis of its national and international past.

1. Leadership in Washington on Latin American Issues. The Texas contingent in Washington will be stronger, during the Bush administration, than it has been since Lyndon Baines Johnson. Texans can take important leadership roles on the crucial issues of the day by:

-
- a) Advocating rapid, generous, business-like relief of Latin American debt so that the Texas economy can grow more rapidly through trade with Latin America and so that Latin America can expand its ties to Texas.
 - b) Continuing the pressure for peace in Central America to which House Speaker Jim Wright (from Fort Worth) made important contributions in 1987 and 1988 and which Senator Lloyd Bentsen urged during his Vice-presidential campaign.
 - c) Supporting expansion of federal financing of international education throughout the United States, at all levels from primary through graduate schools, with special emphasis on the training of large numbers of additional specialists who are both technically well-prepared and internationally literate.
 - d) Encouraging federal support for the continuing development of both sides of the U.S.-Mexico border, from Brownsville to Tijuana; this is both a crucial area of persistent poverty in this country and a region of great growth potential as recent *maquiladora* experience indicates.
 - e) Seeking new forms of broad-based international development assistance for all of Latin America, in collaboration with Western Europe, Canada, and Japan, and channeled wherever possible through the appropriate international organizations, rather than through politically more sensitive direct bilateral programs.
 - f) Supporting more directly international programs for the preservation of globally-crucial rain forest and other ecologically sensitive areas in Latin America, recognizing that rapid development that does not depend on exploitation of those global resources provides the best alternative for governments that are desperately trying to fill their people's needs.
 - g) Expanding federally-financed research, in Texas as well as elsewhere across the country, that directs our national research capability toward the specific agricultural and technical problems of contemporary development outside the U.S., recognizing that both licensing and voluntary transfer of that new technology may be the best contribution that we can make, over the next quarter century, to both our earnings and our good will in Latin America and elsewhere.
 - h) Supporting humane solutions to the problems of immigration from Latin America, recognizing our heritage as a nation of immigrants, building

clearly-defined bridges toward those who are legitimate refugees, and equitable procedures for access to legal immigration.

2. State Government Leadership on Latin American Issues. Cooperative development of agricultural technology, development of border programs, and stimulus for state exports toward Latin America have long been traditions of the Texas state government. There are myriad ways in which Texas could take further leadership, especially in terms of expanding beyond contemporary focus on just U.S.-Mexico issues.

But the more important role, in the long run, will be the influence that the state government can exercise over the development of internationally oriented education across the state. If we are to avoid becoming an isolationist, poorly-prepared, linguistically-inept state that must draw most of its international expertise from outside the state, several policies are crucial:

- a) Developing international awareness, international education programs, international educational travel experiences, and cross-cultural focuses at every level of the educational system.
- b) Promoting, funding, and, if necessary, requiring as a condition for state financial support that every Texas student learn at least one language other than English, and that they learn it to a level of working competency (not just hours in a classroom) tested prior to graduation. If, as is likely, this will tend to enhance the Spanish-language comparative advantage that the state already enjoys, this will only strengthen state ties to Latin America; but language education in Portuguese, European languages, as well as Japanese will carry with it an inherent expansion of cross-cultural awareness, interest, learning, and experience.
- c) Encouraging the development of multinational collaborative endeavors in research, business development, and intergovernmental cooperation designed to enhance the role that Texas plays in our national contacts with neighbors to the South.

3. Local Citizen-Action Leadership on Latin America. One of the dimensions of our national political culture that continuously amazes our friends to the South is the level of organization that we have in private, voluntary citizen action groups. On virtually every level, from church-based groups that travel abroad to minister to both the spiritual and physical needs of others, to Rotary and Kiwanis groups that raise funds for social service projects, and our decentralized system of independent school districts, local action offers the greatest possibility for improving our international awareness. It may be at this level that the most subtle contributions will be made to improved futures for both Texas and Latin America, but they may be the most important in terms of the development of an internationally sensitive, internationally educated, and internationally involved citizenry.

The possibilities for activities here are also multiple, but a few of the possibilities with greatest long-term impact would include:

- a) Local-level pressure for expanded international education, language training, and international travel for students at all levels, but especially in the Junior High School and High School ages.
- b) Expansion of sister-city programs in cities of all sizes; these programs offer wide ranges of possibilities for travel, business contacts, humanitarian assistance projects, and, in general, for experiences that are understanding-building and culture-bridging.
- c) Further development of programs of locally-based assistance for Latin America on a people-to-people basis, by persons with professional skills, from doctors and nurses to computer technicians, specialized farmers, experienced engineers, university faculty, and, under appropriate circumstances, of high school and college students who will simply donate manual labor, enthusiasm, and other bases for good will.
- d) Organization of local political pressure for policies at the state and national level that will enhance Latin America's chances for development and that will, through them, improve Texas' economic future as a partner in Latin America's expansion.

e) Community-wide celebration of our state's Latin American heritage, recognition of the strength that it gives us for expanded ties to Latin America, and the expansion of pride in that heritage from the justifiably-proud Mexican Americans and other Hispanics in the community to all of us who can also share that heritage.

Actions by Texas and by Texans will not resolve, by themselves, Latin America's fundamental development problems, any more than Latin American recovery and development will guarantee a bright future for Texas. But a bleak future for Latin America will almost necessarily dim the brightness of ours, partially because our basic economies are so similar, and partially because Latin America, as a trading partner, as a source of immigrants, and as a political ally is so important to Texas.

Whether out of altruism or self-interest, our recognition of our past, present, and future involvement with Latin America can serve to enlighten that future and to bring us closer to our historical roots.