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***Two Nations Indivisible:
Mexico, the United States, and the Road Ahead***

Andrea Pacheco Dhamer: Welcome to the Institute of International Education. We're very excited to host this lovely discussion today. I can give a brief overview about the Institute for those of you who know us, or don't. We were founded in 1919 and for more than 90 years our mission is to promote mutual understanding through international education and exchange. We administer over 250 different scholarship programs, training programs—amongst them, one of our key programs being the Fulbright student scholar and teaching program. Today's topic is very important to us, especially in terms of the activity happening in Latin America and with Mexico being so close to us. We also do mobility research—the Open Doors Report—and, for us, when we see dips and movement in numbers they're very indicative of the work we're doing and, also, very closely tied to the social and economic changes that are happening within the country, which is why this is so important. As a snapshot, numbers we saw are that we continue to have good numbers of Mexican students coming to the US, most of them undergraduate: 13,000, 14,000. Where we've seen pretty dramatic decreases are in US students going to Mexico. At our highest we had about 10,000, but in the past year it dropped from 7,000 to 4,000. And so we look forward to better understanding the trends that are happening in the country so we can continue to work with the governments and the private sector to continue this exchange. So thank you so much for coming and we're very honored to be able to host you.

Patricia Ellis: Well, thank you. Good afternoon, everyone, and thank you all for coming to what promises to be a very interesting discussion on a very timely topic. Andrea, thank you so much for having us back here again. We really appreciate IIE's hospitality; it's a great partnership and we look forward to many more opportunities. Most recently we were here together just a little more than a week ago: we had Rosemary DiCarlo [Deputy Permanent Representative of the US to the UN] speaking to us about Syria and that was a great event. We will keep coming with more interesting programs, both the Author Series, which is quite popular, and other Beyond the Headlines programs on issues such as Syria.

I'm Patricia Ellis. I'm President of the Women's Foreign Policy Group. We promote women's leadership, women's voices on pressing international issues of the day, and given our close proximity to Mexico, there are always key issues for the US. They range from the economy to security, to immigration, trade, and many, many different issues. In fact, our speaker is going to be testifying tomorrow before Congress about security issues.

We're just really honored to have Shannon O'Neil here with us today. She's a senior fellow for Latin America Studies at the Council on Foreign Relations, and the reason that we're having her here at this specific time is that she is the author of a recent book called *Two Nations Indivisible: Mexico, the United States, and the Road Ahead*. And so before I just tell you a few more things about Shannon and then we go to Shannon's remarks, our Q&A, and open it to the audience, I just—we always are happy to see some of the women diplomats here, and I wanted to recognize the Czech ambassador to the UN. Thank you so much for joining us; happy to have you back again.

So, just a little bit more about Shannon. She's been on this beat for quite some time, and she's been at the Council on Foreign Relations, in the position I mentioned, senior fellow, for six years, but she has done many other things. She has lived in Mexico, she has lived in Argentina. Before getting into policy she was an analyst, a securities analyst, in Mexico and throughout the region. And she doesn't just focus on Mexico. She focuses on the broader picture of US–Latin American relations. She is frequently both quoted and appears on TV, on radio. She has published in *Foreign Policy*, *Foreign Affairs*, *Washington Post*, *LA Times*—just to mention a few. And some of the issues she covers are trade, energy, immigration—so really the full gamut. I can refer you to her blog, which is called shannononeil.com. And she analyzes developments in Latin America and US relations in the region, which are changing all the time. She was a Fulbright herself. She was a fellow at Harvard. Educated both at Yale undergrad and MA, and then at Harvard. So, please join me in welcoming Shannon O'Neil. [Applause.]

O'Neil: Well, thank you so much for the introduction and for hosting here. It's nice to be here on a lovely New York day—finally, it stopped raining. [Laughter.] I live here, too, and I keep coming back from these trips and it's always raining. Let me talk a bit about Mexico and then particularly about how I came to write this book, *Two Nations Indivisible*. You know, my experience and interest and real fascination with this country began almost twenty years ago, and it's when I accepted a job in a Mexico City office of a boutique investment bank. And so this was early 1994. NAFTA had just started in the weeks before. And so I headed down to my new city to get accustomed to having 20 million new neighbors and also to being part of the financial industry. I was an equity analyst, so I spent those first few months diving into the balance sheets of several Mexican companies, trying to figure out where they'd been and then where they might be going. And then after doing that for a few months, I was pulled away from my research reports and I was thrown onto our trading desk, as one of my colleagues was going on a long, extended honeymoon. And so I spent a month there, manning the two phones, talking to US and European investors on one side, and then my Mexican traders and counterparts on the other side. And through these two different roles, I saw the real enthusiasm for Mexico at that time, both from foreigners and Mexicans alike. So I would go and I would talk to the CFOs or CEOs of the companies, and they would lay out these big expansion plans they had for their company at home, or perhaps into international markets where they were just opening up. The country was just opening up to the world. And I would see the markets, where there was a bond market where I was trading tens of millions of dollars of bonds, or in the equity market, the stock market, which was now growing very quickly because of all these newly privatized companies that were coming onto the market, and people could actually buy into them for the first time ever. You saw this incredible enthusiasm. When I got out of the office you saw it as well, in Mexico more broadly, not just on the financial side of things. So I spent a lot of time that first year traveling all around Mexico, visiting factories and plants and various companies I was covering—and the planes would always be full. In Mexico City the restaurants were packed. And in fact streets were pretty noisy because of all the construction that was happening at this time.

Now 1994 was not just a year of a booming economy in Mexico, but it was also a year of booming politics. This was a presidential election year in Mexico and the PRI—the ruling party, the party that had ruled Mexico for almost 70 years—was doing what it always did. It was putting the full force of the government resources it controlled—which was most all of them—the full force of its party machinery, and the full force of its ties to the media and other vested interests, special interests—putting all of this behind its candidate, the sort of heir apparent to the PRI political machine. And 1994 was not a particularly easy year for Mexico. It started out with NAFTA being inaugurated on January 1st, but that exact same day there was an uprising in the south of Mexico. It became known as the Zapatistas, a guerilla group that came in and took over several towns in the south, denouncing the corruption of the Mexican government. A few months after that, the presidential candidate for the PRI—this heir apparent that they'd been putting this full machine behind—he was assassinated in the streets of Tijuana. And several months after that, the head of the PRI itself, of the party, was also killed. And each time this happened, the financial markets shuddered and others worried about where Mexico was headed. But almost everyone believed the promises of the outgoing government—and then, after the

presidential election, the incoming government—that stability would return and that the old system—the PRI system—would prevail. Now, just shy of my one-year anniversary living and working in Mexico, the peso crisis hit. And the financial markets panicked and within a few short weeks the value of the peso halved. And in the following year Mexico would go through one of the worst recessions in its history, GDP would plummet seven percent, inflation would skyrocket, millions of Mexicans would lose their jobs, and the incipient middle class that you had seen growing—many of them would be pushed back into poverty. You also saw, in the wake of the crisis, a deterioration in security. So Mexicans and foreigners alike, myself included—many people were held up at gunpoint, relieved of your wallets and your valuables. So crime escalated in the wake of this financial crisis.

Now this could have been the end of Mexico's good story. It could have been yet another boom, followed by a bust, [a pattern] that Mexico was quite famous for by now, but I would argue that it was actually something quite different, that it was actually a tipping point for our southern neighbor. In the wake of the financial crisis, right in the first few weeks, the US stepped in and helped stabilize the financial markets in Mexico. And the reforms of the years before, the privatizations, the economic opening, the signing of NAFTA—all of these made sure that Mexico didn't go back to the old economic policies. And in fact you saw that President Zedillo, the new president, pushed to further open up Mexico to the world. With these reforms, as well as with a much cheaper peso, exports boomed. And, while the middle class had been hit incredibly hard during the crisis, they rebounded pretty quickly. And within just a few years they reached the old level in terms of percentage of the population and then continued growing to a larger percent of the population than they'd ever been before. Perhaps the biggest change in the wake of the financial crisis was in politics. Mexican citizens and voters finally decided that they were fed up with the PRI. So the next chance they got to vote they ended—this was a congressional election—they ended a decades-long majority the PRI had in Congress. And the next presidential election, in the year 2000, they kicked the PRI out of Los Pinos, out of Mexico's White House.

Now when I was living there in Mexico for these three years, through the financial turmoil, the social upheaval, some of these political changes starting, it was very hard to see: was this just a bust in the aftermath of a boom time, or was it something different? And it was only when I moved back to Mexico in the mid-2000s—this time I'd left investment banking, I was in academia, so I was a visiting scholar, thanks to the Fulbright Association, at one of the private universities in Mexico City—it was only when I came back to Mexico that I could see that the changes were permanent, but that they were also ongoing into the 21st century. Coming back to Mexico City, the immediate change you could see was in the air. So I don't know how many of you ever got the chance to visit Mexico City in the mid-1990s, [Laughter.] but I remember I'd look outside of my office, which was a big glass office building, and most days you could barely see the other office building across the street. The pollution was that bad. Coming back six or seven years later, you could see at least a block ahead of you on most days, but some days you could actually see the mountains, the volcanoes, that ring the city. Now in part the reason that pollution had changed so much was government policy, so regulations had encouraged heavy industry to move outside of the center of the city. But in part it was a sign of the growing prosperity in Mexico, and Mexicans were able to buy new cars, and these were cars with catalytic converters, so reducing the transportation pollution enormously.

Another change was in the economy. People no longer talked about or worried about booms and busts, and rightfully so. What people talked about and really worried about now was that Mexico, while quite stable and macroeconomically strong, had pretty unspectacular growth, very slow growth. So how could you increase how fast it was growing and really spread those benefits more broadly?

Another change I saw was in the geography of Mexico City itself. And here you'd seen the city continue to grow, to expand beyond the edges of the Valley of Mexico. If you went to the west of the city, this whole new, almost city-unto-itself had popped up. It was called Santa Fe. And it looks, to me at least, like parts of Dallas or Houston. So it's lots of glass office buildings, high-rise buildings, gated communities, universities, and the like. And this is where much of Mexico's money has moved, out that direction. But you also saw changes out to the east, so by Mexico City's airport, a poorer part of Mexico

City, and here too you've seen tremendous growth. And if you head out the roads that lead out this side of the city you'll see rows and rows of neatly appointed little starter homes sort of disappearing into the distance, off of the main roads out. And this too is a sign of change and really the return of, or growth of, a middle class who can now finally afford a small, but a real, home [for] themselves. And here they are buying these tens of thousands that you see on your way outside of the city in that direction.

The other thing that changed was just the daily rhythm of life. So, as the first time I was there, every Tuesday what are called a *tianguis* market, a traditional market, would show up on the street near my road, and they'd put down their big pallets and put up their colorful tarps, and during the day they'd sell you everything from fruits and vegetables, to meats, to flowers, to pots and pans and babies' clothes and electronics and about anything else. But add[ed] to these markets that came on a weekly basis were now Walmarts and Costcos and just supermarkets, which were something new. And one report that came out said that in the years after NAFTA the price of the basic basket of goods for Mexicans fell by almost half. So bringing everyday low prices to Mexicans all around.

Now one thing that that hadn't changed in the time I'd been gone was security. And here people still worried about it, still talked about it, and particularly now talked a lot about what they called "express kidnappings." So these were when you would get into the wrong taxi on a street, and that driver and a couple thugs in the car behind would take you to an ATM machine, ask you to withdraw up to your maximum, and then, if you were lucky, drop you unharmed in some neighborhood of Mexico City. I spent a year there, in Mexico, this time around. And then I went off to Argentina to continue the research I was doing. But since then I go back to Mexico very often, and I'm a close watcher of US–Mexico relations. And what I see is, over the last 20–30 years, Mexico has become a very different place. Economically, this is a country that was an incredibly closed economy, and now it's one of the most open in the world and dominated by manufactured goods that it sends out. Politically, this is a country that was known for decades for one-party rule, and it's now a competitive democracy. Socially, we usually think of Mexico as traditionally a place of haves and have-nots—the Carlos Slims and the tens of millions of poor—but the middle class has been growing and it's almost half of the population. And security has continued to deteriorate over these [last] couple of decades. Today the threat comes more from drug traffickers and organized crime more generally.

The other thing that's changed in the last few decades is Mexico's relationships with the United States. And one of those biggest changes has been economic ties. And here, in the 20 years since NAFTA was signed, trade between the two countries has quadrupled to half a trillion dollars worth of goods every year that goes back and forth, making Mexico one of our most important trading partners. But perhaps more important than the amount that goes back and forth is what goes back and forth. And that too has changed. You look back a few decades, it was oil coming north and finished goods or capital goods—big machinery to build things—going south. And today what goes across the border are pieces and parts of things that are being made on both sides of the border, together. So when you see something coming in from Mexico—so "made in Mexico," an import—on average almost 40% of that product, the value added to that product, was actually made in the United States. When you see things coming in from China, Brazil, or the European Union, it's 4% or less that was made here. And even Canada, our other NAFTA partner: it's 25%. So Mexico—far beyond any other country in the world—we've integrated the way we produce things. It's very different. And that's something that's just been in the last couple of decades.

The other big change in US–Mexico relations has come through personal ties. We've always had migration between our two nations, but over the last few decades we've seen really an unprecedented wave of people coming north into the United States, so there are some 11 million Mexicans living here. They are our largest immigrant group. And they've come for, you know, a push from the bad economic times in Mexico, a pull of quite good economic times in the United States—up until recently. They've come for demographic reasons, so there was a youth bulge that happened in Mexico in the 1990s and early 2000s. Now this flow and this huge wave that happened has now dissipated. And so over the last three years we've seen a net zero flow from Mexico coming in, so there's a similar number coming in as

are going out every year—something very different than a decade ago. But wherever this flow goes, the 30 years of migration have really changed, fundamentally, the ties between the two countries. So Mexicans and Mexican descendants, Mexican-Americans, are now important as workers. They are important as consumers. And, as we saw last November, they are increasingly important as voters here in the United States.

And so, while other countries will capture our headlines—Syria, which I know you talked about last week, will be one of them. So will Iran, and others—today perhaps no other country is as important to the United States on a day-to-day basis as Mexico. So, from the fruits and vegetables on our tables, to the parts in our cars, the gas in our tanks, the consumers for our products, the drugs on our streets, Mexico today is part of our day-to-day lives. If Mexico does well, so too will the United States. If Mexico does poorly, the repercussions will reach far beyond the US–Mexico border.

Today I see Mexico, really, at a crossroads. And the challenge Mexico faces, in my view, was made most apparent to me on a trip I took at the end of last year to Ciudad Juárez. Ciudad Juárez, for those of who you haven't had the pleasure of visiting that city [*Laughter.*]—it's not a tourist destination. It's right across from El Paso, Texas, and it's a very gritty, industrial city. It always has been. But it had the very unfortunate distinction a few years back of being, not just the most violent place in Mexico, but the most violent place in the world. And during this trip I went to look at security issues because violence had been so high—it was coming down—and look at some of the challenges of what had been happening. And one of the days I was there I spent with a man named Adrian Cardenas. He's the father of a boy who was an honors student and an avid football player, who, unfortunately, had been killed with 14 of his friends when they were celebrating a birthday in a private home. And by all accounts it was a case of mistaken identity. A group of hitmen had come into the wrong neighborhood and thought that their party was one of a rival gang's. And so [Adrian] wanted to have me come; he wanted to show me the neighborhood where it happened, the house where it happened, talk to some of the neighbors, he wanted to show me the memorial to his son and to his friends—but he really wanted to show me this park that was next to the memorial, where he and his wife and others had really poured all of their energy and grief to try to make this community, this neighborhood, better for those kids that were still there.

And on that day with him there were two things that struck me. One was his resilience in the face of this terrible tragedy, but the other was the road out there to this neighborhood. And so he picked me up at the US–Mexico border and then we drove for about half an hour to get out to where all this had happened. And on the road we passed factory after factory after factory. And outside there are these big international brand names that most of you have heard of, maybe bought something from. Big Mexican brands, you know, touting the production of everything from TVs, flat screen TVs, to computers, to wind turbines, to auto parts, to processed foods, to beer, and the like. And to me it's this juxtaposition you see in Juárez—this gravest of security threats, but this real economic potential, and particularly potential linked to the United States—that defines Mexico today. So the real question is: can the United States and Mexico embrace these ties and work to better both countries, or will we be driven apart by the violence, by the corruption, by the weakened communities? Will we wall ourselves off rather than embrace what we have together?

In my years when I was in academia, doing my PhD, and when I taught for a few years after that—and now in the last six years, when I've been at the Council on Foreign Relations, where I do foreign-policy work—I've had the opportunity to read a lot of books on Mexico. And in this process I couldn't find a book that described the changes that I witnessed, nor analyzed both the good and the bad, and what it means for the United States. And so this book that I've written, *Two Nations Indivisible*, is an attempt to do just that. So I hope you enjoy it, and I look forward to your questions.

Ellis: Thank you. [*Applause.*] I'm going to lead things off, and I have questions in a few different categories. One, obviously, relates to security and the whole justice system. The other relates to the economy, and then the broader picture of Mexican foreign policy, because, under that, not only do I

want to talk about US–Mexican relations, but relations with, for example, China. The Chinese president just visited Mexico. Relations also with Canada: there was something just announced today that Mexico wants to establish, aside from NAFTA, separate relationships with Canada, and what this all means for the US. So let's start with security, which is always one of the first things on everyone's mind. You know, we hear on a daily basis: these kidnappings continue to go on. What differences in approach are taking place between the new regime and the past regime? President Calderón was noted for putting all the emphasis, all the resources, on security. Some people say—and you can discuss this—he wasn't all that successful. What kinds of things could be done to bring any changes in security? You're going to be talking about this tomorrow [in Congress], but, in terms of the justice system—because corruption is a big issue, both in the economy and in security, and so—I could start with that.

O'Neil: You know, [Enrique] Peña Nieto, the current president, campaigned on changing security policy because under Calderón you saw such a huge increase in the number of deaths and the violence. And so it was a winning campaign strategy to say, "I'm going to do something different. I'm going to bring down this violence." He has been somewhat vague on his security plans. He's made some big pronouncements, but what it actually means on the ground has been limited. Mostly what you see in his plans are more continuity than change, in part because, when you ask people, there's not a consensus on: what do you do to lower violence when it gets to this point? But the things that people generally do agree on, things that—you need to clean up your cops, you need to clean up your courts, you need to invest in socioeconomic programs to help youth at risk so they have a different choice than going into crime—those are things that Calderón started. You can argue he didn't do them enough, or he did them too much, or he didn't prioritize it, or the types of programs and things perhaps were not designed the best or coordinated the best, but they're things that the previous government did. So a lot of what Peña Nieto has said he will do and has started doing has already been done. It's more continuity than change.

He has announced some big changes. One is, he's said he's going to create a new federal police force, a "gendarmerie," as he calls it. It's been a big announcement; it doesn't seem to have, though, a budget in the federal budget, so it's a question about whether this is just a political act or if this is actually something real. There's questions about, "Well, we already have a federal police force. Why wouldn't you just double the size of that rather than create two different ones?" But this is something he has talked about. The other big change you have seen is, he has talked a lot about—his administration—about centralizing power and the sort of overall security approach. So putting everything back into the Ministry of Interior where it had been decentralized under the Calderón—full Fox and Calderón governments. And also just centralizing the flow of information, so particularly with the United States and the work we do together with Mexico. All of that would go through the Ministry of Interior rather than under Calderón, where it was very decentralized among all the different agencies. There are, in some ways, good reasons to do this, the centralization. One of the—probably justified—criticisms of Calderón's approach is that it was so decentralized that the left and the right hand never knew what the others were doing, and often operations were running in parallel and even became counterproductive because no one was sort of herding the cats. But there's also questions about: if all of the information and sharing of things is going to go through one ministry in Mexico City, will a DEA agent who's working on the ground, who's gotten to know a particular other agent on the Mexican side and might be comfortable sharing with that person because they trust each other, would they really send that information to Mexico City and hope it gets back, given the corruption problems and things you mentioned? So how this trajectory goes forward, we'll see.

I mean, the other big continuity is: the president has said that he will continue the justice reform. There was a reform put in place in 2008; it was given until 2016, so eight years to put into place. And, if implemented, it will fundamentally transform the system from one of written trials to oral trials, one that changes the role of judges, changes the role of defense attorneys and prosecuting attorneys and should really open up the system to make it more transparent and accountable. That process is still ongoing; it's been pretty slow the first five years. So the question is: will they do it in the next three years under Peña Nieto's mandate? He's said that he will. If he does, I think that's a good sign for the

things we care about: trying to improve justice, reduce corruption, reduce violence. I think it will help because, up until now in Mexico, there's really been no legal deterrent to crime. You look at the number of crimes—basically, one to two out of every [100] crimes leads to a conviction. So, if you're a criminal, that's not what matters to you. If you could change the system and make the justice system work, or at least work better, that, I do think, would help with the corruption and the impunity and the violence overall. So, it's sort of early days. I think the best you can hope for in Mexico is at the end of his term—so a six-year term that this president would have—is that things are better, that he builds on the last administration, so you have 12 years of people trying to build institutions and then the next president can build on that. But that is if Mexico wants to move away from the situation it has today—it's going to be, in many ways, these longer term institution-building [efforts]. There's no easy fix for the challenges it faces.

Ellis: So moving on to the economy: corruption, once again, is a big problem and many countries in the world today are suffering from great inequality gaps, but Mexico has been notorious for this, and so, even with the development of a middle class, I'm just wondering how far Mexico can go if they still have all this corruption and all the inequality?

O'Neil: There are a lot of challenges. What's been surprising in the last few years is, given the violence, economic growth has been pretty strong, as has foreign direct investment and the like. And so it's sort of shocking that you have this terrible security, but you also have some good signs on the other side. I'm not sure this is long-term sustainable—if they can't get the violence problem and the corruption under hand—if the growth can continue. But I would say the other big challenges for Mexico are: how do you position yourself in a global world when you are never going to be the low-cost producer? All of that stuff left for China in the early 2000s and it's not coming back. Other things are coming back. Aerospace is coming back. Autos are coming back. More value-added industries, but not—and you don't want to go to the lower ranks, probably, but how do you prepare your people, and prepare your economy and your country, to be more competitive? And you have the initial comparative advantage that you're next to the largest economy in the world, and that is something to benefit from. But to do that, you need to improve your education system, you need to improve your infrastructure system. There are a lot of things—you need to improve the violence and the corruption. But there are a lot of those things where Mexico—if they don't get it under control... They'll muddle through, they'll be brought along through NAFTA and through the next TPP [Trans-Pacific Partnership], or the trade agreements that may or may not happen. But they won't be able to really provide for the broader sense, reduce inequality, increase growth—the kind of things that you want for a country—if they don't tackle some of those challenges.

Ellis: My last question—and we'll open it up to everyone now—is segueing to Mexico's role on the global scene and relations with the US. But I'll start with China. As I mentioned, the Chinese president, just prior to meeting with President Obama, went to Mexico. And so Mexico—China has become an important partner for Mexico as it is moving around in Latin America as well. And yet there's a very uneven relationship in terms of trade. So what are the challenges for Mexico here? They're both competitors and partners. What does this mean in terms of US relations? How concerned is the United States about China in the region there with Mexico? And lastly, Canada—just these signs that Mexico is really trying to go off on its own and be a different kind of player, not under the wing of the United States.

O'Neil: Well, it's interesting, actually. I would say, especially under Calderón, he was in many of these international forums. When you look at the initial steps of the Peña Nieto government, particularly who they put in different places, economics are the main focus for their foreign policy, the most obvious signal being the current foreign minister—so their secretary of state. They took their previous finance minister and put him over there. So this is what—and I know him. He's a wonderfully, incredibly smart man, but he's a PhD in economics, he's a technocrat. That is his basis and focus—and now he's the foreign minister. And then the other, probably most powerful, person in the overall administration, besides the president—but the president's real confidant, [who] had been his chief of staff before, is now the finance minister. So these two very important—That's going to be the focus of their foreign policy. Obviously they'll do other things as well, but that's really where their backgrounds are and what

their interests come from. And in that, they are very interested in, and pushing hard for, actually, closer ties to the United States. So they're investing a lot of energy and capital in trying to get the Trans-Pacific Partnership, the TPP, passed. So first getting themselves as part of it and, now that they're part of it, making it happen. That's very important to them. So hooking themselves to the United States, getting beyond NAFTA, and as you think about pivoting towards Asia, doing it in a way that they do it with the United States and Canada—as well as with Peru and Chile and other countries, but as part of this bloc, having North America pivoting towards China. So they're not doing it on their own; they're doing it with the United States and Canada.

They're also incredibly interested in—which is a little bit of a harder climb for them here than the United States—in becoming part of the new negotiations with the EU. They don't want to get left out as the United States negotiates with the EU. They have their own free-trade agreement with the EU that they signed 10-plus years ago, but they would like to be included in these sorts of NAFTA–EU negotiations, rather than just a US–EU negotiation, because they're worried about a hub-and-spoke kind of situation in terms of—and because so much production goes back and forth (you know that 40% of what was made in Mexico was actually made in the United States) and the back-and-forth, you see, they're worried some of their competitive advantage would be lost if the EU and the United States form something that they weren't part of. So I do think that a lot of the negotiation power is going to go in that direction, and really tied to the United States.

Now, in that, they care about China. I mean, China has been incredibly hard for them over the last decade or so. Lots of industries left Mexico for China. They've been a competitor versus Brazil, which has been a compliment. And what they've seen over the last year or so is that all of a sudden they're becoming competitive vis-à-vis China. So labor costs are less important. Energy costs are much more important, which makes the proximity to the United States more advantageous. Some of the other—just-in-time delivery, the fact that they're close, has made it much easier to be adapting in a way that is much harder to do with China, which is much further away. You have many companies who—some have had a hard time in China, particularly when they've had intellectual property that they would have liked to hold on to and have been less able to hold on to than they would have liked, so some are thinking of coming back to places like Mexico, where they feel they have a bit more control over the intellectual property—or they have, say, the NAFTA arbitration, in terms of the ways their companies can go through that if they have a dispute with a local partner over some trade agreement. So there are a lot of benefits they have, vis-à-vis China, that have been growing. And in part I think the visit from the Chinese before they came here to the United States was to—“How can we keep this relationship, or how can we work on it so some of the animosities that have been there in Mexico, some tensions”—and we have our own in our own country with China, but those often carry over to Mexico—how can they balance out the relationship and make it a bit easier?

Ellis: Okay, let's open it up. I'm going to ask you to please identify yourself before your questions.

Question: Hi I'm Susan Crowley, I'm a consultant, and I work with the UN. Thank you for your presentation and your personal story and I really look forward to reading your book. You've been talking about foreign policy, and I wonder if you could touch a little on multilateral policy. I'm quite impressed with the caliber of the young—almost all of them are young—Mexican diplomats doing work at the UN and with the UN, and yet they kind of follow their own drummer, not aligning with UNASUR [the Union of South American Nations] and some of the other groups, and yet not completely aligned with the US. I wonder if you have some insights you can share about those relationships.

O'Neil: I mean, I would agree with you. I think one thing Mexico has—one thing many emerging markets have, but Mexico in particular has—is an incredibly deep bench, in terms of very talented people in many different walks of life, whether working in the private sector or working in diplomacy, in their Foreign Ministry and the like. It's a really impressive group of people. You know, they—Mexico has—for lack of a better term, has really punched below its weight globally for many, many years. And if you look at it, it's the top 10, 15 economy in the world and where it has been on many of these big,

multilateral issues and the place it's taken has been much less than it could have if it had wanted to, especially given the caliber of its diplomats and the training and the people who could really contribute to some of these big, thorny issues that we all struggle with. They were trying to get there as the head of the WTO [World Trade Organization], which they're very upset about. [Laughter.]

But just now, this government, I think, is starting to think about: how do we represent ourselves as somebody who's there? We do belong in the G20, and we do belong here, and how do we really play a more active role? They don't see themselves as quite part of UNASUR. They don't see themselves as part of the BRICs. Even if they were invited into them, they don't see themselves in that space. So, for many reasons—and also a long history where they've tried to maintain a distance from the United States, and had this longstanding international relations theory of not intervening in sovereignty, because of the United States and worries about the United States which are probably no longer a big concern, but they have long memories of the United States, more than dabbling in their territory, taking some of it with us, many times. [Laughter.] There's some justified remembrances. I think this is something they're trying to define: where they fall. I'd say that there's a few places where they've stepped forward—Calderón stepped forward on the climate-change negotiations—to good success, in many places. They have been involved in the G20 on some of the financial architecture, how we think about the financial side of things. My understanding is, on the TPP negotiations they've actually been quite helpful, particularly with some of the partners who just have much more limited capacity to negotiate a free-trade agreement, places like Vietnam and others that just, perhaps, don't have as deep a bench as [the Mexicans] do in terms of technical expertise. Just helping them formulate what it is they should be asking for or how to do that.

So I think there's a space for Mexico there, but this is something that Mexico—you know, to give Mexico some space or credit, it's only 12-plus years since it became a democracy. And it's been inwardly focused, trying to figure out how its own internal politics work and then perhaps this is the administration, or the ones that follow, that will then begin—"Okay, how do we think about entering politics on the global stage and stepping out there again?", in a way. But I do think they—there's space for them to do that, if they want to undertake that.

Question: Thank you. I'm Judith O'Neill with Nakhota LLC; it's legal and strategic consulting. I've worked in Mexico for decades and actually privatized Teléfonos de México, when they first went public, and then worked on NAFTA—for the Mexicans, not for the Americans. So I got a little bit of a picture of that. We are currently working in Mexico on a cellular message alert system, and negotiating on the state level because, in Mexico, the system is designed for hurricanes and things like that. Mexico wants a system for kidnappers and for drug traffickers, because it can very rapidly identify—

O'Neil: Are you doing that with the Mexican government? Or the state governments, to try to help them design this?

Question: The state governments. What we discovered was that the state governments have—each state has a secretary of security—which, as you said, is the crucial issue, in my mind, for Mexico; they have all the other elements, they just have to deal with the security issue—and the state secretaries are very familiar with their territory and with how they deal with security, and some of the security issues are related to drugs, which require a different approach than security related to poverty, which requires a very different approach. And we found that to be working well until this recent election in December, when the government changed and things became more centralized. But we always found there was a complexity to the way the federal government fit into what the states did and what the states thought, which seemed to inhibit the state security leaders moving forward with security systems that could potentially help them control some of the crime that they were suffering, each in an individual way. And yet on the federal level, as you say, more ubiquitous for the nation.

Do you have an opinion as to which is better, the centralized control or the local control? As you've said, there are benefits on both sides. From what I've seen on the ground, the state secretaries know a

whole lot more about the kind of security problems they have in their states than the federal government does. And even leaving out the corruption issue, literally the time lost in sending the message up [to the federal government] and back loses the whole impact of whatever it is that you're trying to do. And one more thing, on the economic side, I've recently been running colloquia among Mexico, Canada, and the United States on our energy governance. And what I've discovered when—when, Patricia, you asked the question about our jealousy or concern that Mexico is developing this relationship with Canada—I was shocked to discover that the US is kind of in the way here. The US and Mexico have a plethora of energy agreements on all kinds of levels, even—Mexico is 88% fossil fuels, but even on renewables, it's all kinds of them, and the US has a ton of agreements with Canada. There are a couple not very important agreements among all three. There are no agreements between Canada and Mexico.

Ellis: Now they just had a meeting and that's what they're working on. It was just announced.

Question: Exactly, and we're literally in the way. And Canada started the initiative of saying to Mexico—not, you know, “Let's get this big gorilla out of the middle,” but actually talking to Mexico about helping them out. In fact, in our agreements, the Canadians agreed, for free, to go to Mexico and help them understand how to do hydraulic fracturing.

Ellis: So can I just throw in—could you address the Pemex [Petróleos Mexicanos] issue? Because in Mexico it's a state-run energy department. In Mexico, there has been talk over the years that if Mexico doesn't do something to really open this up a little more—and this is their prime sign of sovereignty—how are they really going to go forward?

O'Neil: So let me talk a little about the centralization/decentralization of security. I think the challenge here is that the decentralization of security can bring out the best and the worst on the local level. And so some of the most innovative responses I've seen to the security threat have happened at the local level, Ciudad Juárez being one of them. This terrible threat, just devastating the city, but in the wake—and partly because of the federal “Todos Somos Juárez” [“We Are All Juárez” program], which is this big program that Calderón brought in—but you started creating these roundtables, security roundtables, to bring together business leaders and local civil society leaders and the local government and law enforcement from the different levels. And they actually started making a difference, because business leaders may have found somebody in the law enforcement they could talk to—they had their cell phones—they could talk to daily or weekly. They could say, “You know what, we just got an extortion call here and there and there,” so they took down some of these people. So it created some change at the local level. And my understanding in visiting Monterrey—Monterrey's one of the big industrial cities, they got hit really hard by the security problem in the last couple years, and the local business community basically stepped in and said, “We have to form a new state-level police force.” These big companies that are listed on the US stock exchanges, as well as [the] Mexican, said, “Our human resources department will actually interview and vet these people.” They did. So they basically stepped—it was a public-private partnership to create a new law enforcement [program]. Monterrey isn't totally fixed, but things have gotten a lot better, and partly—so some of the innovation happens at the local level, not at the federal level.

But in some of the places that are the most corrupt, places like Tamaulipas which are incredibly violent, I'm not sure the local and state governments are capable of dealing with the deep-seated corruption and penetration that has happened in the state, and you almost need a federal force or someone who is not tied to these local organized crime networks to step in and try to help them fix it. So I think that's a challenge: being closer, you know your situation much better, but being closer, perhaps it's much harder for you to come in and do something about it because you're so—you're either so tied yourself, or the threat is that they know where your family lives, because they live right there. The “silver or lead” threat that you get where you take the money or you get a bullet. That's much more real at the local level and for local officials than it is for federal police or military coming in from the outside that stay in

barracks and are protected and their families live hundreds of miles away. So, I think that's the trade-off that you see.

In terms of energy overall and the Canada–Mexico relationships, this government has said from the campaign [onward] and continues to say that energy reform is a top issue and it's the next one on the docket. This year they want to do it. And they really are talking about a constitutional reform that would let in foreign investment and risk sharing and all these sorts of things that would be important for bringing in real investment and expertise. How that happens politically is the big challenge. This is Mexico's third rail in politics. I think there are ways that it can happen. You probably let Pemex stay Pemex and do its thing, but in the new types of oil which are really—most people think—are the future of Mexico's oil production, things like shale oil and gas, things like deepwater drilling and the like, Pemex has no expertise, it has no capacity, it has, really, no money for investment because the money goes into the federal treasury. And so there's where I think you would probably see, if they try to do big constitutional reform to open it up, it would be for these types of things.

In the politics of it, I'm less concerned about the PRI—so the president's own party do have the labor unions from the state-owned oil side of things—than [I am about] the PAN [National Action Party], which is Calderón's party, which ideologically is very in line with opening up the sector, but they, right now, are in an incredible fight between each other for leadership. Different factions within it, they're fragmented in the wake of their loss of the presidency. So can they pull together enough of their party to help the PRI pass a big constitutional reform? I think that's the big question on that.

And then finally just on Canada and Mexico: theoretically, it would be so much better for Canada and Mexico to get together and work together because then they could pressure the United States for things in all these agreements. That has not happened yet, in 20-plus years of NAFTA, and partly because the Canadians just—they'd like to just go to the United States. They don't want to be associated with Mexico, particularly since 9/11 and with the immigration stuff. They don't want to be associated with security stuff, like, "We have a longer border, and we don't want all the stuff that happens on the southern border being brought up here, so we're going to keep ourselves separate." The Mexicans, at times, too, they think—so I think it's nice that they're meeting. They should be meeting, and they could have a lot more leverage about a lot of things if they could get on the same page, but... Let's wait and see if they can do that with anything and be able to stick with this, is my view.

Question: Ellen Gorman. I'm from the Women's City Club of New York. And as I hear you talking it feels as if there's a lot less identification with South America and Central America, as a change in Mexico. And just—and I'd like you to comment on that. And also—I had just heard that China is planning to build a canal across Nicaragua, and I was wondering how that would affect Mexico and its ports, in particular.

O'Neil: You know, Mexico is not turning away from the rest of Latin America and they actually—but South America is not only where they are going to be. Not South America as a whole. I mean, what you're going to start to see Mexico do, and what you've seen already, is: they will go where they think their self-interest is. So one [such place] is Central America. I mean, we worry about our southern border; they worry about their southern border, which is incredibly porous and incredibly dangerous, and drug cartels are coming through. It's this whole trade from Colombia all the way up, so there's a security issue there, so they're thinking about that. They are definitely thinking about South America, but they're thinking about it often in an economic framework, and things like the TPP would tie Mexico to Peru and to Chile. And, in fact, Mexico has joined what's called the Pacific Alliance, which is Chile, Peru, Colombia, and Mexico—so sort of the Pacific line there. And these are countries that have all decided as they—"How do we face globalization? How do we want to do it? We want to do it by opening ourselves. We want to do it by lowering tariffs." That's the way that they've decided to do it. Not with a very interventionist state; everybody has different economic models—that's one of the models in these countries. And they've tied themselves together, so they have pretty equal tariffs, and they are actually integrating their stock markets. So Mexico's stock market will be integrated with Peru's

and Colombia's and Chile's; it will all be one market. They're all—well, Colombia's trying to get into the TPP, but they're all interested in tying into the United States. So there is a policy, but it's a little bit more nuanced than just "We're all South American." They want something real from it, not just photo ops and declarations. So I think that's sort of where they're going. And it's probably back to the question of: where is Mexico on the world stage? How is it going to enter? And I do think one of the predominant themes will be this economic theme, going forward.

Question: Hi I'm Annika Christensen. I'm a recent graduate of Barnard College, and my question is about drug policy on both sides of the border. And, as I'm sure you all know, the Organization of American States just focused on drug policy, and changing it, in their meeting a couple weeks ago. What do you think legalization or decriminalization might do, on either side of the border?

O'Neil: You know, when you talk about US responsibility for some of the violence in Mexico, it's definitely there. The drug money fuels the violence. US guns are there in the hands of the people killing Mexican citizens. But, in the United States, we have more drug money because we have a bigger market here, and the profits in the drug trade are in the United States, not in Mexico transit, [and] not in Colombia, where it's grown. This is where the profits are. We have more guns here in the United States for all the reasons that we all know we have more guns here. But today—you could go back 20 years and you could argue this is not true—but today we have much less violence associated with the drug trade. So there's something else happening here [other] than just the presence of drugs or the presence of guns. And that—I would argue, for Mexico or other countries—is the rule of law. Can you successfully investigate, prosecute, convict the guilty, and free the innocent? And that's something that Mexico can't do, or can't do in a systematic, sustainable way yet. If they could, then they could deal with drug traffickers, but they could deal with, really, what's probably more worrisome today for them, which are people who are extorting and kidnapping, and contraband and human trafficking and all sorts of other crimes, and car theft and everything else. And so that is—Mexico's challenge is a weak rule of law and not necessarily drug trafficking, in my view.

Ellis: Shannon, how is the whole immigration debate going to affect US–Mexican relations going forward, and in terms of the US image of Mexico, do you think it's really caught up? I mean that when people think about Mexico they think about the border. They think about the killings. They think about all the immigrants. So what needs to be done? And how important is Mexico to the US at this point?

O'Neil: It's interesting. Last fall I participated as a consultant on a private poll of US attitudes of Mexico and I just helped them design the questionnaire, and as far as I know, it's probably the most in-depth that's been done in many years. Gallup does some questions, but they only do a couple questions. This did about 35, 40 questions: how do Americans see Mexico? The results were, as you can expect, pretty depressing. We asked them: "Name three words that describe Mexico," and almost one out of every two Americans said the word *drugs*, and others said *cartels*, and others said *violence*. But just *drugs*, and your word cloud was right there.

You asked them if Mexico was a partner or a problem; 60% said it was a problem, not a partner, though that divided along ideological lines. Those who self-identified as a conservative were much more likely to think of Mexico as a problem; those who self-identified as progressive or liberal were more likely to see it as a partner. Though one of the things I thought was quite interesting was, we asked them: "Is Mexico good or bad for the United States economically? How does it affect the United States economically?" and the largest answer was that it hurts us—negatively affects the United States. But the second-largest answer—which was only a percentage less; one was like 32%, one was 31%—something like that. The second-largest answer was "I don't know." And that suggests to me [that] a silver lining of this poll is that: one, we don't know anything about how [Mexico] affects us economically, but two, that there's an opening there to educate. It's not that Americans have made up their minds; they just don't have any information.

And what we have seen and what I talk a lot about in the book is, there has been this transformation in our economy so they're so [much] more closely tied than they've ever been before, with the way we make things. You know, half of the states in the United States—their number-one or number-two export destination is Mexico. Six million American jobs depend on Mexico. Many Mexicans are seen investing here and actually own the companies that Americans work [at] here. Sara Lee is owned by Mexicans. Entenmann's, that everybody serves at their soccer game—owned by Mexicans! There's a lot of this back-and-forth, you know? Corona, most popular beer—Mexican. But this is just to sort of say, this depth of ties and the importance Mexico has for the day-to-day lives of Americans is really not recognized. And I think the challenge for someone like me, or anyone else here who cares about the way we move forward on these things—that's the challenge, is how do you get, not just the halls of Congress, which is important as well, but how do you get more average, Main Street America to at least see the pros and cons, what Mexico is and isn't for our country? Some of it is worrisome. You know, I'm not saying the security part isn't worrisome. I'm not saying that immigration and illegal immigration—we struggle with those, and how do we make it so that we can find a way to meet supply and demand and all of that? But how do you get people to really see the whole good and bad of this very deep relationship with our neighbor?

Question: My name is Ann Graham, I teach at Rutgers, and I'm also doing consulting work at the UN and USAID. I do go to Mexico often, I'm going to be going in a couple of weeks, and I wonder—I've read a lot about issues of—it was very interesting, the percentage that you talked about, between their goods and ours, and it seems like we're dumping a lot of corn into Mexico. The price of corn for the poor—I mean, for everyone, but especially damaging to the poor—has risen quite a bit, because our corn is coming in, and that's one of their primary crops. So people can't afford to eat, and to make, the corn, the tortillas, that they make, because of our higher-priced corn coming into Mexico. Can you talk a little bit about that?

Question: Hi, I'm Gayle Farris. I have a background in tech transfer and the knowledge economy. I wanted to ask you about technology and computers and the knowledge economy and infrastructure, and what impact that's going to have on the middle class and the future growth of Mexico.

O'Neil: So the corn issue: this has been one of the biggest challenges and criticisms of NAFTA, is that NAFTA destroyed subsistence farming. And 2 million people a year—in the years after NAFTA, 2 million people moved off the farms and moved on. It is true, but let me add a few things to this. One is, during the years that NAFTA happened—and in the years before, but through NAFTA—was also a time during these 30 years when Mexico was making a transition from a commodity- and agriculture-based economy to a services- and manufacturing-based economy. And in the history of every transition that a mature economy has made, the percentage of people employed in agriculture moves. Our own, in the United States—we went from 20, 25% in agriculture to less than 10%. And so some of this transition is expected, right? Something that happens is that more people leave the farm. I grew up in Ohio, on a farm, and I watched people leave, and that's what happens, right?

Second is, NAFTA had some effects, but also what had—probably, I would say—bigger effects is the Mexican government's own policy. They have an agricultural department. They have programs—PROCAMPO and other programs—that were supposed to help small and medium-sized farmers. When you look where that money went—and now with the Freedom of Information Act in Mexico you can get this information—there have been studies on who got the money. It is not a few politicians' relatives, big farmers, and not a few narco-traffickers and their families themselves. So partly it's the corruption in the Mexican government that led the subsidies to the wrong places and not to the small subsistence farmer.

The other thing that's happened at the same time is, even as agriculture has become a much smaller part of the economy, agribusiness has grown. So you have these huge, very capital-intensive farms that are able to pass FDA requirements and the like, so they can export their things to the United States. Some of them have also started growing corn, so they're much more productive and they have

pushed out the small farmers, not unlike what happened in the United States. Now I'm not saying that's a good thing, but it has a lot less to do with NAFTA or even US corn. It has more to do with the modernization of an agricultural sector, which leads to winners and losers and, as I said, coming from Ohio, watching all those losers—people having to sell the family farm because Monsanto or other big—that's what happens. Now, what we have seen in the world in the last few years is [a] rising in the cost of basic goods, corn and others. You know, there's a lot of divisiveness, debate about why that is. Is it because of ethanol and ethanol policies that lead to increasing corn [cultivation]? Is it due to other factors and changes? Is it just due to the fact that hundreds of millions of new people come online every year, and as the middle class grows more people eat meat than they did before, and when you eat meat you have to feed [the animals] this much more corn, and they're much more intensive? The amount of meat Mexicans eat—it's amazing—it's doubled, tripled in the last—and so some of it is that. Corn goes in to feed the cows, and so instead of eating the corn and the tortillas, they're actually eating the beef, and that leads to scarcity and increases the price of corn because of the demand. So I think it's a whole lot of these things. I don't want to downplay—look, the subsidies are—our food subsidies and corn subsidies and farm bill lobby are absurd, a waste, especially when we're talking about sequester and we're closing down schools and all of this, and then we're still paying the farmers. So I'm not defending it; I think it's abysmal and an atrocity, in many ways. But I think there's a lot of complicated factors that are changing the prices in Mexico.

Technology and the middle class: you know, we have seen a huge expansion of technology there, and Brazil is the leader in Latin America but Mexico is not far behind in terms of use of social media, use of Internet, use of, sort of, getting a Facebook, engaging in this world, particularly in the younger segments [of society]. And so, in that, we've seen some pretty interesting things. And it's been important for—it's been important, actually, for protection in terms of violence. Twitter has been a source of information. It's also been important, actually, in terms of corruption. We've had a couple cases where acts of corruption have been caught on people's smartphones and those people end up having to resign, because it goes viral and the like. You know what? Mexico's big challenge is going to be: how do you become technologically savvy? How do you train enough engineers? How do you get that? And that is—it's somewhere where they haven't figured it out. I think there are a few areas that have been pretty innovative. We were just coming—I went to visit Querétaro, which is a few hours outside of Mexico City, and there's a big aerospace cluster that's forming there. And the local government has been going to these companies, to Bombardier and Safran and these other companies, and saying, "Look, we'll invest in education for the people you need. Tell us what you need, but also employ them as interns." And so you see a lot of interchange in that sense. You see some companies that are coming there precisely because they can find some of the skills they need. But it's not broad enough yet. And so I think that's the challenge: in a lot of these local places—Chihuahua's doing something similar, Tijuana's doing something—how do you get that? How do you improve the overall education? But then, also, how do you encourage some of these [people] that are working with companies to up the skill set? So it's not the worst in terms of, sort of, engineers and things that graduate; there's a decent number. But there's a question about the quality. Some of it's uneven. Some schools are uneven. Some schools are excellent and some schools, the quality's more uneven. So I think that's the challenge for Mexico. If it can't, though, join the 21st-century world of technology, then that will hold it back as well.

Ellis: Well, we're coming to the end of the program so if there are any last questions, because I want to leave some time for Shannon to sign her book. So any last questions?

Question: I'm Carole Seidelman, and I work in tourism. I have two quick questions—well, I don't want to say quick, but one is: there was an article, sometime in the last few months, about this drug agent, where he was an informant and he sought refuge in the States, and he was under a fake name, because the States won't help him. I was wondering—that seems so terrible—why can't he be given a fake identity by the United States? And then the other question had to do with tomatoes. I spend a lot of time in California, and I still don't understand why we have so many tomatoes from Mexico. Are they

Mexican companies giving to America? Are they—exactly the same tomatoes, and sometimes they seem like different prices, and I just wanted to hear...

O’Neil: I can just tell you, in the particular case that you’re talking about, *The New York Times* story, I think what happened to this one man—which has happened to a lot of people—is that different agencies make different promises to different informants, but sometimes they don’t have the authority, or [the informants] leave and [the plans] hadn’t been solidified and quantified, and, you know, the right that, “If you work with us then you’ll get citizenship and the like.” It’s—he basically fell through the cracks, and the DA then didn’t stand up for him, and it’s terrible. It’s terrible. I’ve heard enough of one-off cases of, sometimes, our federal law enforcement agencies and the like doing things that—it doesn’t make you feel good to know that they represent America in other places. It is what it is. And it’s not that other countries don’t do it as well—they do—but with this particular case, with this particular individual, that seems to be what happened. Someone promises something, he helped them out, and then they said, “Oh, I don’t know, do you have it in writing? No, you don’t, so forget it.”

On the tomato issue, I mean, partly, the tomatoes that come from Mexico—it’s through NAFTA. The farms—some are Mexican-owned, some are American owners that have farms down there, so there’s big farms that go back and forth. There’s been a big issue on the tomatoes that come in, and they’ve finally just reached another agreement. It’s not a governmental agreement. It’s the private sector, the trade associations [involved with] tomatoes on both sides sort of negotiating what comes in and what comes out and what the standards are and all these sorts of things. Because—you know, in any of these free-trade agreements, if you wanted to follow the letter of the law, you could stop trade. In fact, Nixon, when he was mad at the Mexicans for not paying attention to doing what he wanted them to do on security, he said, “Okay, we’re going to follow the letter of the law on the US–Mexico border. We’re going to stop every single car and we’re going to check every single car,” which meant nobody could get across the border and then—it was a negotiating tactic. And the same thing with free trade. If you really were saying, “Every shipment of tomatoes needs to be checked for pesticides,” you know... But we seem to now have come back to an agreement where they’ve figured out what the prices will [be], so the price differential won’t be so great because they’ve—I mean, the bad side of it, it’s kind of cartel-like, where they’ve set prices on both sides so the Florida growers won’t be upset and the like, even though the Mexicans could probably produce them more cheaply than what—and you could have had cheaper prices when you were eating them this last February, but that’s where we are.

Ellis: Okay, well, Shannon, we’ve come to the close of a great program. I know we all learned so much about Mexico itself, and Mexico’s relations with the US and the rest of the world. So, thank you so much, and please get the books and come and get them signed. Thank you all. [*Applause.*]