

***SIMILAR FEATHERS OR DIFFERENT STRIPES?
MEXICO, TURKEY, AND THE LIMITS OF REGIONAL INTEGRATION***

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Abstract:

Mexico's and Turkey's regionalist pursuits predictably changed the rules of the integration game, as much out of their own idiosyncratic contributions to both theory-building and policy-making, as through developments beyond their control. Those are the broad findings of a comparative study of the two actual/potential developing country trading bloc members. By examining the economic credentials and liabilities of both, the endogenous features of integration theories, and the exogenous forces impinging upon them, the study further finds two countries with similar structural inclinations in the global economy confronting different future prospects and imposing dissimilar challenges upon regional integration. Critical to the outcomes have been the explicit and implicit roles of the United States: its proximity to Mexico working wonders for that country but deepening dependency, its withdrawal from Turkey improving that country's regionalist chances but weakening the exclusiveness of the European Union. The United States is found to be one of a few exogenous forces challenging their endogenous counterparts in shaping regionalism today, pushing regionalism and regional integration theories increasingly to trespass the domains of other paradigms and policy objectives. Questions are raised how policy-makers and theory-builders may escape the dilemmas they face.

Paradox:

The post-Cold War splurge in regional trading arrangements raises fundamental questions. For example, do membership criteria really matter with the *one-size-fits-all* approach so popular today?¹ If they do, how can existing theoretical tenets satisfactorily explain (a) the proliferation of cases, and (b) overlapping and multiple country commitments? If they do not, where do we draw the line between regional integration, on the one hand, and hemispheric, continental or international integration, on the other?² Policy-makers are daunted by the burgeoning and increasingly inconsistent policy demands,³ while connecting worthwhile observations to theoretical tenets is also becoming all the more elusive.⁴

¹For example, the Free Trade Area of the Americas (FTAA), whose dominant membership criterion at the moment seems to be democratization.

²The *scope* problem is not new in the literature. See an earlier discussion of it by Fred M. Hayward, "Continuities and discontinuities between the studies on national and international integration: some implications for future research efforts," *International Organization* 24, no. 4 (Autumn 1970):917-41.

³Predicament is articulately discussed, among others, by Morten Ougaard, "NAFTA, the EU and deficient global institutionalism," *Economic Integration in NAFTA and the EU: Deficient Institutionalism*, eds. Kirsten Appendini and Sven Bislev (New York: St. Martin's Press, 1999), 51-68.

⁴Noted even by the founders of the integration school. See Ernst B. Haas, "Turbulent fields and the theory of regional integration," *International Organization* 30, no. 2 (Spring 1976):173-212.

While one part of the problem is *exogenous* to regional policy-making or theory-building, a larger part seems to be *endogenously*-generated. Globalization is an example of the former, and West European origins of regionalism illustrates one problem with the latter. The technological imperative of globalization is not only loosening the claim to sovereign rights,⁵ but also pushing trading blocs to widen membership, often at the expense of deepening institutions,⁶ to capture a larger slice of the market at stake. Although external competition contributed immensely to the growth of regional trading blocs, regional trading arrangements appear increasingly helpless against the very intensity of global competitiveness.⁷ Complicating the predicament has been the tendency, particularly of scholars, to utilize the assumptions and arguments behind West European integration as benchmarks for experiences elsewhere, in the process wiping idiosyncratic features off the analytical plane when the proliferation of cases accentuate them more. The sheer size and influence of the U.S. economy in the Americas, for example, is neither postulated in any regional integration theory as a tenet, nor even comparable across cases, yet seems critical to any integrative initiative in the western hemisphere.⁸

To be sure, the role of the United States in regional integration theories is significant but underemphasized. West European experiences might themselves have been nipped in the bud were it not for the Cold War security blanket the United States underwrote from the late 1940s, in particular with the establishment of NATO in 1949.⁹ Evaporating Cold War tensions in the mid-1980s arguably triggered the Single European Act (SEA), which replaced *europessimism* with a purposeful European agenda.¹⁰ Yet, regional integration theories remain silent not only on the United States as a determinant, but also on the political or military order facilitating economic integration. On the United States, integrative efforts across the Americas, for instance, floundered when the United States was not interested, as the Latin American Free Trade Agreement (LAFTA) illustrated in the 1960s, and prospered when the United States was actively involved, as the North American

⁵Originally postulated by Raymond Vernon, *Sovereignty at Bay* (New York: Basic Books, 1971); more recently updated within the context of regionalization by Vernon, "Passing through regionalism: the transition to global markets," Working Paper, John F. Kennedy School of Government (Cambridge, MA: Harvard University, 1995). Also see Edward M. Graham, *Global Corporations and National Governments* (Washington, DC: Institute for International Economics, 1996), 29-31.

⁶As Jeffrey A. Frankel argues, this need not always be true. See *Regional Trading Blocs in the World Economic System* (Washington, DC: Institute for International Economics, 1997), 204-06.

⁷And also by the conversion of the document called GATT into an institution, the WTO, thus enhancing multilateralism at the very moment of growth in regionalism. For a bird's eye interpretation, see Bernard Hoekman and Michel Kosteci, *The Political Economy of the World Trading System: From GATT to WTO* (Oxford, Eng.: Oxford University Press, 1995), esp. ch. 1.

⁸Among the earliest treatment of the United States as a variable of regionalism at large is in Frankel, *op. cit.*, esp. 240-43.

⁹On this and other security arrangements underwritten by the United States to facilitate West European recovery and protection from spreading communism, see John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar U.S. National Security Policy* (New York: Oxford University Press, 1982), esp. chps. 2-3.

¹⁰Andrew Moravcsik brings this theme across in his widely circulated "Negotiating the Single European Act: national interests and conventional statecraft in the European Community," *International Organization* 45, no. 1 (1991):19-56.

Free Trade Agreement (NAFTA) or the Summit of the Americas depict today.¹¹ That a developing country, Mexico, could enter a regional arrangement with developed countries speaks much of the weight the United States could bring to bear on the pre-NAFTA negotiations,¹² and also opens yet another neglected hypothesis worth theoretical consideration. Interestingly, but without suggesting a cause-effect relationship, the more broad-minded US approach to expanding regional trade arrangements today was followed, for the first time, by a much more expansive European Union approach to selecting members, as announced most recently at the European Council summit in Helsinki in December 1999.

Will this typify the twenty-first century pattern of regionalism--inclusiveness displacing historical exclusiveness?¹³ If so, are there any cut-off points, a limit beyond which regionalism ceases to be what it has been thus far?

Proposal:

To capture some of the neglected or new determinants of regional integration theories, this paper compares and contrasts one country from the North American and another from West European contexts: Mexico and Turkey. Before joining NAFTA, Mexico's qualification were strikingly similar to Turkey's European Union candidacy today: A growing middle class within a sizable overall population; upper middle-income categorization in the world economy; a wide gap between upper and lower per capita income brackets; widespread corruption; uncontrolled emigration for economic betterment producing political differences between host and source countries; and a socio-cultural baggage inconsistent with the profit-driven work ethic regionalism assumes.

If their economic credentials were viable for membership consideration, their political traditions were not sufficiently democratic. Both had plenty of prior economic interaction with the bloc they seek full integration in--the Canadian-U.S. Free Trade Agreement and European Community, respectively. Both also represent a new breed of would-be trading-bloc members, in some cases with similar inclinations, but in others distinctively different. Countries pushed by the pressures of intense globalization belong to this breed. They are transiting from authoritarian traditions and command/protected economies towards representative governments and liberalism. Yet, whereas Mexico, even

¹¹Richard Feinberg brings the historical futility and contemporary successes across very well. See *Summitry in the Americas: A Progress Report* (Washington, DC: Institute for International Economics, 1997), the first chapter for the historical backdrop, then 99-199 for the institutional advances made through the Summit of the Americas (SOA), originally held in Miami in December 1994. Its second session was in Santiago in 1998, followed by the third this April in Québec. By the Santiago summit, the name had changed to the Free Trade Area of the Americas (FTAA), which can be traced back to President George Bush's *Enterprise of the Americas* proposal of 1989. It was in summit of this enterprise in San Antonio in June 1990 that the U.S. accepted Mexico's proposal for creating a free trade agreement, which then became NAFTA.

¹²Canada was originally against extending the Canada-U.S. Free Trade Agreement (CUFTA), implemented from January 1989, to Mexico when Mexico made the proposal in February 1990 and the United States accepted it in June 1990. See Frederick Mayer, *Interpreting NAFTA: The Science and Art of Policy-making* (New York: Columbia University Press, 1998), 39-50.

¹³Economists generally favor *inclusivity*, even to the point of proposing an amendment of GATT Article XXIV to make free trade agreements open to any country willing to join. See Frankel, *op. cit.*, 238-39.

as a member of NAFTA, does not have any customs union relationships with Canada or the United States, Turkey, on the other hand, while far from European Union membership, does enjoy a customs union arrangement. Mexico is also wary of the US-sponsored Free Trade Area of the Americas (FTAA), which would reduce its many benefits of enjoying an exclusive relationship with its North American partners rather than in conjunction with other Latin American countries. Turkey, on the other hand, is the last on a long list the EU would like to eventually include.¹⁴ Whereas Mexico is being pushed into a defensive posturing, Turkey has all the reason to become more aggressive in its pursuits. Is full-fledged Turk membership and wider North American integration inevitable? Or will voices of *deepening* integration prevail over those advocating *widening*?

Both introduce quite distinctive cultural patterns into the bloc: Hispanic through Mexico and Islamic through Turkey. Neither is based on rational behavior that is so prevalent, without being exclusive, in Canada, the United States, and a large part of the European Union.¹⁵ Although Hispanic culture adapted fairly well to North-west European behavioral norms and patterns within the European Union, as the remarkable adjustment of Spain testifies, in the Americas it also reflects indigenous traits, creating further obstacles to accepting the market economy. The same is true of one of the central features of Hispanic culture: corporatism.¹⁶ Across Europe it has assumed a greater *societal* flavor, shifting it closer to pluralistic patterns, whereas across Latin America, it still remains rigid and *statist*.¹⁷ Islamic economic culture, much like its Hispanic counterpart, seeks collective welfare than individual without embracing socialism or communism. Even though Turkey is secular and profit-making is an accepted norm, for the large part of society still clinging to traditional values, as also across Hispanic Latin America, adjustment to the brusque, harsh, and unpredictable market economy is asking for too much too soon. Samuel Huntington calls both *torn* countries because the leaders seek to shift them from one civilization to another. Three conditions must also be satisfied:¹⁸ initiatives from elites, public acquiescence, and acceptance by the countries representing the civilization being sought. Since Huntington wrote his thesis in the early 1990s, all three conditions have changed for the better, not irreversibly, but appreciably. Yet, both countries still carry symptoms of being torn, and it is fashionable for others to label them as such!

On the other hand, Mexico and Turkey may even be at the cutting-edge of a future wave of members because of their fairly successful transition from import-substitution and authoritarian rule during the 1980s and 1990s, respectively. Their economic performances have shown signs of spectacular growth and capacities to reform. For example, when faced with a currency crisis, as was common in the 1990s, both instituted meaningful measures

¹⁴East European or Mediterranean countries were invited at the Luxembourg Summit of 1997, and Turkey, as the last on the list, at the Helsinki in 1999.

¹⁵For a comparison of the two types, see Harmon Zeigler, *Pluralism, Corporatism, and Confucianism: Political Association and Conflict Regulation in the United States, Europe, and Taiwan* (Philadelphia, PA: Temple University Press, 1988).

¹⁶The best definition is by Philippe Schmitter, "Still the century of Corporatism?" *Trends Toward Corporatist Intermediation* (Beverly Hills, CA: Sage Publications, 1979), 13, but see 7-52.

¹⁷On the distinction between the two, see Peter J. Williamson, *Varieties of Corporatism* (Cambridge, Eng.: Cambridge University Press, 1986).

¹⁸*The Clash of Civilizations: Remaking World Order* (New York: Touchstone, 1996), 138-39.

that won the approval of the IMF, OECD, and foreign investors, without permitting domestic discontent to alter the direction of change. Since both offer sizable markets and rank among the top two-dozen economies of the world, neither can be ignored by any regional trading arrangement. Besides, as stepping stones, both serve *critical* roles: Their successes in adjusting to democracy and liberalism may ripple to neighboring Hispanic or Islamic countries, making other Latin American or Central Asian countries not only more receptive of the dominant forces today, but also embracing them with greater determination. Paul Kennedy and others call them both *pivotal* states for the United States for geostrategic reasons; degree of policy-making unpredictability, capacity to influence the region for good or for bad, and for exerting crosscutting influences over some types of international negotiations.¹⁹ Turkey surpasses Mexico in all these areas, simply because Mexico was more isolationist historically, exerts less regional influence, and has fewer external ambitions than Turkey. But it is critical to the United States, increasingly more than any other country: Mexico just displaced Japan as the second largest trading partner of the US; is the country with the maximum growth rate in economic transactions during the 1990s; provides the low-wage and agricultural workers in sectors where US citizens will not work; boasts increasing personal rapport between the leaders, hitting an all-time high with Vicente Fox Quesada and George W. Bush; and conceivably remains the critical bridge towards opening the rest of Latin America.

Whether the extension of regional trading arrangements beyond their original confines represents a win-win outcome is the broader puzzle this study addresses. In other words, are they beneficial for Mexico and Turkey, on the one hand, and for the blocs they seek membership of, on the other? These are pertinent questions at a time when the European Union is expanding eastward, from the Atlantic to the Urals, the United States southward, from "Alaska to Tierra del Fuego,"²⁰ and the Association of Southeast Asian Nations (ASEAN) in all directions--east, west, north, and south.²¹

More specific questions demand attention: Empirically, what credentials of Mexico and Turkey add to or subtract from regional economic integration? Theoretically, do the corresponding behavioral patterns conform to the expectations of existing argumentation, or necessitate paradigmatic reformulation? The study proceeds in reverse order, with a theoretical discussion paving the way for the comparative analysis. Conclusions are drawn and implications projected in the final section.

Perspectives from the Ivory Tower:

Past efforts at theorizing regional integration suggests at least two patterns: the parallel but independent development, at least at the outset, of theory and practice; and the

¹⁹Robert Chase, Emily Hill, and Paul Kennedy, eds., *The Pivotal States: A New Framework for U.S. Policy in the Developing World* (New York: W.W. Norton, 1999), 2-7. On the two countries, see the chapters by Alan O. Makovsky, "Turkey," 88-119, and Peter H. Smith, "Mexico," 215-43.

²⁰Quotation belongs to George Bush, when proposing the Enterprise of the Americas Initiatives project.

²¹While adding new members in the early 1990s, it also changed nomenclature to ASEAN Free Trade Association (AFTA). Interestingly, FTAA was originally dubbed the same (American Free Trade Agreement).

early identity between theory and European experiences, which is so hard to unshackle today even as it sheds increasingly less light.

Theory and Practice: From Parallelism to Convergence

Since the 1940s, three stages are discernible: World War II stimulating theory and practice; the Cold War becoming an even more significant catalyzer of both; and the post-Cold War atmosphere posing the most stringent test on integrative efforts by eliminating security assumptions from theory-building and policy-making for the first time. Theorists trace the direct ancestry to David Mitrany's functionalism or the alternate federalism postulated during the 1940s,²² just as policy-makers look back to the BENELUX customs union of 1942 for earlier integrative efforts. A relationship between the two domains did not exist: Post-World War II planning and the predictable, yet neglected, onset of the Cold War demanded more single-minded attention of both policy-makers and theory-builders alike than exercises at connecting policy and theory. Yet, by the early 1950s when the Cold War ensured the US was there to stay in West Europe, and the European Coal and Steel Community (ECSC) started experimenting with policies at a level *beyond the nation state*,²³ a slow convergence between policy-making and theoretical construction emerged. Just as naysayers rallied to a vigorous defense of national interests,²⁴ soothsayers, or proponents of supranationalism, postulated all kinds of scenarios, ranging from ambitious federalism to the more modest neofunctionalism.²⁵ A later generation would dub the more evolved versions of these intellectual thrusts intergovernmental and supranational institutionalism, respectively.²⁶ Whereas the former revolved around the interests of the state, with the least common denominator defined in terms of relative power, and sovereignty remaining untouchable, the latter enhanced the role of transnational and non-governmental actors, paying greater attention to leaders who were visionary, cosmopolitan, and pragmatic. Just as Cold War allegiances were defined in black-and-white terms, so too with regionalism-based loyalties!

In the meantime, and quite independently, the Treaty of Rome was signed in May 1957, adrenalizing supranationalists; the Empty Chair crisis of 1965 swung the pendulum back in the nationalistic directions; and the monetary turbulence of the 1970s saw swings in

²²Mitrany, "The functional approach to world organization," *International Affairs* 24, no. 3 (July 1948):350-60; and James Patrick Sewell, *Functionalism and World Politics: A Study on United Nations Programs Financing Economic Development* (Princeton, NJ: Princeton University Press, 1966); and for federalism, see Frderick Schuman, *International Politics: The Western State System and the Western Community* (New York: McGraw-Hill Book Co., Inc., 1958; first published 1933); and Carl J. Friederich, *Trends of Federalism in Theory and Practice* (New York: Frederick A. Praeger, 1968).

²³Term is Haas's. See *Beyond the Nation State: Functionalism and International Organization* (Stanford, CA: Stanford University Press, 1964).

²⁴Prominent among them was Stanley Hoffmann. His classic work in this respect was "Obstinate or obsolete? The fate of the nation-state and the case of Western Europe," *Daedalus* 95, no. 3 (Summer 1966):862-915.

²⁵On neofunctionalism, the pathfinding work is Ernst B. Haas, *The Uniting of Europe: Political, Social, and Economic Forces, 1950-1957* (Stanford, CA: Stanford University Press, 1958). But also see Leon N. Lindberg, *The Political Dynamics of European Economic Integration* (Stanford, CA: Stanford University Press, 1963).

²⁶Moravscik, *op. cit.*, for example.

both directions. When the end of the Cold War was clearly in sight by the mid-1980s, more particularly that this meant the possible withdrawal of the United States from Europe, most West European countries were ready to chart out on their own. If the SEA was an initial signal in this direction, the Maastricht Treaty carried the momentum further in other directions from 1991, while in fits and starts, membership expansion slowly became a priority. By the turn of the century, 15 actual members were reviewing the credentials of 12 others on the waiting list.

Theoretical postulations intertwined with policy-making pursuits, albeit incrementally rather than suddenly. Beginning with the monumental study of ECSC by Ernst B. Haas and the equally stout rebuttal of its conclusions and projections by Stanley Hoffmann, theoretical works increasingly rallied around actual policies, if not coincidentally, then certainly as part of an intellectual brinkmanship in supplying evidence. The interweaving of theory and practice was more complete one generation subsequently, as supporters of intergovernmental institutionalism found in the Council of Ministers and European Council the sources of policy determinism they had been advocating, just as supporters of supranational institutionalism found counterpart proof in the European Commission and the European Parliament. Although neither side inflicted a technical knock-out of the other, it is clear at the start of a new century the state is willing to compromise some of its sovereign rights and dispense some of its functions to its supranational nemeses. These also mean the debate pitting one side against the other will continue, perhaps with greater fervor, but without any ultimate winner.

Europeanizing Theories of Regionalism:

Such has been the force of analytical attention showered upon integrative policy-making that the original focus on European experiences assumed a fixation whereby other experiences got short-shrifted intellectually. In all fairness, alternate experiments with regional integration received ample attention from as early as the 1960s, as the very theorists scrutinizing European experiences themselves analyzed efforts in Latin America and elsewhere.²⁷ Yet, without the active and enthusiastic involvement of policy-makers in these other arenas, at least on a sustained basis, theorists also lost interest--or at least subordinated their non-European empirical studies to their European counterparts. The cumulative effect of this has been to produce theories whose assumptions and arguments reflect experiences found largely in West Europe and not easily replicated elsewhere. This, in turn, positions non-European experiences disadvantageously in any analytical treatment. For instance, the presumption of democracy *a la* West Europe automatically belittled a serious analysis of LAFTA or ASEAN. Yet, with the currents of globalization gathering intensity today, Europeanized regionalism is also becoming theoretically unsustainable!

Characteristics of Regional Integration:

²⁷Haas and Philippe C. Schmitter, "Economics and differential patterns of political integration: projections about unity in Latin America," *International Political Communities: An Anthology*, eds. Philip E. Jacobs and James V. Toscano (New York: Doubleday & Co., Inc., 1966), 259-99; and Joseph S. Nye, "Comparing common markets: a revised neo-functional model," *International Organization* 24, no. 4 (Autumn 1970): 796-835.

Of all the theories, even with all its warts, neofunctionalism cast a longer shadow over European experiences. Remarkably, its tenets continue to be mended and moulded to this day. Like the considerably more parsimonious realist/neorealist baggage of arguments, they never vanished, merely modified, and constantly at that. Together, they ask the question still relevant today: Is it possible, paraphrasing Haas again, to go beyond the state? The originally diametrically opposite answers have been considerably tempered since, but without dispensing the underlying logic or instincts of either.

Meant originally to correct the excesses and fill in the missing blanks of functionalism and federalism, bringing them down to earth so to speak, neofunctional explanations have been scrutinized, squeezed, and specified into 7 processes, 4 integrative potentials, 3 perceptual conditions, and 3 long-term outcomes.²⁸

The 7 processes are: spillover, which Mitrany had called the doctrine of ramification; rising transactions; coalitions and package deals, elite socialization; regional group formation; ideological-identitive appeals; and involvement of external actors. Once these processes got underway, the integrative potential may be approximated in terms of how symmetrically inclined the member countries were economically, the degree of elite complementarity across national boundaries, the extent of representative government existing, and the capacity of member states to adapt and respond.

Of course, processes breed perceptions of their own, both within and outside the member country. Three received considerable attention: Whether the costs and benefits are equitably distributed across the region, if the aspiring member countries are clear in the policies they adopt, and if the costs of admitting new members are indeed affordable. Given the democratic assumption, these are only inevitable questions the lay public will raise--as they tend to do more today than ever in the past. In the final analysis, they also reflect upon certain long-term expectations, four of them: Will integration bring about the kind of politicization helpful for resolving problems, redistribute advantages and disadvantages as equitably across the region as possible, indeed, prove a better alternative to other problem-solving approaches, and produce a common external outlook, reflected, for example, in foreign policy pursuits.

Elegant though these indicators are, several blemishes were identified:

- a. the dependent variable remained unclear;²⁹
- b. spillover became an exaggerated claim and a meaningless mechanism for political integration;³⁰
- c. high politics was neglected, as too the state, in favor of ill-defined supranational entities and engagements;³¹
- d. elitism was accented over and above the masses;³²

²⁸From Joseph S. Nye's modification of the theory. See *Peace in Parts: Integration and Conflict in the European Community* (Boston, MA: Little, Brown, 1971).

²⁹Leon N. Lindberg, "Political integration as a multi-dimensional phenomenon requiring multivariate measurement," *International Organization* 24, no. 4 (Autumn 1970):649-731.

³⁰James A. Caporaso, *Functionalism and Regional Integration: A Logical and Empirical Assessment* (Beverly Hills, CA: Sage Publications, 1972).

³¹Hoffmann, *op. cit.*

- e. too many pre-requisites narrowed its applicability, and thereby prevented a general theory from emerging;³³
- f. external or exogenous forces were insufficiently treated;³⁴ and
- g. application to post-industrial society was unsuitable.³⁵

Influenced by Jacob Viner's study of customs union, a more-or-less simultaneous economic theory of integration was proposed in the early 1960s by Bela Balassa.³⁶ It identified 5 stages that, unwittingly but strikingly, explains the progression of the European Community over its forty-plus years of existence.

- a. free trade area, characterized by the elimination of trade liberalism;
- b. customs union, in which a common external tariff is adopted;
- c. common market, which reflects streamlining fiscal and monetary policies;
- d. economic union, in which a common currency is adopted; and
- e. full economic integration.

Prompted by the Canada-U.S. Auto Pact of 1965, Charles Pentland inserted another stage, at the very beginning, which he labeled sectoral integration.³⁷ His argument of North America hitting the regional road then was not matched by any Canadian or US official willing to comply. Policy-making and theoretical postulations were not destined to be married over regional trade in North America for another generation!

Balassa's stages have met with fewer controversies,³⁸ and blend better with the progression of integrative events in West Europe. For example, it took the original six members of the European Economic Community (EEC) less than ten years to fulfill the requirements of a free trade area, such that a customs union could be adopted as early as in 1967. Just as a perspective, NAFTA is on a fifteen-years timeline, before even considering a customs union. In fact, there is only one other customs union among the leading trading blocs: MERCOSUR, from January 1995. Even in the 1960s, but certainly in the 1970s, the EEC was already being dubbed a Common Market. The adoption of value added tax (VAT), streamlining of interest rates following the dollar devaluation in the early 1970s, and the emergence of the European Monetary System (EMS) in 1979, indicated efforts at fulfilling Balassa's third stage. While the SEA of 1986 confirmed a common market would be in place by 1992, by which time membership had also doubled, the Treaty of Maastricht initiated relevant tasks consistent with fulfilling the requirements of the fourth stage. In

³²Stuart A. Scheingold, "Domestic and international consequences of regional integration," *International Organization* 24, no. 4 (Autumn 1970):978-1002.

³³Haas, *The Obsolescence of Regional Integration Theory* (Berkeley, CA: University of California Press, Institute of International Studies, 1975).

³⁴Henry R. Nau, "From integration to interdependence: gains, losses, and continuing gaps," *International Organization* 33, no. 1 (Winter 1979):119-47.

³⁵Haas, *op. cit.* (1975); and Nau, *op. cit.*

³⁶Balassa, *The Theory of Economic Integration* (Homewood, IL: Richard D. Irwin, 1961).

³⁷Charles Pentland, *International Theory and European Integration* (London: Faber and Faber, 1973); also see Ronald Wonnacott and Paul Wonnacott, *Free Trade Between the United States and Canada: The Potential Economic Effects* (Cambridge, MA: Harvard University Press, 1967).

³⁸One is by Jacques Pelkmans, "Economic theories of integration revisited," *Journal of Common Market Studies* 18, no 4 (June 1980):333-54.

particular was the thorny issue of adopting a common currency, an issue sensitive enough as to replace *consensus* decision-making with a *two-track formula* whereby hesitant members could take additional time to consider adoption. Thus, a breakdown was averted as Denmark, Sweden, and the United Kingdom availed of the opportunity, while Greece was left with the onerous task of putting its macroeconomic house in order.

As becomes evident, the European Union followed the Balassa typology almost to the letter, although with increasing constraints. That it confronted these constraints not with resignation but with pragmatism also speaks volumes of its capacity to adjust to real-life developments and to permit economic policy pursuits to be amended by political realities. The question arises if these experiences can be replicated elsewhere, even within a European Union marching towards uncharted territories in the east, to countries where the socio-cultural and political-economic traditions are vastly different from those where the integrative experiences originally began, in north-western Europe.

Both Mexico and Turkey are widely regarded as the outpost of North American and West European integration, respectively. Mexico might have both feet in, but is not fully embraced by its partners. It also serves as a test case of expanding North American integration south. Turkey, long-accustomed to waiting on the side-lines of West European integration, is itself a test case of making two quite different civilizations, as opposed to cultures, blend economically into one. It too faces the problem of acceptance, but to a greater degree than Mexico. Although the Hispanic culture prevalent south of the United States is characteristically distinctive from the various permutations of the Protestant work ethic north of the Río Grande, Turkey's Islamic roots places it in a fundamentally different socio-economic and socio-political league than Christian Europe.³⁹ Both Mexico and Turkey, therefore, introduce many new variables to a study of regional integration which might help any theoretical reformulation to suit the needs of a new era.

Clearly, as partners of a trading bloc in the region they belong to, Mexico and Turkey represent a win-win outcome; but contrariwise, without becoming active partners, could their losses echo through the rest of the trading blocs? What, then, are their credentials? How do these hold up against extant theories? What new theoretical directions could their membership suggest?

Comparative Analysis:

Three questions are directed at Mexico and Turkey in the comparative analysis: What are their *capacities* to integrate? Do mainstream *theoretical arguments* satisfactorily explain their experiences? Are the processes of integration influenced by *outside* or *other* factors not captured in these arguments? Three dimensions of analysis: the economic balance sheet, reflecting the shift from economic nationalism towards external engagements; the interplay of forces endogenous to the integrative process; and the influence of exogenous forces on the processes. While the questions and dimensions are not

³⁹For a broader discussion of the same divide, see John L. Esposito and John O. Voll, "Islam and the west: Muslim voices of dialogue," *Millennium: Journal of International Studies* 19, no. 3, Special Issue (2000):613-41.

exhaustive, they are selected to shed light, partial and preliminary though that might be, on the fate of two actual/potential trading bloc members.

Economic balance Sheet:

Displacing nationalistic policies while also remaining a viable economic player is not an easy task for any state: Policy convergences, streamlining attitudes, and adjusting behavior become central tasks of trading bloc membership. How have Mexico and Turkey fared in this respect? A balance sheet pitting economic *credentials*, on the one hand, against the *liabilities*, on the other, is drawn in Table 1.

Credentials:

At least five credentials were common to Mexico and Turkey, though how each factor played out, the impact they had, and the context within which they unfolded differ. These are the (a) simultaneous exhaustion and displacement of import substitution, (b) shift towards democratization, (c) adoption of necessary economic policy reforms, (d) attractive economic performances in trade and investment, and (e) tapping into the right kind of economic partners to facilitate these.

Import Substitution:

Import substitution industrialization (ISI) laid the post-World War II economic foundations, but became costly by the late 1970s in both countries. How it was implemented, though, differed along at five critical lines.

TABLE 1: ECONOMIC BALANCE SHEET

<i>Dimensions</i>	Mexico:	Turkey:
Credentials:	<ul style="list-style-type: none"> -exhaustion of import substitution -democratization -policy reforms: trade, monetary, exchange rates -economic growth: trade balances, foreign direct investment -accenting appropriate economic partnerships 	<ul style="list-style-type: none"> -exhaustion of import substitution -democratization -policy reforms: trade, monetary, exchange rates -economic growth: trade balances, foreign direct investment -accenting appropriate economic partnerships
Liabilities:	<ul style="list-style-type: none"> -crisis-driven liberalization: IMF bailouts -corruption as a thorn -agriculture too dominant in the national economy -dualistic society -<i>maquiladoras</i> 	<ul style="list-style-type: none"> -crisis-driven liberalization: IMF bailouts -corruption as a thorn -agriculture too dominant in the national economy -dualistic society

First, Mexico's ISI was part of a general Latin policy pursuit sparked by the depression of the 1930s, whereas Turkey's was a regionally isolated policy preference initiated largely after World War II. True Yugoslavia and Egypt would later also adopt this

strategy, still a regional pattern was conspicuous by its absence. At the same time, barring Cuba, Latin experiences were largely insulated from US military engagements, while Turkey's were formulated within the context of direct US military engagement. The outcomes differed: Whereas the economic trigger in Latin America served civilian needs, Turkey's political-military trigger not only served civilian and military needs, but also depended on direct US support. Mexican original independence of the US and Turkish dependence on it opened two different contexts for, and produced distinctive prospects of, regionalization. This is best understood through the opportunity cost of the United States: If the US was assumed away, Mexico would have a better chance of surviving than the more vulnerable Turkey--and therefore Mexico could lay the infrastructure of economic development with fewer impediments than Turkey. Ironically, as soon as the free trade movement would begin, we would see a reversal of positioning, with Mexico becoming more dependent than Turkey on the United States. Why this was so gets to the heart of the arguments being presented: The shift from exclusiveness to inclusiveness in regionalism, more intensive global competitiveness, as well as the different geopolitical and political-economic credentials of the two countries being compared. I return to some of those arguments below.

Second, Mexico's ISI went wider and deeper than Turkey's. In part this was dictated by the nationalization of oil in Mexico and the absence of any critical Turk counterpart commodity of leverage. Mexico's ability to fund industrialization with largely domestic resources contrasted with Turkey's greater dependence on external resources. It was not by accident that Turkey turned to the European Economic Community from 1959, acquiring associate membership from 1963. Between 1968 and 1973, in fact, Turkey even adopted an export-led strategy of development, demonstrating ISI was not cast in stone.⁴⁰ Even though the United States was the largest economic partner of Mexico under ISI, politically this relationship was consistently de-emphasized by Mexico. Turkey, by contrast, benefited from economic relations with contiguous European countries and profited politically as a member of NATO, until it invaded Cyprus in 1974.

Third, Mexico's ISI was so productive, profitable, and popular that it almost generated a culture of its own,⁴¹ streamlining with the country's southern neighbors within the shared context of Iberian influences and experiences; while Turkey's sporadic performances did not generate nor even connect with any spread effects of an Arab or European nature. One spin-off was the growth of an intellectual school, dubbed *dependencia*, across Latin America, which fed this very culture; while in Turkey, rather than an intellectual movement, military rationalizations proliferated instead. Yet, Mexico's trade relations with its Latin counterparts remained negligible in spite of cultural identities, while

⁴⁰Yuji Kubo, Jaime de Melo, Sherman Robinson, and Moshe Syrquin, "Interdependence and industrial structure," *Industrialization and Growth: A Comparative Study*, eds. Hollis Chenery, Robinson, and Syrquin (New York: Oxford University Press, for World Bank, 1988), 191-95. Also see the more focused M. Celasun, *Sources of Industrial Growth and Structural Change: The Case of Turkey*, Working Paper #614 (Washington, DC: The World Bank, 1983).

⁴¹Only to be expected from two straight decades, when the average annual growth rate was over 6.5%. See Rosemary Thorpe, *Progress, Poverty and Exclusion: An Economic History of Latin America in the Twentieth Century* (Washington, DC: Inter-American Development Bank, 1998), 318, 328.

Turkey's with Arab and European countries were vibrant and growing in spite of cultural insulation.

Fourth, although ISI helped consolidate corporatist behavioral patterns in both, there were critical differences. Even though the military played a decisive role in Mexican and Turkish modernization from the 1930s, by the end of World War II, it had largely disengaged itself from politics in Mexico but remained the dominant Turkish corporatist player. Given a more unassimilated population, Kemalist Turkey, built upon the bases of secularity, gender equality, and Anatolian superiority, found itself continuing to repress minorities within a democratizing atmosphere--for which the European Community would perennially grind its axe on Turkish membership applications. Thus, the subordination of the military in decision-making networks in Mexico contrasted with salience in Turkey.

Finally, with a more durable ISI structure, Mexico had fewer reasons to diversify but paid a higher price for restructuring when oil prices climbed and globalization intensified in the late 1970s and early 1980s than Turkey in the 1980s and 1990s. Mexican growth rate might have been higher than Turkey's, but it also sought economic bail-outs more frequently than Turkey, and of larger volumes. Both turned to the IMF several times, and accepted liberalization and privatization only reluctantly. Yet, long-term recovery blessed Mexico more than Turkey for several reasons: (a) a more functional economic foundation as described previously, (b) the larger vested interests of the United States in Mexican development, (c) the severity of the Mexican plight, and (d) the obvious comparisons with better-performing Latin neighbors creating all sorts of inducements.

Democratization:

Democratization, defined here as representation on the basis of several types of equalities, came earlier to Mexico than to Turkey due to these reasons. Economic liberalization catalyzed it, but independent socio-political conscientiousness was also gathering momentum. Every economic crisis meant one step towards democracy in both societies, not simply because IMF-reforms necessitated transparent policy-making and greater privatization, instead of the clandestine, corruption-infected public sector undertakings, but also due to escalating public discontent from bearing the brunt of mismanagement. By the 1980s, though, both societies also had a growing western-educated technocratic population whose interests were best served by political and economic openness. It is not surprising that Mexico's one-party government, what Peruvian politician-poet Mario Vargas Llosa calls *the perfect dictatorship*, was severely challenged in the 1988 elections. The PRI won, but allegedly through fraudulent means. In the 2000 elections, it did not stand a chance.

Kemalist Turkey, known for perpetrating genocide on the Armenians in the early 1920s, remains hostile towards Kurds today.⁴² In addition to this difficulty in national assimilation is a different dilemma: Democracy elevates Islamic beliefs, which worries the secular armed forces, conservative politicians belonging to the True Path Party (DYP), and

⁴²For more, see Svante E. Cornell, "The Kurdish question in Turkish politics," *Orbis* 45, no. 1, Special section *Land of Many Crossroads* (Winter 2001):31-46.

westerners.⁴³ Although the military intervened thrice since 1960 to restore order, the constitution it formulated in 1982 was overwhelmingly popular and authored *synthesis* government ever since.⁴⁴ This is coalition government which first brought the conservative, westernized DYP and the Islamic Welfare Party together in July 1996 with Necmettin Erbakan becoming Turkey's first pro-Islamic prime minister; and then the socialist, secular Democratic Left Party and the Nationalist Action Party (MHP) under the aging "hero of Cyprus," Bülent Ecevit, at the helm from 1999.⁴⁵ Turkey's version of Islam can still set an example, or become the Damocles Sword, for democratizing the Middle East. Equally paradoxical is which of these scenarios guides the topsy-turvy European Union responses to Turkey's membership.

Policy Reform:

Both the exhaustion of ISI and democratization, even if only in fits and starts, contributed to significant policy reforms. Beginning with the reduction of tariffs and non-tariff barriers on trade, these led to loosening controls on interest rates, foreign investment ownership, public ownership, and exchange rates. None of these reforms were voluntary undertakings, but the specter of crisis from not adopting them insured the long-term inevitability of adoption. For example, even as Mexico signed and implemented NAFTA, it sustained an unrealistic and fixed exchange rate through which one U.S. dollar fetched 3.4 pesos. The resultant flight of foreign capital led not only to a devaluation in December 1994, which only worsened public morale and tripled the market value of the dollar within a year. This, in turn, forced the government to abstain from fixing the exchange rate, with the result that the peso value stabilized at more realistic levels, which boosted confidence and contributed to breaking the *sexenio* curse in the aftermath of the 2000 elections.

Turkey's trade policy liberalization created less fanfare and was implemented more gradually. By 1995 its efforts paid off with the customs union agreement with the European Union. This did not make membership any more automatic. The key reservation was the abuse of human rights particularly, but the lack of political reforms generally. Turkey's response to this has been glacially slow,⁴⁶ but at least it is moving in the right direction, if its elevation to candidacy level in 1999 is any indicator.

A subsequent generation of policy reforms, dealing with banking, affects both countries and still reflects embedded corporatist tensions and crony capitalism. Mexico's banking anachronisms are not new, dating back to the nationalization José López Portillo effected on the eve of leaving office in 1982, and continuing even today in the

⁴³On the Islam-democracy tension, see Marvene Howe, *Turkey Today: A Nation Divided Over Islam's Revival* (Boulder, CO: Westview Press, 2000), ch. 19.

⁴⁴Term used by Nicole Pope and Hugh Pope, *Turkey Unveiled: A History of Modern Turkey* (New York: The Overlook Press, 1997), ch. 18.

⁴⁵Howe, *op. cit.*, ch. 17, discusses what he calls the *shadow politics* behind the 1999 elections.

⁴⁶For example, by September 2000, Turkey had not ratified at least 11 conventions and protocols that it must to accelerate membership qualifications. These include protocols 4, 6, and 7 of the European Union Convention on Human Rights (on freedom of movement, death penalty, and so forth); the Revised European Social Charter; Framework Convention for National Minorities; the International Covenant on Civil and Political Rights; International Convention on Economic, Social, and Cultural Rights; and the Convention on the Elimination of all Forms of Racial Discrimination. This constitutes the worst record of all candidate states.

FOBAPROA bail-out of failed banks.⁴⁷ These were banks privatized in the early 1990s, but were rapidly looted to the bone by their new owners, who were none other than financial cronies of the PRI political leaders. Turkey currently faces a similar problem, and in fact just received a US\$10b IMF bail-out to repair the banking system. Its 1999 financial crisis, aggravated by the earthquake, was but a symptom of this reformation.

Although first generation policy reforms are more or less completed in both countries, follow-up measures in other policy areas are likely to continue being a stumbling block. In addition to ironing out standard banking practices, Mexico and Turkey have to overhaul, and eventually streamline, fiscal and monetary policies as well. Ultimately, both will have to come to terms with their national currencies vis-a-vis the dollar and the Euro, respectively. While prospects for dollarization appear to be more deliberated every day in Mexico, Turkey, if it is to inch any closer to EU membership, doesn't have a choice but to Euro-fy its lira.

Economic Growth:

Mexico and Turkey registered impressive economic performances in the 1990s. Towards the end of the decade, Mexico had become the 13th largest economy in the world and Turkey the 22nd,⁴⁸ both belonging to the OECD, the rich country's club! By then, average annual growth rates in excess of 7% became the envy of other transitional countries,⁴⁹ but masked some underlying problems: In addition to the banking crisis for both, these included rising unemployment and inflation for Turkey, as well as Mexican overdependence on (a) the U.S. economy for trade, and (b) primary products or services for foreign exchange earnings. Whereas Mexico was rebounding from its worst economic crisis triggered by the peso devaluation in 1994-95, Turkey was skirting with a milder one of its own. Nevertheless, throughout the decade, both had demonstrated capacities for high growth, and thereby attracting foreign investors. In the supercharged atmosphere of intense economic competitiveness during the 1990s, *results* were more accented by countries and corporations alike than *constraints*. These standards positioned Mexico and Turkey well.

Trading Partners:

Central to the high-performing results for Mexico and Turkey were their dominant trading partners. For Mexico, this was the United States, for Turkey the European Union, in particular the kingpins--Germany, Italy, France, and Great Britain, in that rough order. Instead of diversifying partners, Mexico's leaders decided to completely embrace the US, with the result that bilateral trade as a proportion of overall trade increased from a little

⁴⁷FOBAPROA is the recently-created government bail-out agency. Among these failed banks were Banamex, Bancomer, Banpais, Banca Cremi, Multibanco Mercantil. A long list of reputed bankers simply siphoned off all they could manage and fled the country. Some were arrested, as Laneknau, Divino; others still remain fugitive, such as Carlos Peniche. Originally valued at US\$70b, the net bail-out amount today exceeds US\$100b.

⁴⁸The World Bank, *Entering the 21st Century: World Development Report 1999/2000* (New York: Oxford University Press for the I.B.R.D., 2000), 231.

⁴⁹*Ibid.*, shows more modest figures of about % for Mexico, while *Time Almanac 2000* (Boston, MA: Time, Inc., 1999), 263, 315, report figures in excess of 7%.

more than 70% when Mexico joined NAFTA in 1994 to more than 85% by 2000.⁵⁰ This was an intelligent move, as the United States was amidst its largest twentieth-century expansion. Even Turkey's trade with the United States expanded, but barely crossed the double-digit barrier as a proportion of its overall trade in both exports and imports. With the EU, however, exports increased from roughly 50% of the overall towards 60% during the decade, while imports spiralled from about one-thirds towards 40% during that time. Not only were greater volumes traded over the decade for both countries, but transactions scaled higher values too--resoundingly confirming that constraints of whatever kind were not part of any economic calculations in the 1990s. What these constraints might eventually be is hard to predict, but any slowdown of the US economy would have devastating consequences for Mexico, while the European Union seems to be fulfilling its own goals with Turkey without extending membership to really face any pressure to have to worry about even offering membership.

Turkey's trading profile is more diversified beyond West Europe. In addition to the EU and the United States, it trades with the Middle East, Asian, and African countries. Of increasing geopolitical interest is its increasing trade with several successor Soviet states, rekindling the historical attachment Turkey had to Central Asia during its golden age of conquest and empire.⁵¹ There is nothing comparable for Mexico, and even its historical and cultural attachments with Latin America is not supported by trade and investment transactions. In short, Mexico is more precariously positioned than Turkey even in an area where its trading assets lie: It stands closer to what Robert O. Keohane and Joseph S. Nye describe as *vulnerability*, while Turkey seems closer to what they call *sensitivity*,⁵² even with the larger economic strides Mexico registered over Turkey in the 1990s.

Summary:

A combination of all these factors moved Mexico and Turkey towards full-fledged trading bloc membership. Mexico's successful proposal at Davos to its *colossus of the north*,⁵³ contrasts with Turkey's stymied efforts, reflected first in acquiring associate membership, then being rejected in Luxembourg, finally being added as a candidate in Helsinki, even then as the last on a long list. Believed to be a polite denial of full membership, associate membership of the European Union stigmatizes more than it inspires. Turkey's larger economy over other candidate countries is recognized, but the bottom-line still remains its political reforms, and in particular, the elimination of human rights violations on minorities.⁵⁴ The theoretical question, where does one draw the line of

⁵⁰IMF, *Direction of Trade Statistics, Yearbook 2000* (Washington, DC: IMF, 2000), 326-27, 459-61.

⁵¹How this is altering foreign policy priorities is discussed by Graham E. Fuller, "Turkey's new eastern orientation," *Turkey's New Geopolitics: From the Balkans to Western China*, eds. Fuller and Ian O. Lesser (Boulder, CO: Westview Press, 1993 for RAND), 37-98. Compare and contrast the new trends with the old. Mustafa Aydin summarizes thrusts of the old in "Determinants of Turkish foreign policy: changing patterns and conjunctures during the Cold War," *Middle Eastern Studies* 36, no. 1 (January 2000):103-39.

⁵²Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (Boston, MA: Little, Brown, 1977), introduction chapter particularly.

⁵³On the Davos proposal and its aftermath, see Mayer, *op. cit.*, 39-40.

⁵⁴More stable is the EU's position over political reforms in Turkey. See Aslan Gündüz, "Human rights and Turkey's future in Europe," *Orbis* 45, no. 1, Special section *Land of Many Crossroads* (Winter 2001):15-30.

regional integration, also suggests a parallel dilemma: theoretical arguments themselves acquiring further vulnerability!

Liabilities:

As actual or potential members, Mexico and Turkey bring in a lot of liabilities. At least five are common: (a) crisis-driven liberalization, (b) corruption, (c) economically-driven emigration, (d) agricultural dominance, and (e) a dualistic society. Mexico, in addition, also has a large *maquiladora* economy considered inconsistent with free trade.

Crisis:

Crisis catalyzed change in both. Mexico's *sexenio* crises are well-known--in 1982, 1988, and 1994,⁵⁵ necessitating huge bail-outs through the Baker, Brady, and Clinton plans, respectively. Each bail-out had a *quid pro quo* relationship with reforms, based on privatization and liberalization. It is not by chance, then, that between 1983 and 1993, the pace of reforms in Mexico surpassed all other Latin countries, even as its growth rate during this period was lower than many others in the hemisphere: About 1,000 state-owned industries were privatized, accounting for over 80% of them all, whereas second-placed Chile privatized only 350-odd state-owned industries.⁵⁶ Yet, even though Mexico escaped a crisis after the 2000 elections, there is no guarantee an economic crisis has been structurally cured. Several sources of instability remain: a bank bail-out estimated at over US\$100b today, which is higher than any IMF bail-outs thus far; excessive dependence on the U.S. creating possible vulnerability in the case of a deep recession in that country; dependence on primary products or services for a bulk of its foreign exchange earnings. In fact, three of the top four foreign exchange earners are petroleum, tourism, and remittances from emigrants. The fourth, *maquiladora* trade, though based on manufactured goods, highlights the high-wage versus low-wage dichotomy I discuss more elaborately below.

Turkey's crises are less cyclical though recurrent, and their roots remain too political to be effectively and immediately cleansed. One of the political forces at work is Islam, less in shaping policies than in influencing practices, and more simply acting as an unpredictable source of apprehension. Islamic precepts of collectivizing wealth has never become a Turkish policy objective,⁵⁷ but privately accumulating wealth is often tempered by the socio-religious norms against profiteering. Interestingly, though, Islamic beliefs are stronger in the countryside and provinces, where capitalistic tendencies are weaker and more limited, than in the metropolitans, where they flourish. Other political constraints include the Cyprus settlement with Greece--and which seemed to have become a permanent European Community thorn from the moment of the Turkish invasion in 1974--as well its brewing power rivalry with Iran and Russia across Central Asia.

⁵⁵Elaborated elegantly by Jonathan Heath, *Mexico and the Sexenio Curse: Presidential Successions and Economic Crisis in Modern Mexico* (Washington, DC: Center for Strategic and International Studies, 1999).

⁵⁶Sebastian Edwards, *Crisis and Reform in Latin America: From Despair to Hope* (New York: Oxford University Press for I.B.R.D., 1995), 183-99.

⁵⁷On this and other precepts, see Farhad Nomani and Ali Rahnama, *Islamic Economic Systems* (New York: Zed Books, 1994), esp. chps. 2-4.

Corruption:

A more pervasive political root of crisis in Turkey is corruption, a characteristic equally shared by Mexico. Although an ingrained part of the administration in both countries, corruption took a new lease of life under the liberalization programs of Mexico and Turkey. In addition to politicians, bureaucrats, and military officials living off constant bribes and nepotism, financiers and businessmen also joined the fray in a big way. Mexico's President Salinas de Gortari went through the humiliation of watching his brother, Raúl, be imprisoned for over twenty-five years for authoring a high-profile political murder and enriching himself from unaccountable sources that many speculate includes drug trafficking.⁵⁸ More than \$100m of Raúl's savings in a Swiss bank are being investigated, and Swiss authorities suggest more than three-quarters of that came from drug dealers. Similarly, Tansu Çiller, Turkey's anti-Islam and first woman prime minister, was accused of siphoning US\$6m of official funds for private use by the Islamic Welfare Party--until she astutely forged an alliance with that party in July 1996, becoming in the process a strong advocate of Islamic beliefs. Costly petty politics reminiscent of Renaissance Italy is still very much in vogue in both countries today.

Added to that are the new frontiers of corruption opened up by privatizing previous public sectors. Mexico's FOBAPROA crisis exposes this as blatantly as the counterpart 1999 bankruptcies in Turkey. These go a long way to impair reputation when the democratic context of trade politics today demands political openness, accountability, and rules-based punishment for transgressors.

Emigration:

Economically-propelled emigration constitutes a third irritant. Excessive emigration, a significant proportion of it illegal, from Mexico to the United States, and from Turkey to West Europe, in particular Germany, produced accumulating bilateral tensions. On the one hand, emigration of this size and nature stigmatizes, sometimes unfairly, the typical citizen from the source country, as any Mexican in the United States or Turk in West Europe will know. On the other, the coexistence of high-wage and low-wage economies in the source country, as well as between the source and host countries, undermines the rationale behind economic integration, raises tempers and discriminations, and leaves both countries less well off in their overall bilateral foreign relations. Yet, how host and source countries within any given regional integration framework deal with this issue today might very well be an issue of increasing theoretical relevance.

One may also recall how regional trade integration developed from an elitist background. Low-wage emigration is the antithesis of this. Even though emigrants pump enormous amounts of foreign exchange into their home economies, thereby boosting resources for development, integration is not structured to go far with such sustained

⁵⁸For a wider discussion of Mexico's malaise, see Peter H. Smith, "Political dimensions of the peso crisis," *Mexico 1994: Anatomy of an Emerging-Market Crash*, eds. Sebastian Edwards and Moisés Naim (Washington, DC: Carnegie Endowment for International Peace, 1997), 33-38.

income disparities. In many cases, economically-driven emigrants also reflect political victimization, such as peasants in Mexico deprived of their *ejidos* (communal lands), or Kurds across Turkey. Again, regional integration theories stands challenged by these developments today.

Dual Society:

In turn, a fourth constraint is revealed: the dual societies in both Mexico and Turkey. While a dual society, one might argue, is to be found in many countries, including those industrially advanced, the low-income end in Mexico and Turkey are too far below marginal levels, which is not true of other advanced industrialized countries. Without domestic reforms attacking the sources of poverty and extending the basic necessities of living more evenly and extensively, Mexico and Turkey may remain symbols of poverty within the trading bloc they wish to fully participate in: Their well-intentioned efforts might not produce commensurate dividends or a comfortable policy zone with other countries in the region.

Role of Agriculture:

A final common concern is the excessive weight of the agricultural sector in both countries. Although the share of agriculture in gross domestic product have fallen below 10% in Mexico, it is also falling in Turkey but remains around 15% at present. The size matters: Agriculture not only imposes welfare costs in modern societies, as both the United States and the European Union are all too familiar with, but they also involve farmers who have not embraced modernization, thus reinforcing the dual society syndrome just explained. Regional trading patterns are not agriculture-friendly, as abundantly clear in the European Community's EAGGF goal of reducing employment in the farms. Not only how rapidly Mexico and Turkey can reduce the weight of this sector, but also how effectively they absorb the uprooted people may determine their capacities to become viable partners.

Maquiladoras:

Mexico and Turkey also differ with regards to in-bond manufacture. Perhaps the foremost manifestation of Latin *dependencia*, Mexico's *maquiladoras* emerged from the Border Industrial Program of 1965 to stop illegal emigration to the United States. It involved shifting low-tech, high-wage production from US factories to low-wage Mexico. On the one hand, it made US products more competitive, and on the other, it created escalating job opportunities in Mexico, eventually becoming one of the country's top foreign exchange earners. By the turn of the century, it employed nearly a million persons, a majority of them women from the countryside, thus helping absorb urban migrants while restraining emigration to the United States, promoting urbanization along the border, and liberating women from household chores. In and of themselves, these represent enormous socio-economic changes in the country, which also lay the basis of a profit-seeking population conducive for economic development. Furthermore, Mexico's *maquiladoras* have frequently come to the country's rescue, particularly in times of crisis. Turkey has no counterpart of a similar size to bank upon in times of crisis, reflecting perhaps the

constraints of introducing such a type of production in an Islamic society, and thereby foregoing a low-cost approach to industrialization.

Mexico's *maquiladoras* alert us to at least two theoretical problems: definitional and tenets-related. How we define integration becomes an automatic problem, since *maquiladoras*, by transnationalizing production, management, and to some extent even workers, represent a dynamic form of integration. Yet, the literature does not put them on the same analytical plane as regional economic integration, for obvious reasons: the former assumes economic *asymmetry*, the latter economic *symmetry*. This, in turn, prevents many of the tenets of regional economic integration from connecting with a *maquila*-type economy, for example, policy convergences become difficult, extending full democratic rights undermines production, and elitism is not cultivated through *maquilas*.

Endogenous Factors:

Turning to the second study question, about the relevance of theoretical postulates in explaining the cases of Mexico and Turkey, we get a mixed picture. Their adjustment can be measured in terms of the political requisites of economic integration, embodied in neofunctionalism, and the more pure economic requisites for regional integration, encapsulated in Bela Balassa's stages thesis.

Mexico and Turkey are compared and contrasted along neofunctionalist lines in Table 2. Four broad categories of characteristics were previously identified: processes, integrative potential, perceptual conditions, and long-term expectations. Their more specific manifestations were also mentioned. In summary, although both are in the right ballpark pursuing appropriate policies for further integration, Mexico seems farther ahead of Turkey in terms of the seven *processes*. However, as far as the four *integrative potential*, three *perceptual conditions*, and four *long-term expectations* are concerned, both have a long way to go. To put it succinctly, expending concerted energies to fit in is presently not enough to streamline with the larger trading bloc society. Whether this matters or not is a subsequent question I return to.

Turning to processes first, Mexico's satisfactory response to all seven indicators places it ahead of Turkey. NAFTA requires more spillover, rising transactions, coalition formation and package deals, elite socialization, regional group formation, ideological-identitive appeal, and involvement of external actors. Mexico's compliance seems to be only natural. Turkey, on the other hand, though progressing with the first four processes, seems to be hindered by the fifth and sixth: Unless Turkey becomes more engaged in European-level groupings, and more fences are mended in terms of its Islamic, military, and corporatist identities, loyalties, and tendencies, Turkey may find regional integration too much to chew without indigestion. One way to encourage these may in fact be to encourage the seventh process: involvement of external actors. Turkey might do well to allow its frontiers become more porous to outsiders and its policies more transparent--much like Mexico had to learn to do under pressure in the 1990s.

**TABLE 2: NEOFUNCTIONALISM
AND COMPARATIVE OBSERVATIONS OF MEXICO AND TURKEY**

<i>Neofunctionalist Characteristics</i>	Mexico:	Turkey:
Processes:		
a. spillover	a. Y	a. Y
b. rising transactions	b. Y	b. Y
c. coalition formation and package deals	c. Y	c. Y
d. elite socialization	d. Y	d. Y
e. regional group formation	e. Y	e. N
f. ideological-identitive appeal	f. Y	f. N
g. involvement of external actors	g. Y	g. M
Integrative Potential:		
a. Symmetry of units	a. N	a. N
b. Elite value complementarity	b. Y	b. M
c. existence of pluralism	c. M	c. M
d. capacity of member states to adapt and respond	d. M	d. M
Perceptual Conditions:		
a. Equity of distribution	a. N	a. N
b. external cogency	b. N	b. N
c. low visible costs	c. N	c. N
Long-term Outcomes:		
a. Politicization	a. Y	a. Y
b. Redistribution across region	b. N	b. N
c. Redistribution of alternatives	c. N	c. N
d. externalization	d. Y	d. Y

Legend: Y: yes, N: no; M: mixed

These outcomes were shaped not as much by the two countries themselves as by the region they aspire to belong to, in particular the United States for Mexico. In the post-Cold War era, whatever happens inside Mexico is of direct concern to the United States owing to proximity, as indicated in the economic crises of 1982 and 1988 when Mexico was not in a free trade agreement with the United States; yet, internal crises in Turkey are of less interest to the United States after the Cold War, and indeed to any other significant power within the European Union. Consequently, the win-win atmosphere Mexico finds itself in is quite different from Turkey's precarious positioning today. Then, when one considers Mexico being an actual member of a trading bloc and Turkey only a potential, the gulf of differences between them widens further. Under traditional regional integration practices and theoretical postulations, these might have mattered. Given the open-ended flow of regionalism today, one wonders if they are really that important any more.

Even with all the processes invoked, Mexico does not convincingly show it is sufficiently ahead of Turkey in terms of the integrative potential. Being the first developing country to join a trading bloc consisting of developed countries, a symmetry between units is not foreseeable for NAFTA, or of the European Union with Turkey. Although elites in both arenas connect well with each other, this factor alone does not constitute meaningful integration: It must find ratification by the public at large, and that is far from emerging in

either North America or West Europe where Mexico and Turkey are seen as being as marginalized as the emigrants escaping them. Nevertheless, elitist complementarities represent a starting point, and one in which Mexican elites are better connected to their U.S. counterparts than Turkish to the EU's. In two other areas of integrative potential, both countries present a mixed picture: in terms of pluralism and the capacities to adapt and respond commensurately to external stimuli. Democracy is too new in both countries to assume it is here to stay, and nationalism remains, for a number of reasons, the trump card any Mexican or Turk administration will invoke when times are rough. TO make integration effective, Mexico and Turkey need to first cultivate sentiments and experiences on both fronts.

A similar fate is predicted by the three perceptual conditions. Without first putting the domestic house in order, Mexico and Turkey will find it harder to convey some necessary impressions to the outside world: (a) that the benefits and costs of regional integration are being equally distributed among members; (b) policy directions are becoming clearer and more predictable to outsiders; and (c) and the costs of integration are indeed affordable.

This is where all the aforementioned liabilities are exposed. With frequent bail-outs, rampant corruption, democracy not sinking in sufficiently, a dual economy, and/or *maquiladoras*, Mexico and Turkey appear as free-riders of the regional integration party in North America and West Europe, imposing costs existing members will long be saddled with. At least, that is a powerful public perception, not subject to easy evaporation.

Finally, the long-term outcomes expected mirror these frailties. Politicization, or the process whereby policy conflicts are resolved and convergences established, may be harder to cultivate with two countries still stooped in medieval-type corporatism, secrecy, and corruption. Mexico may have a better record than Turkey, but both are widely considered dubious partners--more so in the legislatures of trading bloc member countries than with the chief executives. Redistributing resources within Mexico and Turkey is itself stumped from the very outset, given the dualistic, stratified societies in both. For policy-makers in both countries, redistributing alternate arrangements to regional integration have not appeared either viable or acceptable. With the collapse of ISI, threats from competitiveness, and unpredictable globalization forces, Mexico and Turkey do not have a choice but to cling to the regional bloc partners they have the best relationship with. Mexico tried to diversify both before and after NAFTA was adopted,⁵⁹ but succeeded only in signing new agreements, not diverting trade or investment away from the United States. It joined GATT, only to find itself following the provisions of NAFTA more than their GATT/WTO counterparts. Turkey, too, has been trying fruitlessly to acquire a meaningful West European connection since 1959, only to find itself still as far apart as ever before without any alternate trajectories opening up as compensation. Finally, externalization, that is, cultivating a common foreign policy response to third-parties, remains underdeveloped for both Mexico and Turkey at the start of the new century. Mexico, on the one hand, has too

⁵⁹See Guadalupe González and Jorge Chabat, "Mexico's hemispheric options in the post-Cold War era," *Foreign Policy and Regionalism in the Americas*, eds. Gordon Mace and Jean-Philippe Thérien (Boulder, CO: Westview Press, 1996), 39-51.

few bilateral relations to draw upon to forge a symmetrical policy orientation with the United States. Turkey, on the other hand, has several bilateral relations, but constructed under different geo-political calculations than the EU's, thus denying any quick common foreign policy identities.

Turning to the various stages of economic integration articulated by Balassa and Pentland, highlighted in Table 3, we see quite an unusual outcome: Mexico may be well ahead of Turkey as a trading bloc member, but it is Turkey which has a customs union arrangement. Signed on March 6, 1995, implemented from January 1, 1996, and consolidated by the Turkish Customs Code of 2000, which more or less aligned Turkish commercial and customs policy with the EU, Turkey fulfilled a fundamental requirement of regional integration that Mexico still has to touch.⁶⁰ Yet, even as this was being implemented, Turkey was kept out of the EU enlargement list at the 1997 Luxembourg summit of the European Council, regardless of its formal application in April 1987.⁶¹ To make matters worse, countries actually put on the fast-track for admission had a smaller economy than Turkey's: Poland (26th ranked), Hungary (51st), Czech Republic (48th), Slovenia, Estonia, and Cyprus.⁶² Although their per capita income is higher than Turkey's, their socio-political development does not instantly made them attractive aspirants. The Copenhagen criteria adopted in June 1993 clearly got in Turkey's way, particularly the first one:⁶³ establishment of democracy, respect for human rights, protection of minorities. Mexico automatically became a part of NAFTA without any of these standards invoked, indeed when it was much farther from democracy than Turkey in 1997, had as dubious a record on human rights, and offered the minimal of protections for minorities.⁶⁴ Regional integration today is less neofunctionalist and based on economic qualifications than the kind of sponsor the aspiring country can muster. In other words, it remains in part a fundamentally political pursuit. As is commonly said in other contexts: It is not *what* one knows, but *who*!!

⁶⁰European Commission, "Turkey 2000: Regular report from the Commission on Turkey's progress towards accession," November 8, 2000, 64-65. Obtained from: www.europa.eu.int/comm/enlargement/index.htm

⁶¹Discussions on the different types of enlargement by Stuart Croft, John Redmond, G. Wyn Rees, and Mark Webber, *The Enlargement of Europe* (Manchester, Eng.: Manchester University Press, 1999), on European Union, see 55-89.

⁶²Turkey was also not placed on the slow-track list, which consisted of Bulgaria, Latvia, Lithuania, Rumania, and Slovakia.

⁶³Others include: existence of a functioning market economy and capacity to cope with competitive pressure and market forces within the European Union; and the ability totake on the political, economic, and monetary obligations of the Union. See "European Council decision of March 8, 2000," *Official Journal of the European Commission*, 2000/235/ec.

⁶⁴Meltem Müftü-Bac, "The never-ending story: Turkey and the European Union," *Turkey Before and After Atatürk: Internal and External Affairs*, ed. Sylvia Kedourie (London: Frank Cass, 1999), 240-42.

**TABLE 3: REGIONAL ECONOMIC INTEGRATION
WITH MEXICO AND TURKEY IN THE VARIOUS STAGES**

<i>Stages:</i>	<i>Key Characteristics:</i>	<i>Mexico:</i>	<i>Turkey:</i>
Sectoral:	Sector-specific flows without barriers	X	
Free Trade Area:	Reduction of barriers to trade	X	
Customs Union:	Adopt a common external tariff		X
Common Market:	Adopt common fiscal and monetary policies		
Economic Union:	Adopt a common currency		
Full Economic Integration:	Free flow of factors and full policy convergences		

For Mexico, political considerations were as irrelevant as economic. For example, the 1965 Border Industrialization Program led to what Lorraine Eden and Maureen Appel Molot call automobile sector *continentalization*,⁶⁵ that is, integration along sectoral lines of countries that were farther apart economically than now. Nevertheless, sectoral integration revealed the scope of interconnectedness between the high-tech US economy and the low-tech Mexican. The free trade movement from 1990 only pushed this to its logical conclusion. Of greater interest is the residual question: Is this as far as the United States will go with Mexico through NAFTA? I pick it up in the next section.

To close this discussion on endogenous factors, I return to the debate between intergovernmental versus supranational institutionalism. Both Mexico and Turkey pursue their integrative goals through intergovernmental channels, in other words, chief executives make the critical decisions, oftentimes all of them. Supranational engagements are very few and far in between for both countries. This is not surprising. From the moment they began abandoning import substitution structures, both Mexico and Turkey were positioned on a national-intergovernmental trajectory: the bail-out plans, after all, were provided through an international agency, the IMF, not one that was *supranational*. On the one hand, NAFTA is riddled with inter-governmental institutions, and on the other, the European Union has a mixture of both inter-governmental and supranational institutions. A subtle difference of such a nature has an enormous impact, as this study suggests, on the nature of regional integration: Regional integrative efforts assume an independent identity once appropriate supranational institutions are put in to play; otherwise they remain indistinguishable from any bilateral, trilateral, or plurilateral arrangement, reflecting interdependence more than integration.⁶⁶ Accordingly, Turkey may be on the right track, without any guarantee that it will reach its goal; while Mexico may be more integrated in North America than Turkey in West Europe without actually constituting a strict trading bloc: Too many asymmetries and a vast developmental gap prevent categorizing Mexico's experiences in North America as what a legion of scholars call regional integration. In the final analysis, it is theory which must change to adapt to the fluid circumstances of regional integration today: Regional integration involves more vectors today than ever before, but although theoretical formulations have also adapted over time, they may have reached a plateau as they now

⁶⁵"Continentalizing the North American auto industry," *The Political Economy of North American Free Trade*, eds. Ricardo Grinspun and Maxwell A. Cameron (New York: St. Martin's Press, 1993), 297-314.

⁶⁶On this difference, see Nau, *op. cit.*; and Keohane and Nye, *op. cit.*

encroach the domains of other paradigms, such as interdependence, hemispherism, even internationalism or multilateralism.

Exogenous Factors:

Unable to convincingly satisfy endogenous factors of regional integration theories, Mexico and Turkey may paradoxically find in the exogenous setting their future regionalized identity. The foregoing section points out several facilitating factors. This section briefly examines three of them: (a) the role of the United States; (b) global competitiveness exerting the widening impulse for regional blocs; and (c) regional trading bloc interests within the context of broader foreign policy objectives of the two countries.

Role of the United States:

Without question, the United States was significant in westernizing Turkey during the Cold War and in pushing Mexico out of its nationalistic, non-interference cocoon into free trade agreements. Its influence differed in the two countries for two reasons: (a) proximity, which automatically converted a next-door neighbor into more than a special interest, while leaving a distant Turkey out of the loop once the Cold War had ended; and (b) changing priorities, from the political-military nature of interests which made Turkey relevant before, to the socio-economic interests which are more relevant for Mexico now. Both point to a common and peculiar twist: The United States might have emerged from the Cold War as the sole superpower, but its interests are dwindling from the international or multilateral scope to the regional and preferential.

The United States was at the right place with the right philosophical outlook, and the right person as leader when Mexico proposed a free trade agreement in 1990. One of the puzzles Mexico may have to live with for some time is whether this attitude will continue to deepen, or simply remain part of broader US interests in hemispheric integration, even that within the multilateral framework of GATT/WTO that the US was so instrumental in establishing from the very outset. Evidence seems ambiguous at present. Even as Mexico was proposing a free trade agreement, President George Bush was articulating a hemispheric vision. His Enterprise for the America's Initiative (EAI) gave equal emphasis to several other Latin countries, and rightly so. Argentine, Brazil, and Chile, among others, were undergoing noteworthy transformations themselves. Whether he accepted the Mexican proposal as part of a larger Latin project we will never know for sure, but President William Clinton deliberately accepted both southern policy tracks: pushing NAFTA through, but also generating something out of the EAI. In the same year NAFTA was initiated, the Summit of the Americas (SOA) broke ice on another level: For the first time, the United States expressed interest in hemispheric free trade and took its southern neighbors seriously and more symmetrically than in the past.⁶⁷ From then on, SOA transformed into the Free Trade Area of the Americas (FTAA), and concluded its wieldy third summit in Québec in April 2001, while NAFTA, benefiting from Mexico's peso crisis, only moved from strength to further strength. Bush's son, George W., may be more inclined towards Mexico than Latin America, but without a spark or two, such as a new member,

⁶⁷Examined in detail by Feinberg, *op. cit.*.

NAFTA does not seem to be moving beyond the status quo. Within this context, how Chile's dangling position is resolved may serve as an eye-opener: If it is included into NAFTA, chances of widening may overtake deepening and converge further with the FTAA; if not, Mexico's privileged position may continue, but without confirming whether US acceptance of regionalism serves an *ends* or *means* of policy goals.⁶⁸

Unfortunately for Turkey, there is no similar US engagement in that part of the world, and no country willing to assume a similar role, especially as Turkey underwent enormous domestic changes.⁶⁹ In a different way, the United States continues to bedevil regional trading efforts everywhere: Its commitment to NAFTA is neither complete nor exclusive, at least at this point, but its increasing camaraderie with Mexico is being interpreted as a challenge in West Europe,⁷⁰ thus igniting the open-door membership approach of the European Union, not to mention the Río Declaration of 1999 with MERCOSUR to which Mexico alone, among the Latin American heavyweights, was not invited.⁷¹ Ever since the United States established itself as the world's first customs union, or what the Germans dub *zollverein*, the United States seems to be developing sticky regionalist feet: Having such a huge economy, it has the rational expectation of thinking globally; yet, not remaining as competitive as it once did, even though it still exerts considerable influence in any open market, it seems to be adjusting to lesser arenas without abandoning its comprehensive outlook with obvious difficulties. Whether it goes hemispheric or remains *North American*, Mexico does not have a choice but to hold on to what it carved out during the 1990s!

Globalization:

Pressures from globalization are likely to affect every country in one way or another, Mexico and Turkey included. As argued earlier, these are part of the reason why the exclusive approach to regionalism is giving way to inclusiveness. One might argue that this factor alone carries more weight than all endogenous variables put together, at least for Mexico and Turkey. If that is the case, with evidence become more compelling every year, then regional integration theories as we have known them need fundamental restructuring or replacement. Even the GATT gave way to WTO under similar pressures. Whether regionalist thrust survive or not remains to be seen, but the role of the United States, as host of the critical technological infrastructure today, may illustrate future directions: It was an early advocate of globalism, and if regionalism today is being used as a stepping stone towards globalization,⁷² then most regional trading blocs, if not all, may have no choice but

⁶⁸See related discussion by Lisa Anderson, "The future of hemispheric trade:towards a unified hemisphere," *Houston Journal of International Law* 20, no. 3 (Spring 1998):635-69.

⁶⁹Succinctly captured by Katherine A. Wilkens, *Turkey Today: Troubled Ally's Search for Identity*, *Headline Series* (New York: Foreign Policy Association, 1998).

⁷⁰Even in the United States. See the compilation by Glennaon J. Harrison for the US government. *Europe and the United States: Competition & Cooperation in the 1990s* (Armonk, NY: M.E.Sharpe, 1994).

⁷¹For more on EU-MERCOSUR evolving relations, see Wolf Grabendorff, "Mercosur and the European Union:from cooperation to alliance," *MERCOSUR: Regional Integration, World Markets*, ed. Riordan Roett (Boulder, CO: Lynne Rienner, 1999), 7-24.

⁷²Guy Poitras examines NAFTA as a *predecessor*, *wedge*, and *model*. See "Regional trade strategies:US policy in North America and toward the Asian Pacific," Paper, International Studies Association, annual convention, Chicago, 1995.

to follow. After all, the largest market in human history is not an insignificant factor under any circumstances, practically and theoretically!

Broader Foreign Policy Context:

Mexico and Turkey differ significantly from each other along the dimension of foreign policy context in at least two ways: (a) Mexico's historical insulation from the outside world is quite the contrast of Turkey's fairly constant and historical engagement abroad; and (b) Turkey is driven, at least to some extent, by power considerations in its foreign policy pursuits, in part due to a more hostile neighborhood, whereas Mexico's external objectives are more circumscribed, largely North American, and within a more friendly neighborhood.

These influence economic integration. Power-based ambition is harder to reconcile with common economic pursuits, as the two-track European Union response to accepting a common currency shows. Memories of Turkey's entrenchment in the Balkans for centuries was only recently revived across Europe with the breakdown of Yugoslavia, and the associated ethnic-religious conflicts; while its increasing incursions into the Central Asian successor states of the former Soviet Union also convey a sign of potential predation. This is heightened by apprehensions of military modernization, culminating in acquisition of a nuclear capability.⁷³ In between, Cyprus remains a European thorn for Turkey, regardless of the seismic diplomacy which brought Greece and Turkey together, albeit briefly, in 1999; while increasingly warm relations with Israel is throwing a curve-ball into the EU membership issue.⁷⁴ How Turkey juggles its broader foreign policy objectives and European Union membership will be keenly followed across European capitals, and may determine if it will be accepted as a member or not. Given its present positions, Turkey would be the most adventurous EU member, and that shakes the economic boat. It is only a question if the boat would be shaken more vigorously with Turkey outside of it!

Mexico, by contrast, does not have a choice, even if it wanted one, to shake the North American status quo. Porfirio Díaz's lament of his country being too close to the United States and too far from God may not alter geography under regional integration, but the attitude might, for example, lament giving way in the new century to camaraderie. Suggestions towards that end from the new Fox administration are replete. For example, Foreign Secretary Jorge Castañeda has publicly proposed breaking the country's non-intervention tradition by engaging in peacekeeping actions. This may not tantamount to any major NAFTA-shaking challenge of the United States, but it does show Mexico thinking beyond North America and internationally. Realistically, Mexico's margin of maneuverability is narrow, given the enormous weight of the United States on the country. However, Mexico does come across as a country to work with for economic reasons, whereas Turkey carries a more dubious reputation in this regard. Above all, the broad foreign policy context being examined as a variable shows the promise of being treated

⁷³Or so H. Sommez Atesoglu argues. See "Turkish national security strategy and military modernization," *Strategic Review* XXIX, no. 1 (Winter 2001):26-32.

⁷⁴See Raphael Israeli, "The Turkish-Israeli odd couple," *Orbis* 45, no. 1, Special section on *Land of Many Crossroads* (Winter 2001):65-79.

more formally, within the context of investigating regional integration, now that the Cold War is over and so many missing blanks emerge in our explanatory framework!

Conclusions:

Three sets of concluding comments follow, addressing the actual country comparisons, theoretical observations, and future implications for regional integration.

Comparative Observations:

Putting Mexico and Turkey under the integrative microscope yields at least three comparative observations. First, even though Mexico is a member of NAFTA and well ahead in the various processes examined, Turkey seems to have a longer future shadow in terms of regional trading arrangements: This is not just because it has a customs union arrangement with the European Union, which is a significant accomplishment nonetheless, but owing to its (a) greater diversification in trading partners and merchandise exchanged, (b) less dependence on any single country, and (c) a persistent pattern stretching over forty-years of wanting to integrate, as contrasted to Mexico's sudden leap into a trading arrangement. Of course, these do not make EU membership inevitable for Turkey, but they convey that in terms of breadth and depth of integrative experiences, it is well advanced compared to Mexico. Although Mexico's free trade arrangement with the United States has worked wonders for bilateral relations, it has not produced any significant dividends with Canada, the other partner, and remains subject to whether the US prefers hemispheric over North American arrangements or not! Mexico's focused trading directions produced greater dividends in regional integration than Turkey's more diversified approach, but only of short-term significance; over the long-term Mexico is positioned to face greater vulnerability than Turkey. Not only does Mexico remain too dependent on US policy preferences to be able to chart its policy directions, but this dependency only increased under NAFTA.

Second, Turkey's curious mix of domestic conservatism over political reforms and adventurist post-Cold War foreign policy orientation imposes greater impediments on both westernizing the country and integrating it into the European Union than counterpart Mexican characteristics: Through the 2000 elections, Mexico took a giant step towards consolidating domestic political reforms, and its foreign policy adventures have been so low keyed that if they raise any eyebrows, it is simply because of the novelty of Mexico's external engagement beyond North America! In other words, regional integration is nothing short of a mixed bag--some areas of promise, others of constraints--for both countries. Which factor will prevail at any given moment is unpredictable, indicating how much more complex regional integration has become today.

Finally, although both Mexico and Turkey possess large under-developed segments in their economies and societies, how the two address the symptoms of these in the coming years will in all likelihood also influence the fate of their regional pursuits. Emigration from both, for example, could open a can of worms in bilateral relations with the very countries integration is being sought. In spite of increasingly warm relations and with heavier flows of transactions each year, the Mexico-US border is also becoming too

fortified for a free trade area, and akin to a North American version of the Berlin Wall. Clearly this indicates the failure of elite complementarity across national boundaries to spread to the general public in both countries. Such a gap at the societal level is even wider between Turkey and West Europe. Neither the US nor West European countries will have any incentives to initiate remedial gestures unless the two countries pick up the pieces themselves. And so far, neither Mexico nor Turkey have been convincing in their efforts.

Theoretical Observations:

Three observations are made, all carrying a pessimistic tone! First, regional integration theories, as we have known them, are increasingly unsuitable for the complexities of today's international relations and inclusive approach. This does not mean all the tenets are useless: many are still relevant, but need to be supplemented with other variables for explanations to be more complete and predictions more accurate. Many of these new variables will be what this study calls *exogenous*. They carry an implicit threat for existing *endogenous* variables. But that should not be seen as a sign of weakness, simply because the nature of regionalism today is more expansive than originally conceptualized.

Second, in turn, the scope of regionalism needs to be identified more urgently today. As the issues traditionally examined under regionalism encroach the domains of other paradigms, we often begin with arguments from one domain only to find ourselves in other domains when drawing conclusions. This may not only become a necessary evil in both theorizing and policy-making, but it also widens the gap between the two: It is to the advantage of policy-makers to maximize options, regardless of whether they fit a regionalist, hemispheric, or internationalist framework, whereas theorists seem to be more comfortable moving in the opposite direction. In any case, not only clarity of the *dependent* variable but specificity over the *scope* of investigation or policy-making demand greater attention today than ever before.

Finally, although almost fifty years of theorizing did not go in vain, it may be time to finally let the baby go with the bathwater! We learned plenty from even discarded postulations: functionalism is more prevalent today than ever before without actually becoming dominant; we were able to move beyond the state with greater equanimity than in the past; spillover never really died; trends towards both pluralism and liberalism paid handsome dividends; and policy-makers consciously or unwittingly tip-toed theoretical argumentations for much of the time. But the end of the Cold War, by taking away our key assumption of a stable political order, bequeaths the kind of uncertainty we are unfamiliar with. To complicate matters, as information technologies demand greater attention from us than weapons technologies used to, theorizing and policy-making can only become more fluid than fixed. We just have to get used to the enormity of that change; and since the frequency of changes is only expected to increase, given the technologies available, losing a tenet or two every now and then, we may indeed find our explanations less cluttered and heavy!

Implications for Future Regionalism:

Two comments about future regionalism suggest the need, paraphrasing Haas, to move beyond regionalism! First, because of its almost monopolistic control of the infrastructure of information technologies, the United States will be an even more critical player in regionalism; and if the past is any guide, regionalism is likely to be no more than a *means* to some other ends, if not by choice of US policy-makers, then driven by the demands of technological development. By also being the largest market in the world, the US, directly or indirectly, will be central to shaping the future of regionalist pursuits in every corner of the world! And that future could lead anywhere beyond a region.

Second, today's inclusive regionalism does not necessarily mean future hemispherism, internationalism, or multilateralism, but simply tendencies towards these. The European Union was the icon of regional integration for fifty-odd years, and will continue to be important in the immediate future; but that future is more likely to be shaped by piecemeal integrative efforts, such as NAFTA, as well as multiple and overlapping loyalties for each country. Members of a trading bloc are likely to continue demonstrating similar feathers and clap hands together, but also throw in a different stripe or go off-beat every now and then!!