Open Borders in the EU – Death Wall in NAFTA.

Diverging Developments and Their Structural Causations[1]

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Summary

Whereas borders go down in Europe, and we can travel from the North Cape to Sicily and from Lisbon to the Estonia without any controls, a wall has been built up inside NAFTA, and is becoming higher every year, and between the U.S. and Canada a "real border" is about to be organized. Whereas in 1960 Mexico had a higher per capita income than Spain, today Spain's per capita income is close Germany's, in contrast to the widening gap between the U.S. and Mexico. The article documents these diverging developments in the two main areas of Western regional economic cooperation and analyses their structural causations, the different historical narratives, institutional structures, and policy outcomes with respect to economic profiles, structuring of societies, and regional and national identities.

1. The Comparison and the Problem

Why do the border walls between the U. S. und Mexico grow higher year after year when at the same time borders are going down in Europe? Why does the U. S. government implement a „real border" between the U. S. and Canada with controls? Why is the economic gap between the U. S. and Mexico growing whereas the per capita incomes of EU countries are converging? Why did Canada introduce visas in July 2009 when the EU plans to abolish them for Serbia, Montenegro and Macedonia? Why does the American public define Mexico more and more as different and strange and as a problem whereas feelings of commonality are more and more widespread in the EU? In today's environment it is difficult to imagine that Mexicans had a higher per capita income than Spaniards in 1960. At the same time, Mexico had much more developed democratic qualities than Spain had under Franco's dictatorship.[2]

[1] The original German version of this article will appear in Leviathan 1/2010, you can find it at SpringerLink.com

[2] Interestingly but incorrectly, a new study of the Council on Foreign Relations (2009) explains the success of the EU model with traditionally lower disparities in Europe. „Although the European model

Comparing the integrative qualities of the two large regions of developed „Western" democracy, we also ask how the world can become more open and more cosmopolitan. Today, the EU is he only large area in the world where borders are being dematerialized. In daily life they rather have the status of provincial borders. While the world is becoming more and more open, and production and consuming become more and more integrated in the process of globalization, the access for people is quite selective in the rest of the world. Citizens of rich countries are largely free to travel and settle whereas transnational mobility for people from poorer countries is very limited. Relocated and rearranged are the boundaries of the large areas of prosperity. Whereas they are being fortified in North America and separate different kinds of environments, the open EU realm has been extended step by step and at the same time has acquired more and more civil rights quality.

These diverging developments have never been compared systematically. Authors have either prophesied that the EU and the EURO would break apart (Feldstein 2009 with a resumé of the American critique and a startling disinterest in the economic environments of European countries), or they propose blanket worldwide scenarios.[3] Examples are Friedman's „The world is flat" thesis (2007), another the optimistic ideas about worldwide human and civic rights for everybody and a reduction of the importance of national citizenships after the end of the Cold War (Soysal 1995, Jacobson 1996). Both theses have been falsified by developments of the last years. For people from the poorer countries, the world is not flat but rather mountainous and impassible. The EU did not become a model for the rest of the world, as Soysal suggested, but is limited to large parts of the European continent. Normative approaches in the Kantian tradition, as have been developed by Jürgen Habermas (2008, 2009) and Seyla Benhabib (2008, 2009), are still relevant and valid but they did not solve the

has been successful in some respects, the disparities between the newer EU members and older ones were not nearly as large as the disparity between the United States and most of the countries that send large numbers of immigrants here."

[3] Venables (1999, revised 2005) assumes that weaker countries gain in free trade areas with „high income countries", and not under free trade between "low income countries". Consequently he recommends free trade agreements between rich and poor countries. This is clearly obsolete if one looks at the EU and NAFTA data, which we discuss in the following pages. He writes: „What we have shown in this paper is that the distribution of the benefits of an FTA can be linked directly to the comparative advantage of member countries – comparative advantage relative to each other and to the rest of the world. This leads to the strong result that FTAs between low-income countries will tend to cause divergence of their income levels, whereas FTAs between high income levels will lead to convergence. We have argued that agglomeration forces might amplify divergence forces in FTAs between low-income countries. The analysis suggests that developing countries are likely to gain more from FTAs with high income countries, where there are better prospects for convergence with the other – high income – members" (Venables 1999/ 2005, 19f.). Venables obviously has not looked at the NAFTA development; he only mentions older data from Africa. Still, he is quoted by Collier (2007) as an authoritative reference.

problem of realization. In the following we want to analyze how „world citizenship“ (Kant) or „cosmopolitan norms“ (Benhabib) have been implemented step by step whereas in North America the rights of access and civil, human and social rights have been limited curtailed more and more. James F. Hollifield (2003) has described these developments as the „liberal paradox“: on the one hand the world economy opens up according to the principles of free trade, id est economic liberalism, on the other hand the states maintain control over the borders and their sovereign decision making, as democratic self government and freedom, the essence of political liberalism, can only be organized in states. Correspondingly, international law knows the right to emigrate but not the right to immigrate into a country. This discrepancy between the opening for goods, capital and services and the closing for people is not only existent in reality but is also sharpened in recent discourse. Communitarians in their political philosophy have positively loaded the self-determination of a community over immigration. And in Germany, the Constitutional Court in his decision on the Lisbon treaty of 30 June 2009 has reinforced the principles of national self determination, national public space and national decision about citizenship, interestingly with a terminology resonating with Habermas’ discourse theory who himself argues for a European identity and for world citizenship. In the U.S. constitutional lawyer Peter Schuck (2000) has also stated and welcomed the „revaluation“ of American citizenship, which he argues followed a „devaluation“ that he had deplored.

In the following comparison between the developments in Europe and North America we are concerned with the extension or limitation of the realm of free movement and free activity, id est the movement of border controls. Starting point is the question why the EU extended the space of free movement to an astounding and unpredicted extent, whereas in North America walls and border fortifications grow year by year, and the U. S. strengthens its controls not only against Mexico (and other Latin American nations) but also against Canada. In addition, Canada introduced visa for Mexicans in July 2009. An underlying question is how Europe was and is able to lift and advance rather poor and less developed countries to the level of the richer ones, whereas the level difference at the Rio Grande grow, and politicians in one election after the other as well as pop authors fuel fears of a Mexican „invasion“. Such systematic long-ranging analysis should also prevent short-term excitements that often block realistic awareness for larger and long-lasting developments – not only in day-to-day politics but also in research contexts. In view of the extreme specialization in today’s research such a deeper historically based vista can also create awareness about possible consequences of alternative policy paths. What would have happened core Europe had closed its borders to

Spain, Portugal and Greece in the 1980s, and to the East Central European states after the fall of the Iron curtain? And could the U. S., Mexico and Canada have built an integrated and open North America?

In the last decades, regional structures have emerged in many parts of the world, to increase economic and political cooperation in the particular regions of the world. Besides the European Union and the North American Free Trade Association, these are the MERCOSUR, the Comunidad Sudamericana de Naciones, South East Asia's ASEAN, the African Union, the Arab League and the post-Soviet Community of Independent States (CIS). It is no surprise that the intensity and stability of the various associations and unions vary tremendously, and that authoritarian regimes are difficult to integrate, since they strive for total control. The diverging tendencies in the EU and in NAFTA, however, need explanation. Here we have two large regions with open societies, capitalist economies and democratic regimes. One is converging culturally, economically and developing a common identity, the other is confronting more and more difficulties in cooperation and dividing into an affluent U.S. plus Canada and a poor Mexico where life is becoming burdensome and in many cases is even threatened and endangered. The idyllic and optimistic ideas about „democratic peace" and the cooperation between democratic nations that today are popular in the public and in the social sciences, would suggest that cooperation and integration are good for all participants and that open democracies would be open towards each other and to a common good. The same would hold for the classical and neoclassical economic theories following Adam Smith's theorems of open markets and the division of labor between countries. In the following, we will try to analyze why cooperation goes well in one case, producing more and more integration and commonness, and why it leads to a vicious circle in the other case. We shall then draw conclusions about the theoretical implications of the comparison.

2. Contrasting Developments at the Borders

After World War II, Europe's inner borders were tightly closed. Visas were needed and people traded coffee and cigarettes through barbed-wire circuits between the Netherlands and Germany. In North America, borders were open. With his good-neighbor policy, Roosevelt had renounced interventions in Latin America. 250.000 Mexicans fought in the American Army in World War II. In the Bracero treaty of 1942, Mexico and the U.S. agreed about the recruitment of Mexican workers for the U.S. economy, to replace the soldiers who fought in

World War II. Traditionally, seasonal Mexican workers crossed the border to work in California and the South West, and returned after the season. Many worked year after year at the same farms.

Today, the situation is reversed. Borders inside the European Union are open. In the Schengen area one can move freely, from the North Cape to the Algarve and from Brittany to Estonia. There are no border controls. On the other hand, between the U. S. and Mexico the border is fortified, and built up more and more, with high fences, steel and concrete walls, and also high tech-high cost virtual systems. A *muro de muerte* emerges, as the Mexicans denounce it. About five hundred people die at that border year after year - of thirst in the desert, by accidents, gangster violence or by border patrol. The border patrol manpower and equipment is increased every year. The wall separates people on both sides who had easy contact before, and often are bilingual. It is built higher and higher and becomes more expensive, but at the same time the problems grow instead of being solved. It was only the economic crisis of 2008/09 that interrupted the steady growth of migrants crossing the wall (Papademetriou/ Terrazas 2009; Cornelius et al. 2009). Because of the crisis, fewer people move to the North, as they do not find work anymore. Those who have made it to the U. S. are less and less inclined to return to Mexico, partly because of the high costs and risks of the border crossing. Coyotes ask for 2000 2000-3500 dollars, to smuggle people over the border (Booth 2009).

In contrast to that vicious circle of more funding, fortification, suffering and illegal migration, the EU is enjoying a virtuous circle of open borders. In contrast to all fears, horror stories and rumors before the opening of the borders, for instance about an invasion of "Polish plumbers" in France, no serious problems occurred. Neither from the South nor from the East of the EU uncontrollable movements of people emerged. Since there is so little mobility, the EU is even funding exchange and internal movement with mobility programs, to intensify contacts and optimize the allocation of personnel. In the last decades, Spain, Portugal, Greece and Ireland experienced large-scale re-migrations of their former citizens who had emigrated in the 1950s, 1960s and 1970s. The accession countries of the 1970s and 1980s were able to integrate these people into their booming economies. The same sort of re-migration is beginning to happen for the accession countries of 2000s who for some years had found work particularly in Britain and Ireland. For the general population, the opening of borders resulted in enhanced quality of life when traveling, and in savings for consumers and for business. The inner border areas develop particularly well, since they are no longer divided by bureaucratic controls. Today, open borders in the EU are taken for granted. Even EU critics would not like to discontinue this openness, and there is absolutely not discussion about a security deficit. In 2008, even neutral and isolationist Switzerland has associated itself to the Schengen area, impressively confirmed in a referendum in February 2009, the open borders being an important argument.

People living in the border areas enjoyed particular improvement of their quality of life, strengthened by the EU-assisted cooperation in the Euregios, local cooperation arrangements over the borders which are now open (Thränhardt 1998). Traditional problems associated with borders like smuggling and criminality decreased, and the border regions, historically often disadvantaged, can develop as well as the regions inside the countries. Such cooperation can be intense, e.g. the common border crossing planning of city quarters or industry parks. People live freely at the other side of the border when it is more attractive or more cost effective for them. Borders between the old member states, France, the Benelux states and Germany are particularly permeable, at the borders to the new member states the process is beginning (European Commission 2007: XIV). Despite the difficult history and the recent opening, Poles are settling at the other side of the border in Pomerania around Szczecin/Stettin.

Figure 1: People arrested by U. S. border patrol 1970-2008

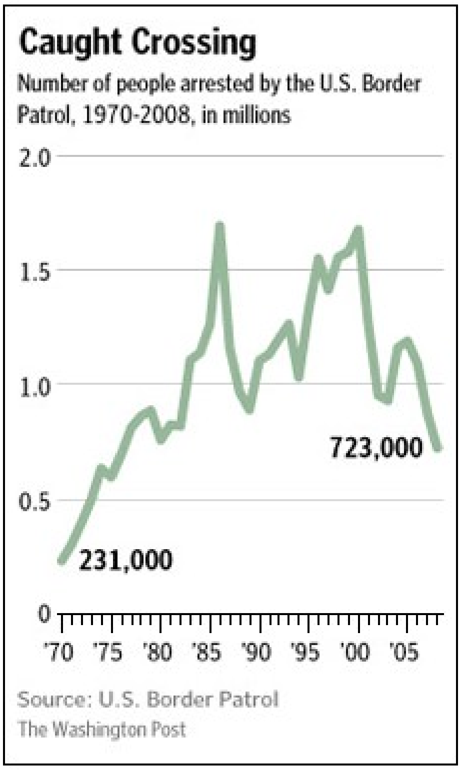


Figure: Washington Post. Source: U.S. Border Patrol

In contrast to these positive experiences with the opening of borders, problems are mounting at the U. S. -Mexican border. In the 1960s, the U.S. had not extended the Bracero treaties and overruled Mexico's wish for contractual regulations (Fitzgerald 2009: 49 f.). As the demand for Mexican workers continued, the result was a stream of informal immigrants that swelled up over the years and then caused the U.S. to counteract and try to control the migrations. It was particularly in the years of Mexico's economic and monetary crises in 1983, 1987 and 1995 that the numbers of migrants arrested at the border rose dramatically. These figures are regarded as the best indicators of migration pressure and also for migrations itself, as the rejected migrants regularly try to cross again, and mostly succeed in the end.

When the Clinton administration introduced barriers and fences at the traditionally busy border crossings in Texas and California in the mid 1990s, the migrants from Mexico and other Latin American countries used less controlled desert border areas, which are dangerous to cross. These days 52 percent of migrants cross the border in Arizona, even when barriers have been built up there too. They then have to cross the desert – a dangerous and extremely demanding trek. NGOs put up water tanks, to save them from dying from thirst. The wish to control the border and establish the sovereignty of the United States is in conflict with economic interests, humanitarian motives and basic human rights. As the American documentation system is imperfect, U. S. citizens with Hispanic origin are also affected by the controls. The quality of life at the border is under pressure. At the border strip, even at the Rio Grande, a wall is built. For the population at the border, the masses of migrants passing on their grounds are a burden, as well as the presence of more and more border patrol officers.

As the border patrol and federal prosecution authorities under president Bush were instructed to go primarily after illegal immigration and to punish even visa overstayers of a few days in the past, they neglected drug smuggling and the activities of highly dangerous and violent drug gangs (Moore 2009). Repeated smuggling of marihuana up to 500 pounds would not be punished. The smugglers would simply be pushed back over the border to Mexico, and were abele to continue their activities (interviews at the border 2008; Moore 2009). As 500 pounds amount to 500.000-800.000 $, that meant a considerable incentive to smuggle drugs at not much risk. Drug smugglers supplied a large lucrative market in the U.S. not only with soft drugs but also with cocaine and heroin. Law enforcers as well as humanitarian activists at the border reported an increasing merger of human smuggling and drug smuggling. The more the border barriers are built up, the more professional help is needed to cross the border. The drug gangs are organizing this competence and combine both sorts of smuggle, e. g. by giving migrants a discount or a free passage if they carry drugs over the border.

As the Bush administration focused so much on immigration control (in spite of the decade-long „war on drugs“), drug smuggling increased, and both sorts of smuggling combined developed into large-size business activities, monopolized by criminal gangs because of its illegality. Since the 1990s, this led to more and more violence in the border area, in particular to a series of unresolved murders of young women in the Juarez region. Beginning in 2008, bloody fights broke about the control of the drug business. The Mexican police, underpaid and under armed and infiltrated by drug lords, was powerless against this violence. Consequently, the Mexican government brought in the army, to control the situation. Many commentators fear that Mexico is in danger of being destabilized because of the amount of drug dealing and gang activity. From 2006 to 2008, the Mexican authorities arrested 60,000 people accused of drug smuggling. 10,000 people have been killed in the war on drugs in that time. Specialists calculate that 150,000 people are active in the drug dealing business in Mexico (Mexican Drug 2009).

An additional part of the whole problem is American market for high caliber weapons, and the smuggling of weapons to Mexico (McKinley 2009). Mexican authorities confiscated 15,000 assault weapons since 2006 alone, almost all smuggled in from the U.S. President Obama announced more border controls but he is not able to introduce tougher controls against arms trading in the U.S. There are some indications about spill-over effects to the American side of the border, as the drug gangs are also operating there, to distribute and sell their goods (Felbab-Brown 2009). At the Mexican side of the border, life is risky. To be killed or to be involved in a shoot-out is a present danger fort the population. Mexican police officers have brought their family to safety on the American side to escape threats from he drug cartels, and one police chief has quit service because of the threats.

3. Economic Convergence in Europe - Divergence in North America

At the background for the dramatic crisis at the Rio Grande and the open borders in Europe we find long-term economic developments: the rising gap between per-capita incomes in the U. S. and in Mexico on the one hand, the convergence in Europe on the other, the Southern enlargement state (Spain, Portugal, Greece) and Ireland catching up in since the 1970s, and the Eastern enlargement states in the first years of this century. The process of convergence is shown in figure 2 for Spain and Germany, the largest new member country of the Southern enlargement and the largest old member country. The European Commission has documented the sweeping success of convergence policies (European Commission 2007:VIII). For years Ireland got five per cent of its GDP from transfers from the EU, and then overtook most other countries. For hundreds of years Britain's poorhouse, in succeeded in producing 145 % of the average EU per-capita income in 2006.

Figure 2: Convergence in the EU: Germany and Spain 1960-2008

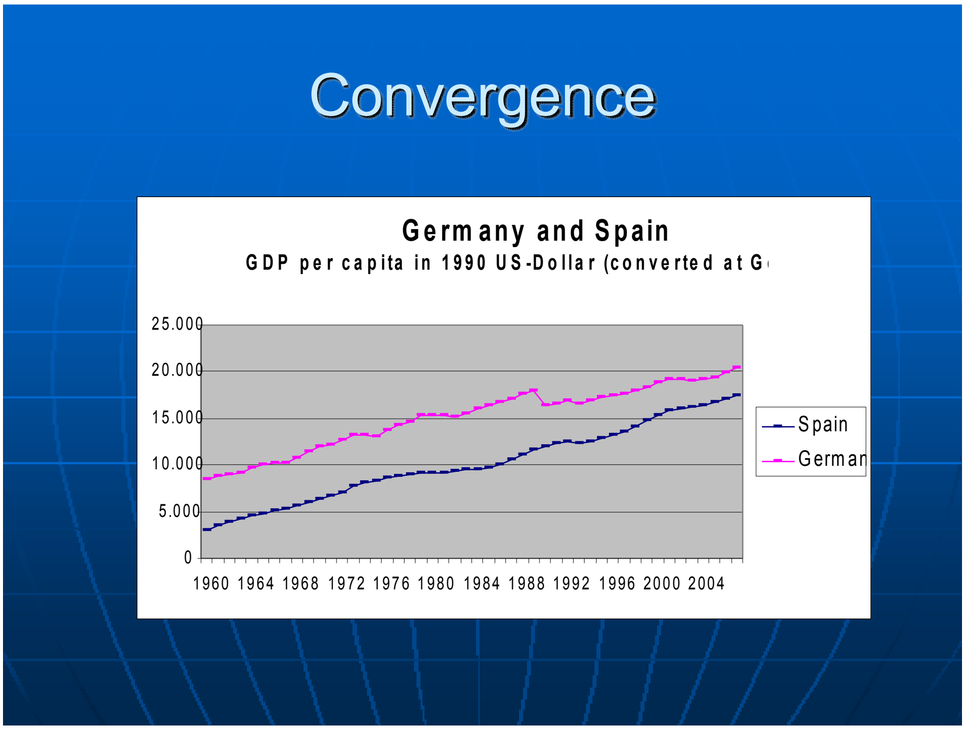
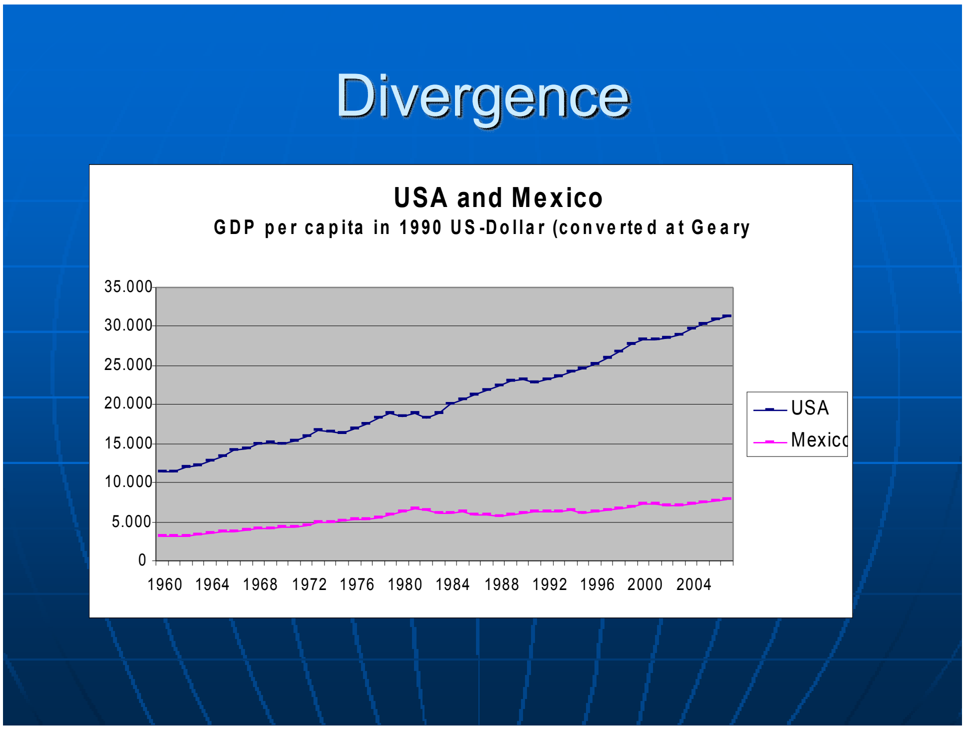


Figure 3: Divergence in NAFTA: the U. S. and Mexico1960-2008



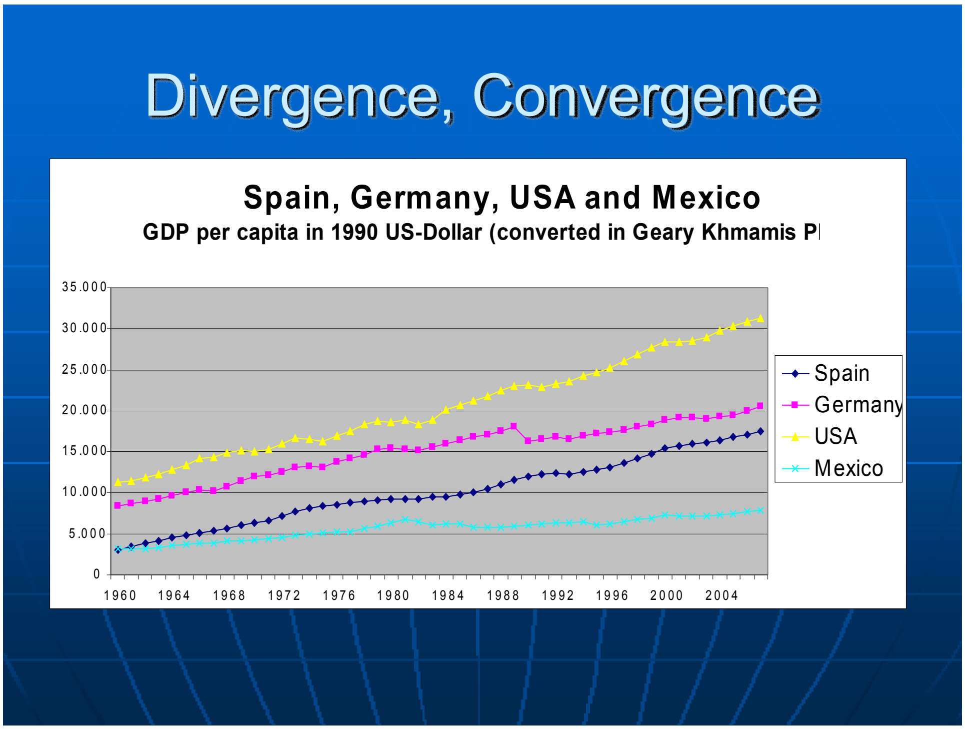
Source: The Conference Board and Groningen Growth and Development Centre. Total Economic Database, September 2008, http://www.conference-board.org/economics/

In a striking contrast, the gap between Mexico and the U.S. has grown, particularly in the context of Mexico's currency crises. Average per-capita incomes in Mexico did not rise over decades, and because of the growing inequality they even fell for broad strata of Mexican society. Thus the growing divergence and the loss of quality of life is particularly felt in the large Mexican cities and in the countryside. When NAFTA was established, U. S. government assumed that

> It simply wouldn't make much difference for our (US) economy. The main effect would be reduced pressure on migration – which we did think would be of considerable value. We thought that Mexico would benefit enormously, and we thought that hemispherical "solidarity" would be enhanced if we could narrow the income disparity. (Stiglitz 2007: 316).

Considering the comparative costs, such a scenario seemed likely. As it has happened in the EU, in an open market lower wages in Mexico would be appealing to business, and they would invest. Mexican products would enjoy a cost advantage, and would succeed in the large American market through lower prices, in industry as well as in agriculture. These effects then would create more jobs in Mexico, and dampen migration to the U.S. Philip Martin (1993) sophisticated such analysis. He predicted that in a first phase there would be more migration because of the job losses at the opening of the markets („migration hump"). But after a few years the intended effect would occur, and the growing economy would bring gainful jobs to Mexico.

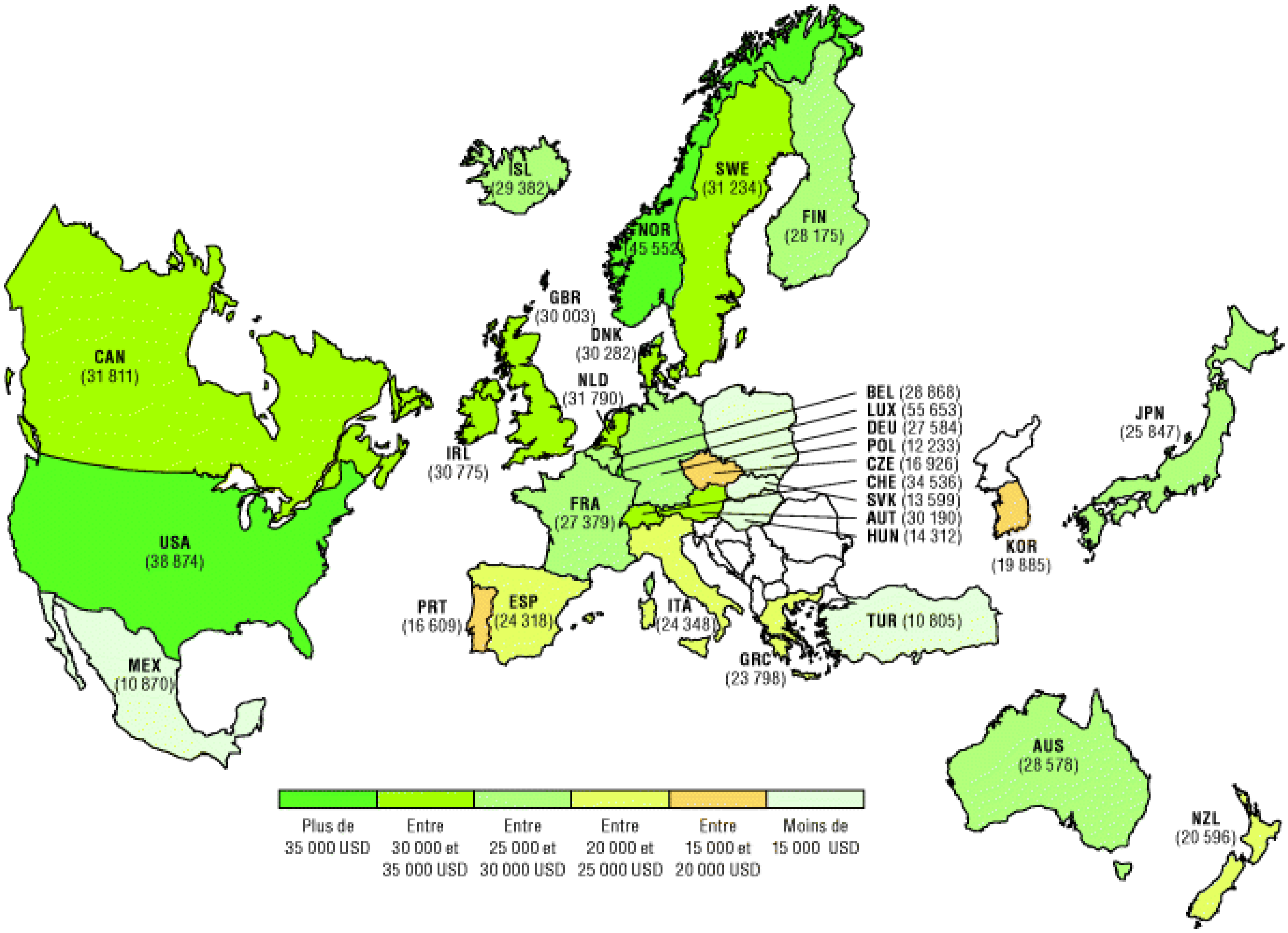
Figure 4: Convergence in the EU, Divergence in NAFTA 1960-2008



Source: see figure 2/3.

Twelve years later, Philip Martin (2005) continued to predict this train of thought. Now, however, his prediction of less migration from Mexico is not based on an economic boom in Mexico but on the demographic argument of lower birth rates. At the same time he points to the combination of Mexican workers and the American infrastructure, and argues that this mix produces the best economic results (Martin 2005: 450-452). All these predictions did not come true. The U.S. economy had high growth rates, while at the same time growth rates in Mexico were low, and in addition were interrupted by currency crises and capital flight to the U.S. Combining both figures we see that growth rates in the U.S. in the last decades were quite high, much higher than in Germany, and that this difference can not only be explained by the statistical bend at reunification in 1990 (Figure 4).

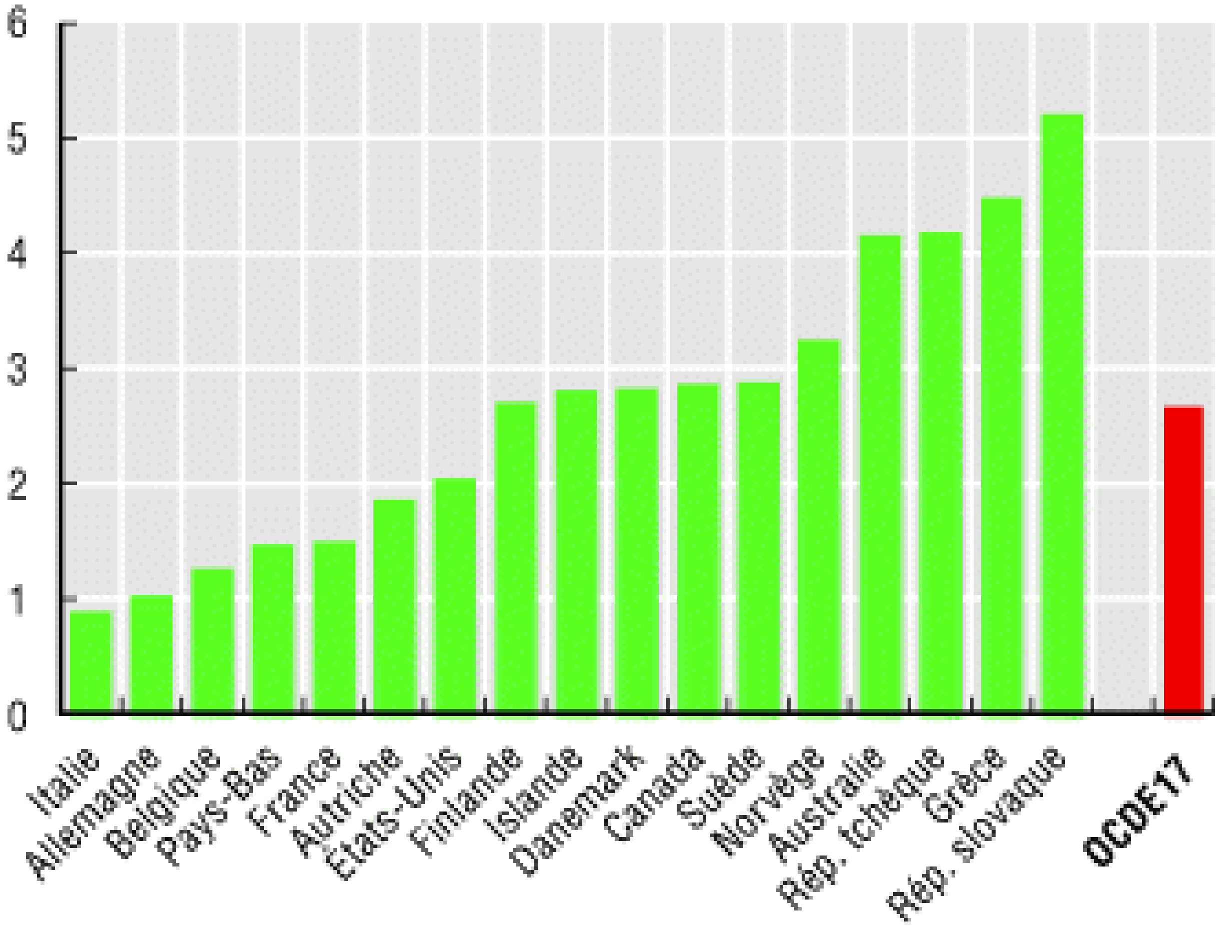
Figure 5: Per-Capita Incomes in OECD Countries 2006.



Source: OECD, Society at a Glance, Paris: OECD 2009, Figure GE 1.1.

In 1960 Mexico had higher per-capita incomes than Spain. Today, however, Spain is clearly one of the world's rich countries while Mexico is still an emerging economy, as we can see in the OECD figure (figure 5). On the other hand, per-capita incomes in the U.S. have risen much more dynamic than in the old EU member countries (except Luxembourg), at least until the recent economic crisis and the fall of the Dollar. This results in grave and rising income disparities inside NAFTA. It has been calculated that an average 25 year old man with nine years of schooling can earn 2.30 $ per hour in Mexico but 8.50 $ in the U.S. – already adjusted fort he different cost of living in the two countries (Hanson 2006). In light of these income differences and the insufficient U.S. documentation situation, the fight against migration at the orders is bound to fail. Former U.S. homeland secretary Michael Chertoff himself explained: „When you try to fight economic reality, it is at best an extremely expensive and very, very difficult process and almost always doomed to failure.“ (Financial Times, 13. 3. 2006).

Figure 6: Growth rates of per-capita incomes 2000-2006.



Source. OECD, Society at a Glance, Paris: OECD Figure GE 1.2.

Convergence is not only happening in the new EU member countries of the 1970s and 1980s. Likewise, the high growth rates of the new member countries of this century show a dynamic process of catching up. Slovakia, the former backwater of Czechoslovakia, is particularly successful (figure 6). With the help of EU subsidies for infrastructure investments and low tax rates, this country has attracted a remarkable large part of the new investment in the automotive industry. European and Korean companies (VW, Peugeot, Kia) have set up assembly lines in Slovakia, followed by component suppliers and subcontractors.

Mexico attracted investments too, particularly in the „maquiladoras" directly at the border to the U.S. They are able to deliver directly to the American market. One million Mexicans work at the maquiladoras. Still they have not given the Mexican industry much spillover. Domestic industries are stagnating. An additional problem is the mounting criminality in the border area – a factor that discourages investors.

4. Stability transfer and destabilization

Whereas the Mexican economy has been hit by currency crises several times, interrupting growth and leading to capital flight, budget deficits and mounting debts, the new EU member states - enjoyed an uninterrupted bonanza of growth. It was only the world economic crisis of 2008/09 that ended the boom. Even in the crisis, however, the new member states were much more stable than comparable states outside the EU. The high end of stabilization is the accession to the Euro zone, with interests rates going down to the low level of Germany – a decisive improvement for the economically less stable countries. Even before the admission currencies become more stable, and they are less exposed to world market volatility. In NAFTA, there is no such coordination. The peso is volatile and is affected by periodic crises. The domestic industry suffers under high interest rates and credit crunch – two important reasons for its downturn.

Harmonization in monetary policies parallels the improvement of the infrastructure and economic competitiveness, carefully planned by the European Commission. One important (and usually much criticized) policy domain is agriculture. The effects of the EU agricultural system on farmers of the accession states were analyzed years before the accession (European Commission 2002). Structural aid packages prepared farmers fort he new situation, processing companies began to invest. With the admission, farmers began to enjoy EU agricultural subsidies. This had the effect of a basic stabilization fort the less developed regions of the new member countries and for small farmers, particularly since the same amount of hard cash meant more in the less developed regions. On this basis, even subsistence farmers in less developed regions could live on and adjust to the new conditions and chances over time. Transition is often intergenerational, when the next generation, better qualified and socialized in a new environment, moves into different occupations. The actual system of direct cash transfers, not bound to production levels, is particularly suited fort his type of stabilization. Even when the EU agricultural system can certainly be improved, it helps with this basic stabilization, and prevents the dying of villages as could be watched in the French Massif Central in the 1950s. This dying of villages is going on in Mexico, 34 per cent of Mexican municipalities are reporting a loss of people (Hazán 2009, footnote 23).

A stabilized agriculture is a good basis fort he development of other economic activities, short term and – as mentioned - intergenerational. Farmers have demand for industrial goods and for services, and this can bring more diversification and new start-ups. The effects fort he various regions differs. There are regions like in the South of Spain and in

Ireland that have gone from poorhouse to affluence in a few years. In other regions, e. g. in the North of Portugal, development has been less dynamic but we can watch important changes there too. Traveling through the Polish countryside these days, dynamic development catches the eye.

In contrast to that, there was no common or coordinated agricultural policy in NAFTA. Just the contrary: U. S. agriculture prospered with high subsidies that the Mexican government could not match. In addition, they concentrated their subsidies to the cities (Hazán 2009a, 5). In 2002, U. S. duplicated their agricultural subsidies (Stiglitz 2008: 80). Mexico, however, abolished the protective mechanisms for its farmers, following market doctrines and under financial pressure resulting from the peso crisis in 1994/95 (Villarreal/ Cid 2008; Hufbauer/ Schott 2005, 328-344). Therefore after the opening of the borders for free trade, subsidized American corn flooded Mexico. American corn exports to Mexico multiplied in the first ten NAFTA years. Mexico's volume share of American corn exports worldwide rose from 6.2 % to 74.2 % (Table 1). For Mexico's urban population that meant welcome low food prices, in particular for Tortilla, the main staple food. Many corn-producing farmers, however, were not able to compete. The consequence was more migration to the cities, in particular Mexico City, and to the U. S. where even low-paid jobs offered higher remuneration (Fitzgerald 2009).

As far as the Mexican agriculture was competitive in the U. S. market, her success was obstructed. Accusing the Mexicans of dumping, American competitors eliminated their advantages. Imports were barred ort he Mexican producers had to offer their products at more expensive prices, with the consequence that they did not make inroads into the American market (Stiglitz 2007: 64 f.).

Table 1: U. S. corn exports to Mexico and worldwide: the first ten NAFTA years

	1993 Metric tons	1993 Mill. $	2003 Metric tons	2003 Mill. $
U.S. exports to Mexico	76,000 t	45 Mill. $	1,309,000 t	182 Mill. $
U.S. exports world-wide	1.232.000 t	359 Mill. $	1.765.000 t	290 Mill. $
% U.S. exports to Mexico	6.2 %	12.5 %	74.2 %	62.8 %

White corn trade. Source: Hufbauer/ Schott 2005: 328 f.; own calculations.

The dominant lobbyists in the dominant country prevailed – gain with the consequence of further migration of the affected farmers and agricultural workers. Thy would then move to large farms in the U. S. who could use their manpower very well. From his own experience, Joseph Stiglitz explained the political context as follows:

"After NAFTA was signed, the United States continued to use nontariff barriers to bar

> Mexican products that had begun to make inroads in its markets, including avocadoes, brooms, and tomatoes. When, for instance, Mexican tomato exports to the United States began to increase in 1996, Florida tomato growers pressured Congress and the Clinton administration to take action…Mexico did not want to risk a trial, so agreed to raise its price. American consumers and Mexican tomato growers were hurt, but Florida tomato growers got what they wanted – less competition from Mexican tomatoes." (Stiglitz 2007: 64 f.).

Likewise, Mexican sugar producers could not succeed in the American market. „To date, US and Mexican trade officials have not been able to agree on the amount of Mexican access to the US sugar market, the portion of access that would be raw and refined, shipping patterns, how long the agreement would apply, and trade remedy rules governing sugar...What each party wants is to keep sugar prices high but to enlarge its own share of the market at the other party's expense."(Hufbauer/ Schott 2005: 245, 341). An additional dispute is about the access of highly subsidized high fructose corn syrup (HFCS) to the Mexican soft drink market (243).

In the context of the U.S. stimulus package 2009 Canadian, Mexican and other foreign companies are discriminated against, mostly on the level of states and local communities, even when politicians at the federal level are more careful. In the institutional setting of NAFTA there are no sufficient means to secure open markets (Faiola/ Montgomery 2009). Canadian municipalities are planning retaliatory actions (O'Connor 2009). In the EU, protectionist voices were heard as well, e.g. the French President Sarkozy's. But he and others came under severe critique, and had to backtrack immediately, as the European Commission warned against a violation of the EU treaties and threatened action. The German car scrap bonus in 2009 came more to the aid of foreign producers and did not help the German premium car industry (statistics in Der Spiegel 34, 17. 8. 2009).

Whereas Spanish agriculture has become quite efficient, Mexican agriculture had problem with marketing and infrastructure, particularly when they compete with the efficient large agro business in California. On the other hand, large intensive livestock breeding can avoid U. S. regulations if they invest in Mexico where regulations are lax and controls are sketchy. In the context of the genesis of the swine flew in a U. S. owned pig breeding farm in Mexico in 2009 this problem has been noticed in the American public.

A second important difference between NAFTA and the EU lies in the structure and control of economic development policies. Since the 1950s, the EU aids the weaker regions and invests in their infrastructure, to help them catch up and to make them (for an evaluation see House of Lords 2008). The EU also subsidizes the settlement of companies and production lines, to create jobs in the less developed regions. At the same time, the EU controls and limits the richer states and regions in their economic promotion activities. As a result, the less developed and disadvantages regions are clearly promoted and privileged at the expense of the more developed regions. Rich EU states pay more than they get back, poorer states and regions profit, particularly if they invest the transfer funds productively and promote and attract investments. In NAFTA such concepts or ideas got no ground (Hufbauer/ Schott 2005: 467).

Rich regions in the EU do not grow as much as in North America but all companies enjoy a a secure access to a broad and buoyant market. Evaluations demonstrate faster development in the weaker regions of the EU, particularly when the transfer funds have been invested in education, like in Ireland (House of Lords 2008: 9, 26 f.; European Commission 2007). Insofar the EU is not only more successful than NAFTA but also more successful than many member states where the internal disproportions have been growing. Examples are North England/Scotland vs. South England, the Mezzogiorno vs. Northern Italy, Wallonia vs. Flanders or East- vs. West Germany. Critics claim that the aid should focus even more to the really needy regions (House of Lords 2008: 32). As early as in the preamble of the treaty of the European Economic Community (EEC) in 1957 the aim was to „narrow the gap between the individual regions and to reduce the backlog of the less privileged territories “. With the Maastricht of 1991/92 the cohesion fund was established (Axt 2000: 67). The Lisbon treaty includes the principle of special promotion of weaker regions in article 174, in the following words:

> The Union shall aim at reducing disparities between the levels of development of the various regions and he backwardness of the least favored regions.“

The data demonstrate the success of these policies, not only in the new member countries of the 1980s but also the new member countries of this century (Table 2).

Table 2: Average annual growth rates of new and old member countries 1999-2008

Romania	4,17	Ireland	2,06
Latvia	3,39	Spain	1,89
Slovakia	3,38	Greece	1,84
Lithuania	3,15	Slovenia	1,81
Estonia	2,97	Eurozone	1,47
Bulgaria	2,80	Portugal	1,45
Czech Rep.	2,70	France	1,42
Hungary	2,33	Germany	1,24
Poland	2,29	EU (15)	1,41
		EU (27)	1,45

Source: Eurostat

EU funds are assigned in a co-financing system. The state or the region awarded with European funds has to engage financially. The co-payment is to guarantee real interest at the particular project. At the same time, the region's tax base should be activated. In addition, the European Commission oversees the funds' deployment and blocks the flows if they come over great amounts of corruption or incorrect specifications. In 2008 such stoppages were imposed on Romania and Bulgaria. These controls – as cumbersome and bureaucratic they may be – contribute to educate administrations and make them cleaner and more efficient. Considering the dimensions of the funds (including agricultural subsidies) a substantial potential of impact and modernization.

Comparing the literature on Mexican government, it is just these points that are criticized. Mexico was not able or not willing to activate its tax base adequately. Government and administration are considered corrupt to a high degree, and it the situation has not improved in the NAFTA period (Hufbauer/ Schott 2005: 468, 472). On the contrary: The Mexican state has lost its economic governance potential in the last years (Hazán 2009a). The underdeveloped infrastructure especially in the South of Mexico is another reason for lacking investments. American subsidies did not flow, with the exception of the Merida initiative that will donate weapons and training worth 1.4 billion dollars to secure the borders. Up to now, however, only a small percentage of the funds have been transferred to Mexico. Compared to the European funds the amount of U. S. assistance is vanishing.

5. Stable EU structures – unstable arrangements in North America

At investment decision not only the labor costs are a criteria but also the infrastructure, the quality of the work force, the efficiency and incorruptibility of public administration, public security and above all the guaranteed access to the relevant markets. In these points lie the decisive differences between Mexico and the new member countries of the EU. In Mexico, security is compromised. In the EU such situation ist the exception. One such exception are large parts of Southern Italy: Sicily, Campania and Calabria. The situation there demonstrates the negative effects of corruptibility and security flaws on development.

In the case of Mexico an even more decisive point are the problems with access to the U. S. market. We already mentioned some important agricultural examples. One other pressing issue is the failure of the U. S. to fulfill their NAFTA obligations about the freedom of Mexican trucks in North America. This hinders the access of Mexican goods to the U.S., as all goods have to be re-loaded at the border, and Mexican truck drivers and truck companies cannot compete in the U. S. At stake are massive interests of American truck companies and the Teamsters. Mexico could gain much from a free access to the American truck market but is rather helpless with the situation (Clarkson 2008: 63 ff.; Hufbauer/ Schott 2005: 477).

Almost every presidential election demonstrates that market access and even the existence of the NAFTA treaties as such are not secure. Not only Ross Perot's campaign in 1992 but even in the presidential elections of 2008, NAFTA was at stake, particularly in statements by Hillary Clinton and Barack Obama (see box). Strange to say, since Ross Perot's campaign in 1992 Mexico again and again has been attecked, even when the large U. S. trade deficits do not come from the trade with Mexico but with China and Japan. Besides „Japan Bashing" there is a regularly activated fear of „Mexican bogeyman" (Hufbauer/ Schott 2005: 15, 390).

As a candidate, **Barack Obama** courted votes in the Rust Belt by suggesting he might renegotiate the **North American Free Trade Agreement**, a pact he criticized as not 'good for America'.
As President, he was no longer emphasizing the idea of reopening **Nafta**... (and)...talking up the booming trade relationship between Canada and the United States — the largest trade partnership in the world, the White House says — and limiting the Nafta message to revamping side agreements on environmental and labor protections.
New York Times, 18 February 2009

NAFTA has not been anchored in the American political culture, as it has happened with the EU in most European countries. Theoretically, countries can leave the EU (Greenland has done so) but nobody wants to leave. Even when there are many critical debates, and progress is difficult to make on the way to an „ever closer union", even if there are ubiquitous complaints about the „bureaucracy in Brussels" (like in the U.S. about Washington), there is a far-reaching consensus about the existence of the EU, about membership and the legitimacy of European regulations which influence more and more spheres of life. The thick body of rules and regulations of the European Union is particularly important in the legal sphere, since the courts in EU countries orientate themselves at the community-friendly decisions of the European Court in Luxembourg.

NAFTA has no parallel to such easy implementation and enforcement of club rules. Arbitration is marginal, and U.S. positions and interests stand hegemonic. It is less the federal level and more states and local governments that are responsible for NAFTA treaty violations. American courts largely ignore NAFTA rules and occasionally block free traffic inside

NAFTA for Mexican and Canadian goods (Clarkson 2008: 157 ff.). Primarily they do not rely on NAFTA rules but on U. S. case law. Canadian author Clarkson (2008: 17) in this context discusses the alternative U. S. hegemony or imperial dominance in NAFTA. Mexican positions are seldom noticed or appreciated in U. S. discourse, Mexico is mostly perceived as a permanent problem, even in research literature.

The consequence such unstable situation are investment decisions for the United States and not for Mexico. The automotive industry is a prominent and striking example. In the last decades, the large Japanese and German car companies have heavily invested in Southern U. S. states and not so much in Mexico. Daimler und BMW have built factories only in Alabama and North Carolina. Under American pressure, Japanese car companies „voluntarily“ restricted their exports from 1981 to 1994 and then escaped from these restrictions by investing intensively in the U. S., again in Southern states. Clearly, it would have been more cost effective to invest in Mexico. But under the enormous public pressure, delivery into the U. S. market would not have been guaranteed (Cooney/ Yacobucci 2005: 56). The following table demonstrates the high amount of automotive investment in the U. S. and the low amount in Mexico.

Table 3: Foreign direct investment in the automotive sector 1999-2003 (billions of dollars)

Country of origin of investment	Investment in Mexico	Investment in the U. S.
USA	3,69	.
Canada	0,79	0,66
European Union	1,24	**14,10**
Japan	1,66	**12,16**
All others	-0,01	-0,34
Total	7,37	**26,59**

Table: Hufbauer/ Schott 2005: 384. Sources: Bureau of Economic Analysis, Foreign Direct Investment in the United States: Balance of Payments and Direct Investment Position Data, Washington D.C.: US Department of Commerce, 2005; Secretaria de Economía, Comportamiento de la Inversion Extranjera Directa en Mexico, 2005.

Whereas the Southern EU enlargement resulted in important investments in the automotive industry in Spain and Portugal and the recent Eastern enlargement brought equally important investments in Poland, Slovakia, the Czech Republic, Hungary and Romania - including the respective subcontractors – very few companies invested in Mexico. Most of these investments were concentrated at the border (e. g. the large subcontractor Delphi in Juarez) and were not connected to Mexican structures but to the U. S. infrastructure and to the U. S. economy. Thus they did not trigger off a catch-up development in Mexico. Discussion about investing more in low-cost Mexico did only come up at the time of the bankruptcy of General Motors in 2009. If a company wants high subsidies and large tax breaks, obviously it turns to American states and not to the Mexican government that cannot compete.

The American automotive industry did not invest much in Mexico. One of the reasons for its downturn can be seen in their failure to invest in neighboring low-cost countries, and to combine the low wages there with a highly developed research center at home. European companies like Volkswagen with its factories and subcontractors in Spain and in the Czech and Slovak republics used these possibilities – even if they paid higher wages in their German production units. The inter-industrial exchange in the automotive industry between Mexico and the U. S. has even declined between 1992 and 2004 (Hufbauer/Schott 2005: 387). Interestingly, Ford has invested more in Mexico than both its (by now bankrupt) competitors. In the first ten NAFTA years, 1994-2004, the number of employees in the Mexican automotive industry dropped, from 122,063 to 112,885 (Hufbauer/ Schott 2005: 376). In the same time, the number of jobs the manufacturing industry in Mexico as a whole decreased from 1,409,238 auf 1,260,103. Labor costs in Mexico were much lower than in the U. S. In 2002, they stood at 16 per cent of U. S. American costs (Hufbauer/ Schott 2005: 377).

Inequality did not only increase between the U. S. and Mexico but also inside both countries. Among all OECD countries, Mexico has the highest level of inequality, and the U. S. ranks at position 4 (OECD 2008). The relation between the property of the proportion of the billionaires and the GNP is comparatively high in both countries (World Bank Mexico 2007: 50). In the U.S. the highest per thousand of income earners increased their percentage of all incomes from von 3,5 % in 1981 to a historic maximum of 11,6 % in 2006 (Hartmann 2009: 291). In Mexico the richest ten billionaires increased their property from one per cent of GDP to ten per cent between 1990 and 2008 (Guerrero/ Lopez-Calva/ Waltoen 2009, 115). In both countries unionization has gone down tremendously. It is especially low in the growth regions: the Southern United States and the Maquiladoras in Mexico. This is also related to health. Compared to other OECD countries, the U. S. (34.3 %) and Mexico (30.0 %) have the highest percentages of „obesity“ in their populations – a situation closely connected to the class structure of both societies (OECD 2009: HE 4-1).

In contrast to that equality has increased in three of four former underdeveloped new member states (Ireland, Spain, Greece) and also in Turkey. This is particularly remarkable as it goes against a worldwide trend of more inequality in the last decades (figure 7). Thus the converging tendency between EU countries finds a parallel inside societies whereas asymmetry is on the rise in North America inside societies as well as between countries. The wall at the Rio Grande represents that physically as well as symbolically. A further difference is between Europe and North America can be found in the insurance coverage. In Southern Europe and in East Central Europe new inclusive systems of health insurance have been developed. In Mexico, about sixty per cent of the population do not have any health insurance (World Bank Mexico 2007: 23), and the U.S. discusses how to include a large part of the population, especially younger and poorer people and immigrants (In this respect, Canada is a European country). A further parallel are the walls inside. In the U. S. as well as in Mexico we find more and more *gated communities* where rich people feel protected against their poorer compatriots.

6. Monopolistic structures and competition

Public and private monopolies are a conspicuous characteristic of the Mexican economy. Public monopolies were part of the traditional corporatist economy in Mexico, linked to the dominance of the persistent rule of the Partido Revolucionario Institucional (PRI) and at the same time guarantee against the influence of the overpowering U. S. and its companies. Until today, the Mexican oil industry is organized in the PEMEX. This state monopoly constitutes an important power in the Mexican economy and is an important source of state finance as well as an object of political patronage. Another important example is the electricity sector – a particularly costly and inefficient industry in comparison to other Latin American countries (World Bank Mexico 2007: 38 f.).

Figure 7: Growing and shrinking income inequality in OECD countries

Percentage point changes in the Gini coefficient

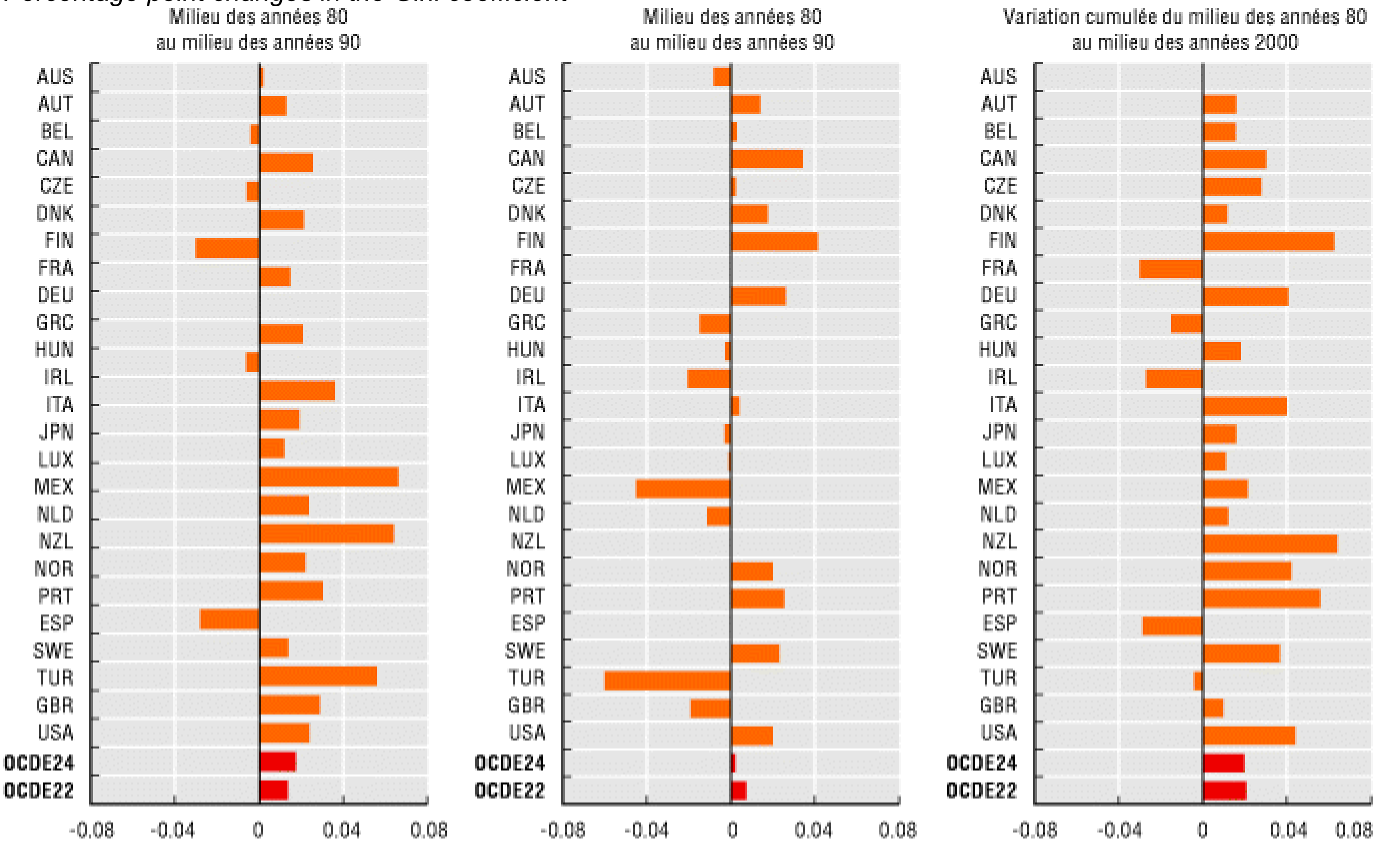


Figure: OECD 2009, EQ1-2; OECD 2008.

Other former state monopolies have been privatized but are still monopolies. The most prominent example is telecommunication – an industry with particularly high fees (World Bank Mexico 2007: 40). Investments in this industry are comparatively low, and the digital divide is felt deeply, particularly between the North and the South in Mexico (39). Regulation agencies are weak and powerless against the monopolies that are closely linked to the political structures. Billionaire Carlos Slim owns TELMEX. According to some calculations he is the richest man in the world, according to others the third richest. The banking industry in Mexico has one of the most highly concentrated structures in the world (World Bank Mexico 2007: 42). Consequently credits are difficult to obtain and expensive for small companies. One more example for concentration is the aviation industry, walled off like the truck industry between the U. S. and Mexico.

A small economic elite profits from such monopolies and oligopolies, closely cooperating with the political elites, and gaining from privatizations (See a list of the most important privatizations in World Bank Mexico 2007: 49, after Hoshino 1996). Such structures do not bring forward economic dynamics and growth, since these dynasties owe their riches to more to clientelistic bonds than to innovative spirit or daring entrepreneurial courage.

„Entrusting the governance of huge slices of a country's corporate sector to a tiny collection of elites can bias capital allocation to advantage those elites, and can also reduce the pace of innovation… In addition, to preserve their privileged positions under the *status quo*, the controlling elites arguably use political connections to stymie the institutional development of capital markets and to erect a variety of entry barriers." (Morck/ Wolfenzon/ Yeung 2004: 3).

NAFTA has not really eliminated these distortions, as important parts of the Mexican economy are not really open for entrepreneurial competition, and on the other side Mexican companies cannot operate freely on the American market and play off their cost advantage. Specialists debate the merits of NAFTA in opening the markets (World Bank Mexico 2007: 52). Compared to the EU, North American free trade is clearly incomplete.

Even in the U. S., the classical land of anti trust legislation, whose government has energetically implemented the de-cartelization and break-up of monopolies in Germany and Japan after World War II – think only of IG Farben -, monopolies have won ground. The Bush administration as well as the conservative Supreme Court have taken up monopoly-friendly ideas of the Chicago School about self-regulation of the economy and state abstinence, leaving room for large companies to outcompete their rivals (for the concept Bork 1978). The EU Commission has been much more active in controlling monopolies and cartels and going against the misuse of economic power.

It was not only an active policy of cartel control but even more the systematic implementation of the single European market that has brought more competition and an intense inter-penetration of the EU countries' markets. Traditional private monopolies as well as state monopolies were affected, for instance in the post and telecommunications and banking industry. The differences in industrial efficiency and in prices and fees between European countries have gone down in the last years. The introduction of the Euro as the common currency has greatly enhanced the transparency of the markets. All in all the playfield has been leveled in Europe whereas monopolistic tendencies have been growing in Mexico and to a certain extent also in the U. S.

7. Democratization and stability

Opposition and not common belonging is also typical fort the national discourses in Mexico and the United States. North America is not seen as a common entity. In the U.S. Mexico's otherness is emphasized, e. g. in Huntington's best selling „Clash of Civilizations" (2004). He defines the U. S. as an Anglo-Saxon civilization and thus goes back to the racist ideas of the early 1900s. This time America is not defined against Asians, African, European Catholics and Jews but against a Mexican „invasion". In election campaigns, Mexican immigration and NAFTA come up regularly. The idea of North America as common sphere and its common interests is very weak (Clarkson 2008: 39). Border security not at the outer borders of NAFTA but in the borders inside NAFTA is now proclaimed as an end in itself, even at the U.S. border with Canada where no problems at all have arisen over the years. The new minister for Homeland Security, Janet Napolitano, explained at her visit to Canada in May 2009 that she wanted to „change the culture" and make clear that „this is a real border". The plans include even surveillance drones in the air (Stop, border ahead 2009).

In contrast to that, the EU is more and more perceived and experienced as a unit, against the outside world and as an open common sphere. Common regulatory rules cover more and more fields of life, and are taken for granted and respected by parliaments, courts and government agencies. There are common symbols like the European flag, which is seen more and more at the side of the national flags, even at the 27 EU embassies in Washington. There are influential common institutions like the European Parliament, the European commission and the European Court. In public discourse, ones own country is habitually compared to other EU countries and their experiences in solving problems and in patterns of life. For the individual citizen the EU and EU rules have more and more become routine experiences, be it using the common currency Euro, the red EU passport or the unified regime at the external Schengen borders where border agencies distinguish between „Com(m)unitari" and „Extra-Com(m)unitari", as it is termed in languages. In the political discourse, mainstream parties in the members states are to a very high percentage pro-European, with the exception of the British conservative party, at least when in opposition (Statham/ Koopmans 2009).

The main achievement of the EU, however, is the stabilization of democratic regimes in the member states. To be admitted to the EU, candidate countries had to meet democratic standards, and these standards have been elaborated over time. In the 1970s, Greece, Spain and Portugal became democratic. The perspective of EU membership and the conditionality were important to create and stabilize these democracies. European activities were instrumental in supporting and assisting democrats in their struggle against dictatorships, which had lasted for decades in Spain and Portugal and had been established in Greece in 1967.

For the acceptance of the ex-Communist countries, the EU developed the „Copenhagen criteria", to specify the necessary democratic standards. These clear criteria had a deep influence in the political development of the candidate countries, including Turkey. EU institutions and particularly the Commission pointed to deficits and aberrations, making the accession steps conditional on democratic qualities and open markets. Today, the EU constitutes a stable and developed democratic area, even if there are deficits and problems not only in Bulgaria und Romania but also in Italy.

Mexico has also changed deeply in the 1990s. It is no longer a one party state with a permanent rule of the Partido Revolucionario Institucional but a competitive multi-party democracy. The quality of the democratic process, however, is disputable. Corruption is rampant, human rights are not well protected and election results are disputed. Parts of the U. S. economic system have been transferred to Mexico but there has not been much export of democratic value and rules. As NAFTA does not include any common democratic institutions, there was no chance for democratic interactions in that context.

8. Europe's problem: the external borders

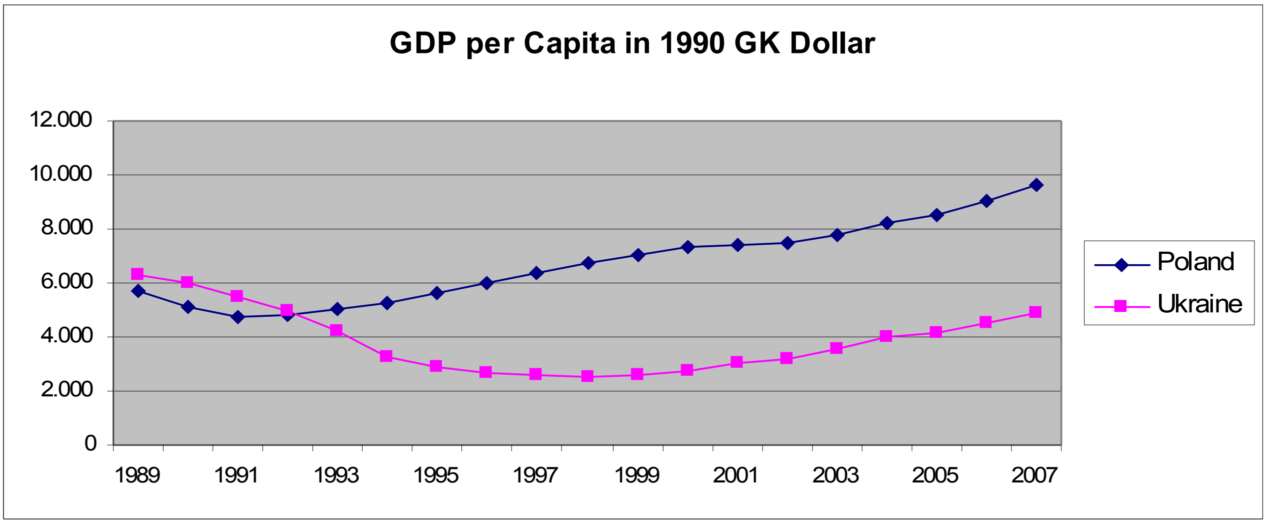
Looking back over fifty years of EU history, we can speak of a successful development – particularly if we compare with NAFTA or other regional organizations. EU enlargement as well as EU deepening have been conducted successfully, in a long, controversial and often slow process. Even Switzerland and Norway have been partially integrated, especially into the Schengen process of common border controls. For other countries outside the EU the evaluation is less positive. If we include relations to the outside world, the evaluation becomes more balanced and substantiated.

The balance is not as bad as it is in the case of Mexico and the Rio Grande. 10:00her is no arms smuggling from the EU to the bordering countries, and the drug problem is by far not as serious as in the U.S. EU roads are open for Turkish, Ukrainian or Russian trucks. Since 1996, a custom's union exists between the EU and Turkey, allowing free trade, with the exception of agricultural goods. Even today, Turkey in its relations to the EU is tied much closer than Mexico in its relation the U.S. and Canada. To balance the economic discrepancies, the EU committed itself to financial support, even if the transfers as well as the relation as a whole have been complicated by the Cyprus problem. Morevoer, the EU has concluded agreements with neighboring countries and created framing structures for the Euro-Mediterranean partnership and relations with the Eastern neighbors including Russia.

Nonetheless the EU was not successful in transferring their won stability to the neighboring regions, with the exception of Turkey. Only in Turkey there was a clear link between the will to join and democratic reform (TÜSIAD 2009: 29 ff.). With other countries European agricultural and regional policies produced negative side effects. Fruit producers in member countries are heavily subsidized. Their neighbors south of the Mediterranean do not enjoy such benefits and confront entry barriers at the borders – the EU market regulations. Similar to the situation in California, the subsidized producers in the South of Spain employ farm workers from Morocco who cannot find work at home due to the limited access to the European market. Another burning problem is the fishery policy of the EU, subsidizing an oversized fleet. Spain has the lion's share. Then the EU buys fishing rights from African countries, with the effect that African fishers find less fish in their own waters, and turn to much more profitable human smuggling. All in all, this constitutes parallel to death and misery at the Southern border of the United States.

At the Eastern EU border there war less problems with illegal border crossing. Many migrants from Ukraine, Moldova and the Balkan states are working in Spain, Portugal, Italy and Greece – countries hat tolerate informal employment. Regularizations have legalized many of these workers, particularly in Spain and Italy (Finotelli 2007). As in Mexico remittances are providing much needed foreign currency for countries like Moldova, Albania, Bosnia, Kosovo und Serbia (Thränhardt 2009). Russia is no longer an emigration country, due to its oil and gas exports, and has attracted about ten million workers from former USSR countries, most of them without proper legal status (Molodikova 2007). However, tensions between the West and Russia do contribute to the instability in Ukraine and countries in the region, and discourage investments. The growing discrepancy of per-capita incomes between Poland and Ukraine is a clear indicator. Whereas Ukraine had a small advantage over Poland at the breakdown of Communism in 1989, Poland rose to a per-capita level twice that of Ukraine in 2007. Foreign investment in Poland was five times higher than in Ukraine. All in all, the situation in the countries to the East of the EU is still crisis-laden – economically as well as politically.

Figure 8: Growing disparity between Poland and Ukraine 1989-2007



Source: see figure 2/3.

9. Conclusions

I we look to the external borders of the EU, we see problems comparable to those of the U.S. States' stabilizing and subsidizing activities guarantee a high level of prosperity inside the U.S. and the EU, attracting migrants. At the other side of the prosperity border this creates adverse effects, especially if this endangers the life basis of Mexican farmers or African fishermen. At one side, a sphere of security and wealth is created, attracting investment and increasing purchasing power - a virtuous circle. At the other side insecurity grows, investment is rare, state structures are disrupted if wages are not paid o rare too low, and capital leaves as well as people. Border walls, constructed in such situations, have additional counterproductive effects. If a person has made it to the land of milk and honey, s/he will try to stay, and not return to the land of insecurity, fearing that there will be not further chance to migrate to the rich land again (Council on Foreign Relations 2009: 42).

The European Union has succeeded in creating a large and converging area of security and prosperity. Over fifty years, the Union has been enlarged and deepened to a degree that has not been foreseen. The rapid growth in Turkey, its stabilization and good neighborhood policies of the last years demonstrate that this concept can be successful outside EU borders in the context of stable relations with the EU. That concept could be followed in the closer neighborhood, with the Mediterranean and Eastern Europe on the old continent, and Mexico and Central America on the new. Such policies require financial sacrifice, as the German taxpayer has brought to this day. In the long run, however, these sacrifices pay off, and serve a well-understood self-interest. They create security, a peaceful regional environment, stable relations and open borders. Otherwise a vicious circle of ever-higher walls, death at the borders, growing insecurity is threatening not only the poor and excluded countries but also their rich and excluding neighbors.

In the post-war era, the U.S. encouraged European cooperation in its own enlightened interest. Their financial aid under the Marshall plan was conditional and required the Europeans to work together (Machado 2007: 44 f.). The Europeans have learned their lesson, and they should now pass on their positive experience. To a certain degree, the recipes for success, cooperation and communality were conceived deliberately, e.g. the four freedoms: persons, trade, services and capital. Rational planning was at the core of regional policies. On the other hand, the common agricultural policy did not originate in a master plan but in the French effort to create an equivalent fort he then dominant German industry. It has benefitted the new member countries, in the 1980s and 1990s particularly Spain, today Poland and eventually also Romania. Institutionally the EU has been conceived in such as way that the smaller member countries enjoy more influence and seats in the Commission, the Court, the European Central Bank and the European Parliament than their percentage of population or economic potential would match. This model is not imperial but power controlling and power dispersing – to a certain extent reminding of the framers of the American Constitution.

Even when the EU is successful, they should not rest and be satisfied with the achieved but continue their successful concept, enlarging and deepening. That can happen by the admission of new countries, or by intensely regulated relations, as they already exist in the customs union and the association between the EU and Turkey. Even today it is possible to improve and deepen this relationship and to fill the phrase „privileged partnership“, instead of using it only as a mantra for not admitting Turkey. In this way the space of free movement and free initiative of people could be enlarged step by step. Instead of general proclamations about the opening of all borders (Pritchett 2006) it makes more sense to create concepts of a gradual opening and to go against fears that have grown after September 11, 2001 are sometimes exploited habitually. In spite of all talk about „fortress Europe“ they are less developed here than in the United States. The comparison should help to understand and evaluate the progress made, to develop the European concept of opening, and to transfer it to other continents.

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