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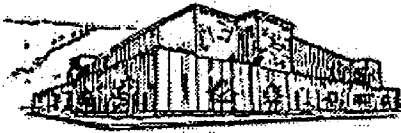
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THESIS: THE CULTURAL IMPACT OF NAFTA ON MEXICO

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**B.S. I.T.E.S.M University Monterrey, Mexico 1999
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To my parents for their unconditional support
and to my loving husband for firmly believing that I can do anything.

The Cultural Impact of NAFTA on Mexico

Director: Dr. Nader Shooshtari *N.S.*

The North American Free Trade Agreement (NAFTA), after seven years of existence has left its mark and brought tremendous change to both Mexico's economy and its culture. This paper addresses both positive and negative aspects of NAFTA in terms of its performance and impact, with particular attention to the influence it has had on Mexican Culture. The increasing permeability of national borders between the U.S., Canada and Mexico has prompted Canadian and Mexican governments to become concerned about their ability to protect their national culture. This paper explores the possibility of cultural and economic interaction without losing each country's national identity. Two measures are proposed by which Mexico can protect itself from further cultural invasion while promoting its national identity from within. Ultimately, It is argued that there does not necessarily have to be a trade off between free trade and a country's national identity. There is room in NAFTA for a growing interrelationship in a way that benefits all parties without undermining their independence, culture and national identity.

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INTRODUCTION

The 2,000-mile border shared by Mexico and the United States is unique in its separation of the First World from the Developing world. Across that border, though, there is a daily flow of millions of economic, political, social, and cultural interconnections that make the two countries increasingly interdependent. This phenomenon, whether welcome or not binds Mexico and the United States into an inevitable partnership. The challenge is to learn to work in a collaborative style to manage the complexities of that relationship in a mutually beneficial way. *(Smith 2000)*

It is now commonplace to note the sweeping changes that globalization and free trade have brought to the countries involved. Financial transactions and investment between countries have increased in volume and speed. Transportation and communication links have made the movement of goods and persons easier and less costly, and the movement of information instantaneous. As a result of consistent efforts to lower barriers to trade and form trade alliances, imports and exports now account for steadily larger portions of the Gross Domestic Product of trading nations. For the most part, treaties such as GATT, the European Union and NAFTA are viewed in a positive light. They are looked upon as 'advances' and equated to 'progress'. Free trade brings more choices and lower prices to the consumer, as well as growth to the countries involved.

In the case of NAFTA, Mexico, United States, and Canada now share a continent and are bound together by a complex web of economic and social transactions that occur a million times a day in the interlocking worlds of trade, finance, manufacturing, tourism, communications, education and culture. With this, the question is not whether or not interdependence is going to continue to grow. It will. The question is, whether the three countries, as a North American community, can guide this growing interrelationship in a

way that most benefits all parties without undermining their independence, culture and identity.

NAFTA has served the people of the continent well in expanding economic opportunities. Today Mexico is the second largest market for American exports. And the United States is Mexico's number one trading partner. During the first seven years of NAFTA, American merchandise exports to Mexico have almost doubled. The NAFTA partnership has helped protect the continent from the worst effects of the financial market turmoil in Asia, Russia and Brazil, and has helped Mexico grow out of its financial crisis.

On the negative side, NAFTA has also brought unemployment, bankruptcy of national businesses, environmental threats and a loss of national identity. As national borders become increasingly permeable, the ability of national governments to influence identity formation diminishes. When such threats arise, states that otherwise openly embrace economic liberalization may take defensive measures to resist it. In two recent trade agreements, NAFTA and GATT, Canada and the European Union chose to defend their respective identities by resisting the influx of foreign, mostly American, culture that would accompany lowered barriers to trade in the cultural sectors. In order to protect their national culture from further invasion, the governments of these countries chose to limit American access to their culture industries (film, television, radio, music and printed material) since they are perceived to be the principle contributors to identity formation.

Canada and France have gone a long way in the effort to protect their national identity and culture from the European Union and NAFTA respectively. While they are both economically open to free trade and maintain strong international trade relations

with many countries, they have managed to sustain their cultural identity. Not condemning their national identity to "pop culture" and a world culture; these countries have wisely realized the value of their historical traits and cultural identity and have been effective in protecting it.

Mexico on the other hand, has not been so lucky. In the NAFTA negotiations the protection of the Mexican cultural industry never came up. The situation might have arisen because of its status as a developing country, or because of its dependence on the American economy, whatever it may be; the potential of NAFTA to undermine distinct national cultures has already been realized. Pop culture invasion has changed the way Mexican people see the world, the music they listen to, the television programs they see, the movies they go to, the food they eat and even the holidays they celebrate. The major concern is that this is only the first generation that will live this change and influence. It is this generation that can see and value what has been lost. But what will happen 50 years from today? What will happen when all trade barriers have been dissolved and Mexico becomes part of a "North American Union"?

In 1982 UNESCO (United Nations Educational, Scientific and Cultural Organization) brought forward the concerns that were being voiced about "cultural imperialism," and brought credence and legitimacy to the principle of national cultural sovereignty and hence to policies supportive of domestic and cultural industries. It has been stated, that individual national governments can affirm their own identities by resisting the invasion that foreign cultural products create in their people's cultures. The mutual economic growth that comes with a free trade agreement should be accomplished by strengthening, not diminishing, the myriad of cultural identities throughout the

countries of North America. The U.S., Canada and Mexico, all enjoy a rich, identifiable culture, with different languages, literature, music, art, values and aspirations within their borders. The success of future free trade agreements lies in their ability to accommodate, celebrate and respect their differences while forming a mutually beneficial economic relationship.

From a Mexican perspective, this paper attempts to link the realization of free trade with the United States and Canada without breaking away from the traditional Mexican culture. In this first chapter, the economic benefits as well as the negative aspects of the NAFTA agreement will be analyzed. In chapter two, the impact that the NAFTA agreement can have on Mexican culture and its implications are further examined. In chapter three, avenues that the Mexican government could implement in order to sustain the much-needed free trade with the U.S., while protecting the Mexican culture are set forth. The first measure is related to the cultural industries. Mexico should argue for parity with Canada under NAFTA. Implementing a series of rules that provide tax on foreign cultural products that goes to funding Mexican national industries and a quota on imports of non-Mexican television programs and films are not to exceed a certain percentage of total programming and films in the country.

The second protectionist measure proposed is the development of more cultural tourism within Mexico. The government should include in its tourism expansion plan for 2000-2006 the development and protection of the Mexican culture in the tourism industry. This Mexican cultural awareness program would include a variety of different projects some of them proposed by the International Trade and Tourism division of the Executive Secretariat for Economics and Social Affairs of the United Nations in order to

sustain culture in the tourism industry. The need to address cultural issues should be as important as the need to address environmental and economic issues related to free trade and economic expansion in the tourism area. Mexico needs to give real value to its cultural tourism and use it as a means of educating the Mexican people of the worthiness of their culture, rituals and festivities while bringing in money to the Mexican economy. Promoting tourism in Mexico as a cultural and exotic experience where people can pay to experience the “real Mexico” will bring more economic development into the country.

The last chapter provides several conclusions based on the material presented in earlier chapters. The changes that NAFTA has brought to Mexico and its culture, seven years after the implementation of one of the most important commercial treaties of our time form the basis for these conclusions.

I. THE NORTH AMERICAN FREE TRADE AGREEMENT

The North American Free Trade Agreement (NAFTA), after seven years of existence, has left its mark and brought a great deal of change to both Mexico’s economy and its people. There are strong cases both for and against NAFTA in terms of its performance and impact on Mexico’s economy and society, Won-Ho Kim in her thesis, “The Effects of NAFTA on Mexico’s Economy and Politics” gives arguments for both positive and negative economic effects. Arguments on the positive side are that, first NAFTA has contributed to the transformation of Mexico into one of the major traders in the world. Second, NAFTA paved the way for the prompt assistance from the U.S. when Mexico fell into financial crisis at the end of 1994. Third, NAFTA provided Mexico with

an attractive investment environment and foreign direct investment has increased 300% since 1993.

Nevertheless, on the negative side, Mexico's socioeconomic situation is still short from real improvement. First, the continuous readjustment in the manufacturing sector, has affected employment. Thousands of national companies that were unable to compete in this new open economy went bankrupt. The rapid *maquiladora* (American companies positioning their manufacturing plants in Northern Mexico in order to benefit from cheap labor) growth has also worsened job conditions because they only employ unskilled labor, workers are paid very low wages and benefits are kept to a minimum. Second, the Mexican economy has increasingly become further exposed to external financial and economic shocks because of its linkage to the American economy. Third, the gap between the rich and the poor in Mexico has widened, and this has resulted in critical momentum for increased sociopolitical instability in the country. Fourth, the American pop culture invasion in Mexico has created a loss of the country's national identity by taking over the Mexican cultural industry (television, radio, cinema and printed material).

It is important to mention that both the positive and the negative sides of NAFTA tend to be exaggerated due to the politicization of this trade agreement and the practical difficulty in distinguishing NAFTA's effects from those caused by other socio-economic factors.

Since the late 1980's, Mexico has been undertaking aggressive economic reforms. The leadership of President Carlos Salinas de Gortari (1988-1994) included major initiatives such as public-enterprise privatization, deregulation and trade liberalization. President Salinas proposed a free trade pact with the United States when he first met with

President George Bush in Washington in 1990. Canada joined the talks later since it was already a U.S trading partner. Within Salinas' framework for national development, Mexico's concluding free trade pacts with its neighbors to the north would be the final touch in his market-oriented economic reforms. Through NAFTA, president Salinas envisioned improvements in Mexico's status as a major recipient of foreign direct investments, which in turn would absorb more of the increasing Mexican labor force and enable the country to catch up with its more technologically advanced northern neighbors.

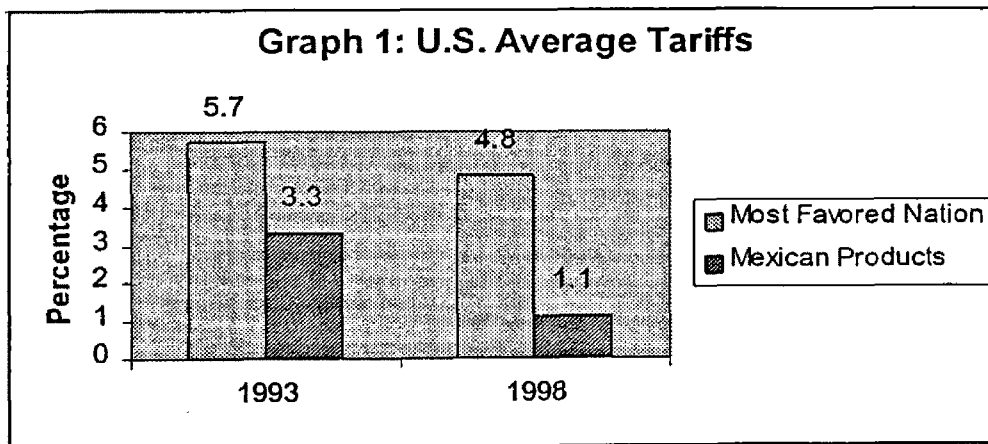
Salinas also wanted a policy framework that would perpetuate the reformed economic structure and not be changed after his six-year term was over. By integrating with the United States and Canadian economies, two of the largest economies of the world, Mexico immediately became the one country that would test the effectiveness of free world trade as a development strategy. Today, NAFTA has been in place for 7 years, and the effectiveness of the agreement is quite mixed, with there being positive as well as negative impacts on Mexico's economy and society.

Positive Effects of NAFTA on Mexico

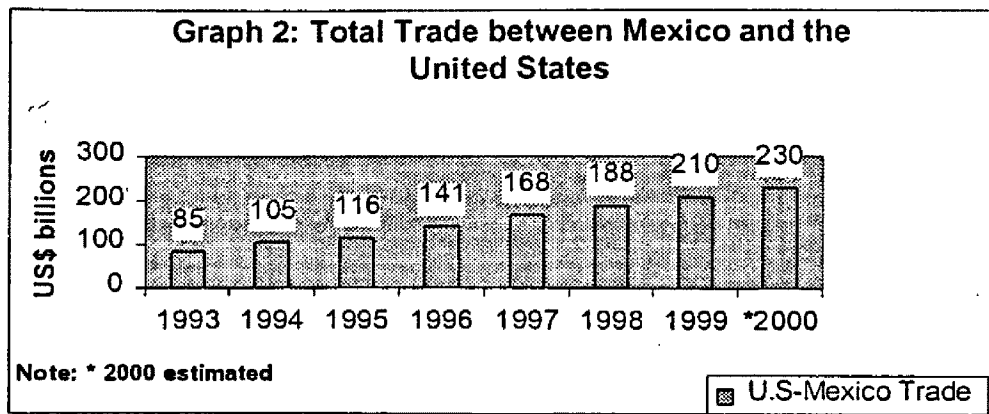
(The data in this section, unless indicated otherwise is from the following source: SECOFI Secretaria de Comercio y Fomento Industrial)

~~Increase in Exports~~

With the implementation of NAFTA, the average U.S. tariffs on Mexican products fell from 3.3% to 1.1%. Canadian markets opened to Mexican products, with average tariffs declining from 2.4% to 0.9%. Tariffs on imported manufactured goods entering the U.S. were especially reduced, from an overall 5.8% to just 1%. This reduction further enhanced the competitiveness of Mexican products in the U.S. market against traders outside the agreement. At the same time, Mexico's import tariffs have dropped from an average of 11% before NAFTA to less than 5% seven years later.

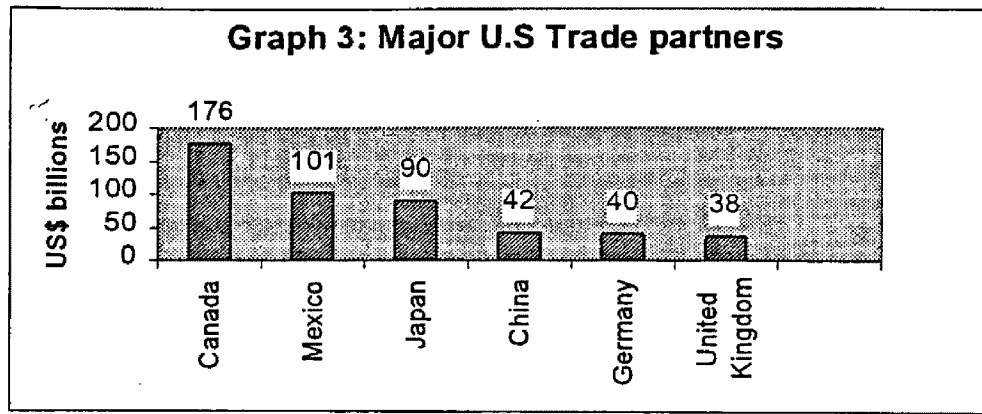


As a result of the tariff reduction, Mexican exports to the U.S quickly grew an average annual rate of 18.9%, while exports to Canada achieved an annual growth rate of 12% over the same time period. As Mexico's exports to the U.S. and Canada account for 84.9% of its total, it is clear that NAFTA has paved the way for Mexico's established position as an exporter.



Today, Mexico is the eighth largest exporter in the world, and the first in Latin America. In 1998, Mexico surged past Japan and became the United States' second largest trading partner, in terms of export destination. Due to NAFTA's internal discrimination against non-pact countries, labor costs, and geographic distance, trade relations between the U.S and Asia in the textile and automobile industries have changed. In 1996, Mexico overtook China as the largest supplier of textiles and garments to the U.S. NAFTA allows Mexican made products to enter the U.S. duty-free and quota-free as long as it is manufactured with resources made in the U.S.

Mexico now benefits from a major competitive advantage over Asian, Central American and the Caribbean countries because goods entering the U.S. from those regions are subject to quotas and duties. This has resulted in Mexico's enhanced share of the U.S. import market.



Foreign Direct Investments

Under Salinas's administration, one of the major policy reforms that Mexico underwent was promoting foreign direct investment (FDI). Between May 1989 and December 1993, the Mexican government expanded the eligible sectors for FDI and largely liberalized related regulations. Since Chapter 11 of the agreement provides a settlement mechanism for disputes between investors and the host state, NAFTA itself further enhanced the legal status of investors. Mexico gained better access to the U.S. and Canadian markets, guaranteed through both political and legal systems. This provided a better placement of Mexico in the global arena as a highly attractive production site, not only to American and Canadian investors, but also to European and Asian multinational corporations.

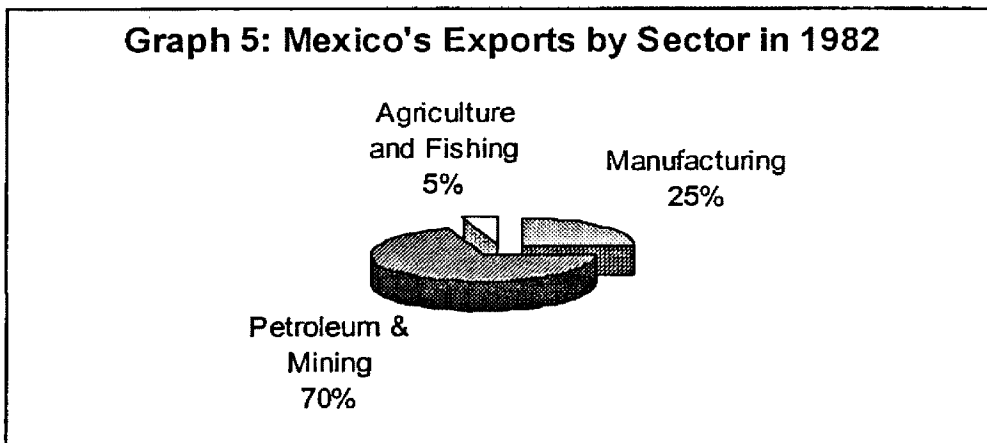
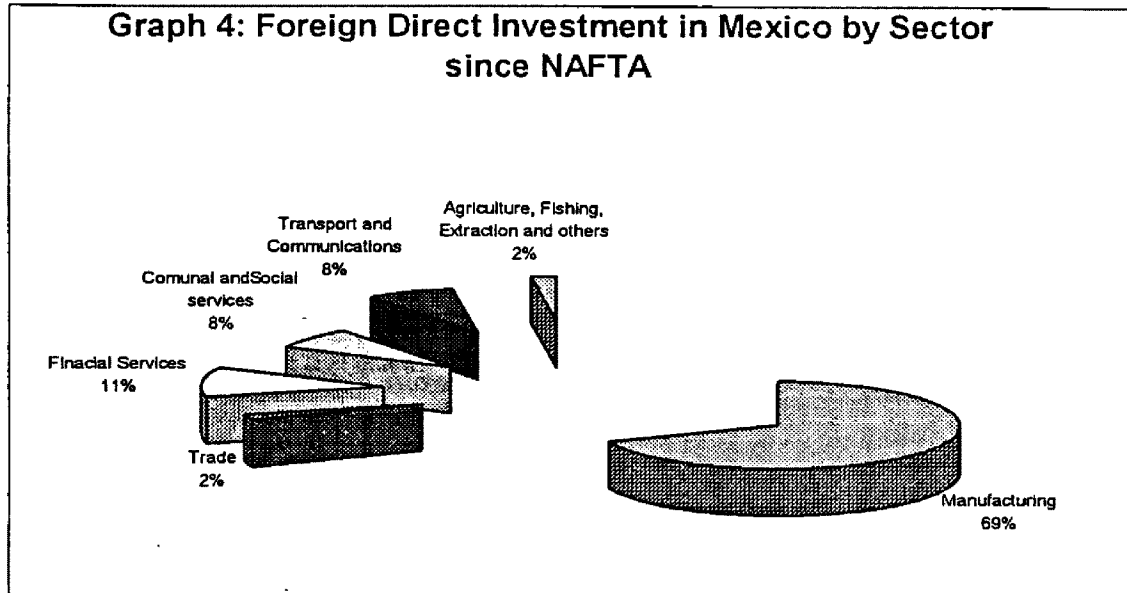
Since the beginning of NAFTA negotiations back in 1991, Mexico has seen a rapid increase in foreign direct investment, doubling each year until 1994. The Peso crisis in 1994 discouraged foreign investors, to the effect that FDI flows lost some momentum and the FDI level attained in 1994 of US\$12.4 billion was not recovered until 1997.

Today there are alternative FDI destinations, particularly in the Latin American region. Mexico's importance in Latin America as an FDI recipient has diminished as South American countries have emerged as attractive investment alternatives (*El Mercurio, 2000*). Mexico accounted for more than one third out of the total FDI in Latin America until 1994, but that number dropped to one third in 1995, one-fourth in 1996, and less than one fifth in 1997 and 1998. In 1999 and 2000, Mexico received only US\$10 billion out of the regional record of US\$75.4 billion. Privatization programs in Brazil and Argentina have attracted huge amounts of foreign investment capital in South America.

This does not mean that Mexico is no longer attractive for FDI, but that Mexico is not uniquely attractive. Liberalization, privatization, and regional integration among southern countries have split investors' attention. It might be argued that perhaps without NAFTA, the loss of Mexico's position as the most attractive site for FDI would have been worse. Nevertheless, it is important to point out that the flow of FDI into Mexico is also the result of sustained economic reform, Mexico's democratization, the positive outcome of the peso crisis, the stable economic growth from 1990-1994, and the rapid economic recovery since the late 1995. Without NAFTA all this contributed not only to an increase in domestic consumption, but also served to attract foreign direct investment into Mexico.

By all means, NAFTA has transformed Mexico into a stable base for parts and manufacturing components for U.S. and Canadian corporations. Nevertheless, post-NAFTA FDI has mainly been concentrated in states such as Yucatan, Oaxaca, Tlaxcala, Puebla, and the border states which have the advantage of cheap labor, and are characterized by having high population concentrations (*Rubio 1999*). On the other hand,

the concentration of FDI in the manufacturing sector has led to a concentration of exports in that sector to more than 90%, compared with 25% in 1982. (See Graphs 4 and 5)



Job Creation

The number of companies in the maquiladora, or in-bond industry, rose from 2000 in 1993 to more than 5,000 in 2000. As a result, the number of employees hired in this industry increased from one million to three million over this same time frame.

Mexico's unemployment rate dropped to 2.3% in July 1999, the lowest still since the end

of 1992. The maquiladora industry, however, demands non-skilled labor, which is, paid only half of the manufacturing sector's average wage. It is also argued that some states particularly those in the north now enjoy practically full employment owing to NAFTA. But those are only Mexico's northern states, this case shows how the benefits of greater integration with the U.S. have actually deepened the existent regional disparities between the prosperous rich North, increasingly tied to the U.S. economy and the backward poor South in agricultural stagnation.

Productivity Effect

In the past, Mexico's economic isolation and its strict governmental regulations on foreign investment and the domestic market generated low labor productivity due to the vast public expenditures and government subsidies. This in turn, gave the Mexican workforce a tendency to produce low quality products. Open market theorists have argued that the introduction of the new economic system with deregulation, liberalization and NAFTA have led to an increase in domestic industrial productivity under a more competitive environment. Improvements in labor productivity in Mexican manufacturing since the 1980's have been impressive. By 1993, both economies (U.S. and Mexico) had increased productivity in approximately the same percentage over their respective 1980's levels (*Heath 1998*). Further trade liberalization and the rapid increase in FDI in Mexico have provided the Mexican consumers with a wide variety of high-quality, low-price, domestic as well as foreign products, widening the scope of product choices in the Mexican market.

Negative effects of NAFTA on Mexico

Job Loss

During the first year of NAFTA, 1994, some 40 percent of Mexico's clothing manufacturers shut down because of cheap Chinese and Southeastern Asian imports sought by the new U.S. retail stores setting up businesses in Mexico. The Mexican toy industry was also critically damaged, while the leather and footwear sectors suffered a terrible reduction in production and employment. These industries mentioned are indicative of the hundreds of manufacturers that went bankrupt and the thousands of people that lost their jobs. The Peso crisis later made the situation even worse, putting the Mexican domestic manufacturing industry near collapse and the lay-offs at an all time high (*Cockcroft 1998*).

A positive side of this economic adjustment was that Mexico's productivity increased rapidly, specifically in the manufacturing sector. Contrary to what most people expected, the increase in productivity did not lead to the generation of new jobs. Rather, American companies focused on increasing productivity, or output per labor unit, by reducing labor. Soon, job market conditions deteriorated, resulting in fewer jobs and lower wages. Employment in the manufacturing sector registered a steady decrease during the earlier liberalization phases. Just before and after the establishment of NAFTA, when the structural adjustment and reengineering was taking place, the impact on small and medium Mexican companies was devastating. Some critics argue that while Mexican worker's productivity was up 36.4% during the first five years of NAFTA, wages in Mexico actually dropped by 29% (*Wallach and Sforza 1999*).

At the end, NAFTA resulted in an unbalanced distribution of benefits among companies and workers. For many small Mexican companies, high interest rates have constantly been a barrier for upgrading technology and thus producing more efficiently. “Big corporations with access to cheaper foreign financing have reaped the lion’s share of benefits of Mexico’s industrial surge” (*Weintraub 1999*). It is interesting to note that the top 50 companies in Mexico account for one half of the country’s exports and for the bulk of recent export growth.

Mexico’s Increased Vulnerability and Dependence on U.S Capital

Due to the strong dependence of Mexico on the U.S. economy, the Mexican export economy has become very vulnerable to the effects of cycles in the American economy. The two economies and business communities become more integrated everyday. NAFTA has accelerated this dependency of the Mexican economy on U.S. capital, and soon, as Denise Dresser from *ITESM* summarizes; “Mexico’s nationalistic, independent, and activist foreign policy was largely abandoned” (1998). NAFTA prohibited Mexico from legislating performance standards that might obligate investors to transfer technology to the host country or to give preference to domestic suppliers (*Crockcroft 1998*).

The U.S. financial rescue of Mexico from its crisis in 1995 that President Clinton desperately implemented, bypassing Congress, exemplifies the active structural interdependence of the two economies today. A Mexican economic downfall because of the crisis would have jeopardized American investors in Mexico as well as other

emerging markets in Latin America. This in turn could have triggered a wave of illegal immigration from Mexico and other Latin American countries to the U.S.

Sociopolitical Instability

NAFTA served as the “locking-in” mechanism of President Salina’s fundamental economic reforms in Mexico, nevertheless, it has also narrowed the ability of the Mexican government to take a step back and realize the impact that NAFTA has had on its country’s economy and society. It is true that many Mexicans have blamed any economic and social misfortune, including the Peso crisis, on the creation of NAFTA (even though this is not always the case), demonstrating an increased disintegration of the social-political structure in Mexico. As mentioned previously, NAFTA did actually worsen the already unbalanced regional development within the nation, as well as the gap between the rich and the poor beyond the apparent job creation and welfare effects of the agreement. NAFTA particularly impacted the Mexican peasants’ position in Mexico’s corn market because U.S. mega-farms were up to six times more productive than the small traditional Mexican producers on poor and hilly terrain. The Salinas administration reformed Article 27 of the Mexican Constitution in 1992, as part of NAFTA to allow the privatization of indigenous communal lands and peasant *ejidos* (small pieces of land that the government had re-distributed and given out to the peasant to work).

This reform and the free trade of the basic Mexican agricultural goods (grain) contributed to the loss of jobs, land and final means of survival of the peasants and Indians of Chiapas as well as many other regions in Mexico. A report estimated that the dismantling of the agricultural restrictions on trade would release 800,000 Mexican farm

workers in Mexico in the first year of NAFTA (*Brown, Deardorft and Stern 1992*). This net loss of agricultural income and agricultural jobs in Mexico was expected to be made up by the gains in industry and services that NAFTA would bring to the country.

Culture and Society

Mexico's culture and society have changed since NAFTA came into place. Mexico's stereotypical dual society, with the First world Mexicans living side by side with the Third World Mexicans in terms of income, education, housing and cultural life-style became even more differentiated and difficult. Culturally, the American "Pop" culture is taking over the Mexican values, traditions and celebrations. Successive political imbalances have resulted in changes in society, Mexican values and people's ways of thinking and subsisting, causing increased uncertainty within the country. Economic imbalances caused rapid capital flight and thus the peso crisis. The internal imbalances caused the Mexican people to question their independence and national identity. During the crisis, the percentage of Mexicans who believed that the nation actually benefited from NAFTA decreased to 20 percent in 1995 from 42 percent in 1992 (*Este Pais 1996*).

II. THE IMPACT OF NAFTA ON THE MEXICAN CULTURE

Free trade comes with foreign investment into the country, more product options for the consumer and economies of scale, nevertheless free trade also produces product and standard harmonization. This standardization in turn affects the cultural dimensions of the countries concerned. Although the term harmonization normally applies to the production of goods, the question of standards is also applicable to the service sector, which includes the cultural industry. In this context a culture can be invaded due to free trade. A certain culture may not be capable of withstanding the intrusive effects of another culture that monopolizes the means of cultural diffusion and penetration within a country.

History is full of examples of cultures that have disappeared, either as a result of the death of its adherents or by the process of acculturation so intense that features of the original culture are difficult to discern. Thus, in Mexico after seven years of NAFTA, the issue of acculturation has become a significant concern.

The extent to which the harmonization of the economies and the service industry in Mexico and the U.S. has promoted acculturation and thus a certain loss of the Mexican culture has not been studied. Cultural diffusion may be symbiotic, nevertheless, in the final analysis it is the dominant culture, in this case the United States, that will shape the final product (*Del Castillo Vera 1992*).

While the study of culture and the way it spreads, penetrates, assimilates and transforms itself has been around since the study of classical anthropology, it is not until recently that the real concern for cultural survival is taking place. The problem today is to

find those means, which aid in the development of culture and how can we utilize them as a mean of cultural survival within our modern societies.

The idea of cultural control evokes images of groups or elites that exercise power. This is very important in the NAFTA context, where such groups already exist, characterized by the asymmetry of power within the U.S., Canada and Mexico. The U.S. has been from the beginning the leader and decision maker when it comes to NAFTA regulations.

In all societies that seem less complex, as well as in contemporary North American societies, cultural control is at issue, remaining in the hands of spiritual leaders, or in the collectivity of tribal chiefs. Whenever there is divergence from cultural norms, the traditional institutional mechanisms come into play in an effort to protect the old values. One has to ask who is responsible for maintaining cultural normalcy in our societies? (*Del Castillo Vera 1992*)

Today it is the governments that should be in charge because with their power to establish free trade agreements, comes their right to protect the ever-changing country's cultural identity in face of globalization. Any conference on United States, Canada and Mexico relations or the NAFTA negotiations addresses issues such as trade, borders and environment, politics, foreign investment, and the different constitutional and legal systems of the three countries. When talking about these important issues, culture tends to be overlooked and not given its necessary attention.

Culture is difficult to measure and to quantify because its analysis can evoke emotion due to the inability to separate it from the political, economic, religious, social, intellectual, linguistic, and historical traditions from which it was born. Nevertheless, it is

something that should be openly talked about in International Trade Agreements and protected. Canada and France have gone a long way in the effort to protect their national identity and culture from the European Union and NAFTA respectively. While they are both economically open countries to free trade and maintain strong international commerce relations with many countries, they have managed to sustain their own cultural identity. Not condemning their national identity to “pop culture” and a world culture; these countries have wisely realized the value of their historical traits and cultural identity and have been effective in protecting it. Mexico on the other hand, has not been so effective in protecting its culture. The situation might have arisen because of its status as a developing country, or because of its dependence on the American economy, whatever it may be; the potential of NAFTA to undermine distinct national cultures has already been realized. Mexico today is a different country than what it was seven years ago before NAFTA. Nevertheless, there is still a strong identifying culture that is worth preserving.

In what way has NAFTA affected Mexican culture? If the main objective of such an agreement is free trade, in what way does culture enter the equation? There is no logical reason for there being a linkage between international trade, commercial policies and culture. Yet, there is a direct linkage. First, NAFTA brings an average of U.S \$18 billion dollars of direct foreign investment each year and with this its cultural implications, and secondly NAFTA also brings into Mexico with the reduction or elimination of tariffs on American products a wide selection of U.S goods which include, movies, music, books, T.V shows, clothes, brands, food, etc. With these products the U.S. is also bringing its culture, its values, its festivities as well as its way of life.

This daily influence of American products and services overtaking Mexican goods, become a commodity and a daily part of the Mexican peoples' life, thus changing the traditional national culture and lifestyle. Mexican culture is very different from American culture, and this is why it is affected. Several dimensions and analytical approaches have been done in order to describe the cultural orientations of different societies. For further comparative description of Mexican vs. American culture please refer to appendices 1 and 2.

So what is this American culture of which Canada and Mexico so desperately want to protect themselves? Because the U.S. is a country formed by a diversity of cultures and traditions, the only recognizable countrywide culture that is being exported is that of the convergence of state ideologies, an ascendancy of business and its values (*Cross 1993*). It is the modern, independent middle class style, the adoption of similar clothing, haircuts, musical choices, easy way of life, and movies. As Micheal S. Cross further describes in his article, "Towards a definition of North American Culture" the American culture is a middle-class culture. It is this culture that is imposed on Mexico and Canada through NAFTA. The American culture has become a technological one, created by the mass media and easily distributed as one through radio, music, movies, magazines, books and the Internet.

Modern communications have meant the opening of the world, providing people with more information and understanding about other societies. Yet, this does not necessarily mean that modern communications have to produce cultural globalization. There is a slogan commonly used that says, "think globally, act locally" this is what globalization should be about. Countries working together, benefiting from Adam

Smith's perfect economic model of comparative advantage and economies of scale while preserving each country's distinctive cultural identity. World communication and free trade must respect the local, regional and ethnic cultures that reflect the reality and meanings of local life. To recognize and to treasure the interrelatedness of the three countries must not mean acceptance of the homogenizing pressure of the North American culture.

This cultural encounter has been further facilitated through the North American commercial agreement whose main principle is that of national treatment for foreign products and investment. Without adoption of this principle, the large-scale foreign investment sought by the Mexican government will not materialize. Without this type of guarantee, no government would be interested in signing the free trade agreement. National treatment means that foreign capital will receive equal treatment as national capital, thus eliminating the discrimination towards American products and services that had existed in the past. This in turn benefits the Mexican economy, more money and investment into the country means more economic development and the creation of more jobs. The downside is the cultural effect that this foreign investment has on the Mexican society.

The following is an extreme and improbable scenario provided by Gustavo del Castillo Vera, that illustrates what is at stake with an unprotected cultural industry: "Suppose that one day a foreign capitalist buys (for better or worse) the Mexican daily newspaper "Excelsior" [It should be noted that Excelsior is the largest and most widely distributed newspaper in Mexico]. The following day, the workers are dismissed (of course with compensation), and the newspaper is closed. Under the majority of national

laws and regulations, there is no legal restraint to prohibit such a development. In such a case, Mexico would have lost a good daily and a basic part of its heritage. More fundamentally, what is lost in this instance would be one instrument of cultural diffusion (and perhaps a cultural creation) of certain cultural values we consider *Mexican*."

In the case described by Castillo Vera, what would have been lost? The main loss is daily culture. The newspaper is an instrument of dominant culture, commonly characterized as a national culture.

With free trade, national treatment is not limited to the question of foreign investment that may take over the cultural industries within Mexico, it is also applicable to other aspects of the economy and society. The basic concern with this principle is that it brings about the harmonization of social policies that affect cultural aspects and that through these mechanisms a process of acculturation occurs and with it the transfer of values from one culture to another.

Some people may argue that there is no national culture in Mexico, and thus no culture worth preserving, since the country is composed by a variety of regional cultures. One may wonder what common values there are between the Indians from the North and the people from Yucatan or Mexico City. However, it is a fact that after a half century of domination by one political party, the development of a dominant political system, ups and downs in the Mexican economy, the transitions from a third-world country into a developing one and hundreds of years of common festivities, religion and lifestyle; certain common values have visibly been diffused throughout the country. These values can be classified as comprising of a common, overriding, and national culture without regional barriers. These cultural values are in turn the result of domination over the

smaller cultural groups within the country and co-exist with the intrinsic values of different ethnic, racial and caste groupings (*Beltran 1982*). The other possibility is that these sub-national cultures owe their survival to the fact that some of them have successfully resisted the dominant culture. This is exactly what the sub national cultures as well as the modern "Mexican" culture as a whole should do. It is not whether or not there is a national Mexican culture; it is about preserving and valuing all of the Mexican cultures that differentiate the country as such, instead of trading this culture in for the stronger American counterpart.

It is important to mention that there are exceptions within NAFTA to foreign investment. These limits cover a variety of sectors, and include government purchases, investment in the transportation sector and banks and financial services. The restrictions on the banks and financial services sector, however, have now been eliminated. The other main category of exceptions includes services associated with childcare, medical services and education. NAFTA also specifies that any of the involved countries may enact retaliatory measures against the other countries in the cultural sector, if it believes that discriminatory measures have been taken against that nation's interests, and the retaliatory measure that are taken should have "similar commercial consequences." To further explain this clause in the agreement Canada's position may be used. Canada has taken whatever internal measure desired to promote and to protect its cultural industries. In exchange it must be prepared to risk retaliatory measure by the United States (*Lipsev and York 1988*). This means that Canadian culture can be reinforced by such measures as subsidies, financial incentives, and restrictions on foreign investments or certain cultural products, if it is prepared to entertain conflict with its neighbors. As mentioned before,

Canada has taken this risk, in protecting its cultural industry from the United States and has done so successfully. In the following chapter it is proposed that Mexico take the next step and do the same.

History reveals that cultures disappear under the pressures of a dominant power, and, it is certain, that not all cultures may be able to develop the defense mechanisms in time that may be required to survive without the assistance of the government. This is especially true in an area when we are witnessing the interests of NAFTA solely along economic and financial issues. We are witnessing a trend towards a convergence of ideologies within the three member countries, and at the same time a divergence from each country's popular culture.

It is difficult for these popular national cultures to gain public forum and thus political action because of the economics behind it and what NAFTA has stood for up to date. This makes Mexico's cultural survival even more difficult. Mexico has been confronted not only by normative values foreign to its society and originating from the dominant U.S. culture, but from the so-called international culture as well.

It is well known that the processes of economic integration, whether in North America or in the European Union, have brought a surge of new normative values and the bases for cultural change. The decisions taken in this economic integration will further shape the process of cultural change.

Today, Mexican people are still identifiably Mexican with their positive and negative recognizable traits, nevertheless, the American Pop culture invasion has changed the way they see the world, the music they listen to, the television programs they see, the movies they go to, the food they eat and even the Holidays they celebrate. The major

concern is that this is only the first generation that has lived this change and influence.

This generation that can see and value what we have lost. But what will happen 50 years from today? What will happen when all trade barriers have been dissolved and we become a "North American Union"?

While Mexico, the United States and Canada will benefit and see sustainable growth with interlacing economies as a result of NAFTA, if not careful, the price for Mexico and Canada will be their national identity and culture. It is time to stop the cultural invasion and find a way for Mexico to protect its cultural industry and its national identity.

III. PROTECTIVE MEASURES

NAFTA AND THE CULTURAL INDUSTRIES

As new technologies, free trade and rapidly expanding markets push the products of cultural industries into a growing number of homes around the world, problems of culture shock, national identity, and threats to cultural sovereignty become part of politics and society in general (McAnany and Wilkinson 1996).

“Cultural Industries” refers to those institutions in our society which employ the characteristic modes of production and organization of industrial corporations to produce and disseminate symbols in the form of cultural goods and services, generally, although not exclusively, as commodities (Garnham 1990). The cultural industries are unlike other economic sectors regulated by trade agreements. They are indeed sought after consumption goods and thus lucrative tradable commodities, but they are also carriers of meaning whose value surpasses their ability to generate profit and to provide entertainment. They can play a central role in the creation, transmission and evaluation of the customs and beliefs that underpin national identity.

The study of cultural industries and their effect on culture started long before clear definitions of the cultural industries were published. In 1978, UNESCO (United Nations Educational, Scientific and Cultural Organization) initiated a comparative research program “on the place and role of cultural industries in the cultural development of societies” (UNESCO 1982). UNESCO explained its attraction to an explicit cultural industries approach, saying that culture was not “spontaneous and unconditioned,” but subject to economic and technological factors, and that the impact of these had to be known if the content and values of cultural works were to be assessed.

UNESCO defined the commercial purposes of the cultural industries as antagonistic to cultural development and expressed concern over both the concentration and internationalization of ownership and control in the cultural industries and the subordination of creative artists to market forces and to more or less overtly dictated consumer demand. In the New World Information and Communication Order Debate organized by UNESCO in the 70's and 80's, the United Nation's major issue was the protection of national cultural integrity against foreign influence. The third world countries were encouraged to develop their own communication and cultural policies in order to protect themselves from the cultural invasion of the stronger countries. UNESCO thus brought forward the concerns that were being voiced since then about "cultural imperialism" and lent credence and legitimacy to the principle of national cultural sovereignty, and hence, to policies supportive of domestic cultural industries. It was believed that individual national governments could affirm their own identities by resisting the invasion that foreign cultural products create in their peoples' culture.

The Cultural Industries and NAFTA

When NAFTA was signed, there was a clear exception of the Canadian cultural industries from terms of the treaty. The exception had been agreed upon by the United States in the previous Free Trade Agreements (FTA) with Canada in 1988. During GATT, France, with the backing of its European Union (EU) partners, faced down the United States at the last minute on the inclusion of the audiovisual industries in GATT (Cohen 1993) in order to protect each country's culture.

The disagreements over culture and free trade center around the understanding of how cultural products and services fit into such trade regimes as NAFTA and GATT. At the heart of the debate there are two issues, one a practical reality and the other a value position. The reality is the overwhelming presence in most countries of American products in their cultural industries, from MTV to Disney characters, from CNN to "Sex in the City" and from mad rap singers to the movie "Pearl Harbor." There is a quantifiable trade imbalance between the United States and most other countries in products of popular culture. In fact, next to aerospace, the cultural industries comprise the largest export surplus area of the United States.

In 1993 before GATT and NAFTA, North American distributors already managed 80% of the French, 91% of the Spanish and 93% of the Canadian film industry. In 1993 Garcia Canclini placed the percentage of U.S. movies on Mexican screens at 62% and estimated that this figure would rapidly increase to 76% within the first year of NAFTA with the elimination of Mexican tariffs on U.S. films. During the same pre-NAFTA time period in the United States only 1% of all movie tickets sold in cinemas were for films in languages other than English (Gonzalez 1993).

The value position is whether culture is something that should be subject to free-trade principles in the same way that automobiles, textiles, and agriculture are? The issue is not easily resolved and is further complicated by the belief that the presence of foreign (in this case American) cultural products causes the erosion of cultural values and identity in the receiving society.

If a nation asserts its right to restrict trade in the cultural area by implementing quotas, taxes, or tariffs in order to protect its citizens and to promote its own creative

artists within its cultural industries, should this be considered as a form of trade protectionism? The United States trade commissioner would say it is. Or should it be seen as a valid "cultural exception" that is not available for trade under a particular trade regime, as France and Canada believe it to be? The American position has been very peculiar in regard to the cultural industries; on the one hand it accepted Canada's protectionist position in 1988, but, on the other, it was unwilling to extend the same recognition to France and the EU in 1993 under GATT. At the same time, the U.S. has protectionist measures on its own cultural industry. The United States has ACT 301 of the Trade Law, which places restrictions on foreign cultural products. The North American radio and television stations not only dedicate nearly their entire space to U.S. programming, they also undercut imported products by advertisements such as: "Why buy music that you don't understand?" (Canclini 1993).

When NAFTA passed in U.S. Congress in November 1993, the hope was that the momentum would carry over to GATT the following month. To a large extent this was the case. Many long-standing disagreements within the countries, such as agriculture and textiles were resolved and the important trading blocks both gave and received concessions. In the matter of culture however, there was an impasse that nearly derailed all the rest. On the side of the United States was Mickey Kantor, chief negotiator and ex-Hollywood lawyer that gave an exceptional fight in trying to gain access to the cultural industries in Europe. Opposed to the United States were not only lobbies for the European cultural industries but a political movement in France that made concession in this area very difficult. The fact that the United States backed down on the issue does not mean that the debate is over. The U.S. has not given up.

What the event did do for the U.S. was the reinforcement of and validity of existing quotas and taxes; it also challenged the American government to try harder to reintroduce the issue in the next international trade negotiations. For the NAFTA agreement, it reminds us that the debate on culture and trade is only beginning.

Cultural Trade in NAFTA

The size and dominance of the U.S. cultural industries within NAFTA is easily quantifiable. The American cultural industry exports are growing on a global basis. The Motion Picture Association of America cites a doubling of revenues for film and television exports on the eve of NAFTA, from \$3.5 billion in 1987 to over \$7 billion in 1994 (U.S. Department of Commerce 1993). By comparison, Canada had half of one percent of U.S. film and television export revenues increase. Mexico's giant cultural conglomerate, "Televisa," reported export revenues over the same time period of less than 10% of Canadian exports and only a tiny fraction of the U.S. equivalent. The U.S. Spanish language sector is an important export market for "Televisa," while Anglophone Hollywood is the largest exporter of television and film to Mexico. In Canada, the United States dominates in most categories, but does so most prominently in film and television, to the extent that by some estimates in English-speaking Canadian television markets more than 95% of prime time is U.S. dominated (Starowicz 1993). At this point it is clear that the U.S. enjoys a growing trade surplus in the cultural industry and is unlikely to make further concessions that would limit its great expansion and revenue. The increase in revenues from these industries is likely to continue to grow as new technologies of distribution with faster and more efficient means arise. Also, with a worldwide trend

toward deregulation and privatization in the audiovisual area in other nations and the expansion of distribution channels, the demand for cultural products has increased over the past decade, and the United States is the source of choice for satisfying this demand (McAnany and Wilkinson 1996).

In Mexico, in particular, the passage of NAFTA meant a boom in foreign cultural investment much more than in the U.S. or Canada simply because Mexico has a more competitive space in which to grow in the area of cultural production. With more than 80 million people already underserved by giant "Televisa," Mexico seemed like the perfect place in which to invest in some sort of cultural production or distribution services.

As soon as NAFTA was signed a wave of major cultural industry changes in Mexico were underway. In May 1994 the new national private television network, "Television Azteca," announced a co-venture with NBC in which the latter would acquire up to 20% of the network and provide management, programming, and marketing direction for the Mexican corporation. Blockbuster announced in the spring of 1994 that it would increase its presence in Mexico with a \$280 million expansion, to become Mexico's second-largest video chain. Today Blockbuster is the largest video store in Mexico; it managed to surpass its Mexican rival "Videocentro." Also, in 1994, soon after the agreement Fox Broadcast and Televisa began collaboration to produce bilingual soap opera *telenovela* scripts, and an important U.S. cinema chain announced in June 1994 its intention to invest \$50 million in building modern cinema complexes in Mexican urban areas. Today, every middle-sized city in Mexico has an American multi-theater cinema while most privately owned small local theaters have gone bankrupt.

In Mexico, as in many Latin American countries, the wave of privatization led to turning over radio stations, television channels, and a large portion of information and cable imaging circuits to private corporations. The relationship between the state and cultural industries underwent a drastic transformation. Until the last decade, the Mexican government controlled a large share of publishing, film production, newspapers, museum, and other arts institutions. All this began to change rapidly with NAFTA (and even before) with a turn towards neoliberal economic policies in the early 1980's. For the cultural industries, these changes witnessed large corporations increasingly acting as chief patrons of the arts, or collaborating jointly with the government in this area. The government reduced its cultural activities to the protection of their historical patrimony (museums, archaeological sites and so forth) and the promotion of the traditional arts (painting and sculpture, music, theater and literature) as if it was only the old culture that was worth preserving.

The communication and information media linked to new technologies, those requiring the largest investment, which also reach the widest sectors of the population, were given up to private corporations, in many cases North American. Given that these areas of public culture have been losing their audience and support, they will have serious difficulties in continuing to deal with NAFTA if the government does not give them artificial support and protection.

Since the passing of NAFTA further cultural issues have arisen. Canada held a bitter political debate over the cultural industries prior to the FTA in 1988 and the issue is still present there, even though it positively managed to obtain cultural exception within the treaty. Mexico on the other hand did not choose or even try to raise the cultural issue

in NAFTA. This could have been because of a variety of reasons ranging from the Mexican economy's dependence on the U.S. to Mexico's inability to confront its larger counterpart because of the effect that no more free cultural trade would have had on "Televisa," Mexico's major cultural exporter and highly influential business. In 1992 "Televisa" actually challenged the FCC's rule limiting foreign ownership of U.S. broadcast stations to 25% (Darling 1992), and announced in 1994 that its U.S. cable network since 1979, "Galavision," would offer four international channels (Katz 1994).

But even with these developments in the Mexican cultural industry, Mexico has not been able to position itself in the American or Canadian market to even a fraction of the percentage of control that the U.S. has over the Mexican cultural market. National media markets are not in decline, there is a growing development of these goods within the individual countries; it is the ties that come with free trade, the advancement in technology, and the growing acceptance of the audience that is creating the individual country's cultural loss.

American players in the international television, movie and music industry maneuver to take full advantage of freer trade in the Western Hemisphere that is facilitated through NAFTA. Today they do so within larger cultural and linguistic confines, trying to minimize the differences among local dialects and cultures within the Latin sphere in an effort to increase their power and control of such a profitable industry.

Reasons for the Domination of American Culture

Explanations for Hollywood's privileged position in the film and television markets have been explored through applications of microeconomic trade theory. Eildman and Siwek (1988) argued that the following factors have been key to international dominance by the United States. The first factor is the U.S. "natural" advantage in the domestic U.S. market deriving from productions with close cultural-linguistic fit with their domestic audience. Also, high-quality production values that travel well, and a large and wealthy domestic market with accessible English-language markets in Australia, Canada, the U.K. and New Zealand. Hoskins (1988) added two other factors contributing to the U.S. power in this industry, these are: a long history of pursuing audience maximization through efforts to create a single mass audience in a culturally diverse nation, and a domestic market closed to film and television imports because of the audiences' supposed disinterest in such material from other cultures. These authors also discuss "cultural discount," which asserts the audiovisual cultural products rooted in one culture will have diminished appeal in others because they portray nonnative values, behaviors, institutions and the like. Therefore, imported cultural products are sold at discounted price in the U.S in order to compete with more popular local productions. In spite of the limited treatment of culture and language that this explanation gives, it does provide a beginning explanation into why the U.S. has managed to dominate the worlds cultural industry vs. Europe or Latin America.

North American companies have also taken advantage of the cultural industry market changes in technology as well as cultural habits in society, from Beta to VHS from Movie Theater to rentals and from tapes to DVD and broadband connections.

The U.S. also has taken control of the cultural industries because it has adapted to the customers needs more rapidly than other countries ever have. They promoted their movies enthusiastically and gained control of distribution outlets of TV and video as well as cinema in almost the entire world.

Cultural Industry Protectionist Measure

Jaime Serra Puche, Mexican secretary of industry and commerce, once stated, that Mexico, like France and French Canada (Quebec), has a natural protective barrier of language, as well as a long cultural history that will protect it from any kind of cultural invasion, therefore, the inclusion of cultural industries in NAFTA would not affect its national identity.

While the language barrier could be useful when it comes to music, this barrier becomes practically non existent when it comes to Television shows, movies, books and magazines since these are all now translated into Spanish in order to attract more audiences. As for the long cultural history that Mexico has, with the rapid technological, economic, and social changes that have created a trend toward hegemonic internationalization, this Mexican culture will likely become defunct, if it is not protected.

Like Canada, Mexico's sensitivity to American cultural influence is growing day by day. With the increase in the availability of new distribution technologies and the increase in U.S products on Mexican channels, the American cultural invasion in Mexico is likely to grow. In this post PRI (*Partido Revolucionario Institucional*) era of electoral politics, where the new PAN Mexican president, Vicente Fox, has brought back Mexican

nationalism and sense of pride in the new Mexico, the cultural protection issue should be raised in the NAFTA negotiation table. Mexico could certainly argue for parity with Canada under NAFTA in its cultural industries, thus protecting itself from further cultural invasion.

This protection is not, as NAFTA and GATT both indicate, a choice of either free trade or cultural resistance. NAFTA can, and should consist of the promotion of free trade as well as some form of cultural protection. The European members of the EU, backed by France's strong commitment to each country's independent cultural identity, already have in place a series of rules that provide a tax on foreign films that goes to funding their own national industries and a quota on imports of non-European television programs, which are not to exceed 50% of total programming. The Canadian rules are similarly disposed to protect audiences from the dominance of U.S programs and products in a number of areas (Goff 2000). Mexico should impose these same types of restrictions.

These cultural protection measures that Mexico should implement must be distinguished from cultural resistance. Mexico should also give public funding to the classic areas of culture such as fine arts, literature, film and all around traditional heritage in order to promote Mexican culture from within. While Canada has made it clear that its cultural industries are not held by the same rules as other industries, this in no way means that U.S. products are banned within the country. Even with these forms of protection, U.S. products have an overwhelming presence, especially in English-speaking Canada. Canada has attempted to create a space for its cultural industries and an incentive structure that will encourage production, if only for its national market.

These protective measures that Mexico should implement and Canada has already implemented are in no way intended to stop free trade or NAFTA. As discussed in previous chapters, NAFTA has strong economic benefits for all countries and free trade is necessary to compete in this new world economy. These measures are simply intents to protect each country's distinguishable national culture from further American culture invasion.

CULTURAL TOURISM

There is an increasing global awareness about the importance of tourism development, its benefits and its possible effects. Contemporary ideas about the environmental and human impacts of international tourism are increasingly topics of discussion when dealing with international trade agreements. There is much concern about the economic, as well as social and cultural impacts of tourism in what is often referred to as “third world” or developing countries such as Mexico.

In the early 1990’s tourism was shaped as a cultural industry (Craik 1995). Today, this industry needs to be considered as a form of culture as much as an economic or industrial one. Travel packages, tours and destinations should be “cultural products.” Tourists perceive and consume tourism as a cultural experience and adventure to get to know the country or place visited. Visitors increasingly want to escape the “fronts” of tourism and explore the “backs” (MacCannell 1973) or the real place and people.

To perceive tourism as a cultural industry is to acknowledge the natural environment of each destination; it is also looking at the built environment, icons, and attractions of destinations as part of the cultural package. As tourism develops into a major international industry, questions and debates about sustainability, authenticity, social impacts, indigenous cultures and so on should reflect the cultural dimension of tourism and its effects on the local community. Acceptable and unacceptable forms and limits to tourism need to be identified and addressed.

Since the 1960’s, “third world tourism” has become extremely popular among many “first world” visitors, as well as among middle and high class Mexicans. The idea of venturing into the mountains or unexpected places and experiencing a “real”

indigenous community or place is an attraction for many. According to Eric Cohen (1988), the ethnic tourist is the one who actively searches for ethnically exotic and untouched places. This rather new form of tourism has been further defined by Pierre Van Den Berghe (1994) as “the search for authentic encounters with the other; the greater the otherness of the other, the more satisfying the tourist experience.” It is the places with rich ethnic background, with abundant, beautiful natural wealth that become very popular among international visitors.

In Latin America, and more specifically in Mexico, studies relating to the impact that the growing international tourism has on indigenous or rural communities are few. The studies that exist are often anthropological, economic, historical and biological in nature.

Tourism has long been assumed to promote cultural understanding and peace, but it can also chop away at cultures and can lead to internal conflict (Robinson 1999). Tourists increasingly seek exotic and often unique cultural experiences, and are willing to pay a premium for them. At times the host communities find culture and traditions under threat from the purchasing power of the tourism industry, while tourists are no better off from the cultural viewpoint. Instead of the locals getting more economic incentives and the tourists getting their exotic experience, tourists get staged authenticity and locals lose their original culture and way of life.

Tourism can turn local culture into commodities. Religious rituals, ethnic rites and festivals continue to be reduced and sanitized to conform with tourist expectations, resulting in what one scholar has dubbed reconstructed ethnicity. (Robinson 1999)

How Tourism Influences Culture

One social analyst, Dennison Nash (1994), actually describes tourism as a form of imperialism; imperialism being the expansion of a society's interests abroad, whether these interests are economic, political, military religious, or some other. When a society develops a level of productivity sufficient to sustain leisure activity, tourism is generated to meet that society's needs. Thus, Mexican tourism developments would be the consequence of North American needs since over 75% of Mexican tourism is American.

The image of the tourist is that of a person from a highly industrialized country expecting, or even demanding, that his vacation abroad meet expectations he has come to take for granted at home, including American fast food, coffee with his meals, hot running water in his bedroom and the use of the English language. Tourism, according to this argument, naturally leads to cultural imperialism, imperialism that may be deadly to the culture, because it involves the voluntary cooperation and accommodation of the members of the host country (Nash Dennison, 1994).

Some sociologists have criticized the hotel industry who at times seems to have more intent on giving tourists what they think the tourist wants, rather than an authentic cultural experience. In the area of arts and crafts, fears have been raised that tourism fosters a phony folk culture and a decline in the quality of products and performances. It is said that tourism encourages emphasis on cash remuneration offered by visitors for entertainment and souvenirs, thus causing a decline in quality and authenticity. Whatever process commercially successful is repeated or duplicated, local artisans lose the traditional meaning connector with their art in order to please the tourist.

The loss of culture and tradition does not necessarily have to be the case with Mexico. While its Tourism industry has suffered greatly from “reconstructed ethnicity,” where we can find prices in dollars in Cancun, “English spoken here” signs in every major restaurant, American music at every discotheque and Tex-Mex food sold for authentic Mexican food in every major tourism site, Mexico still has great cultural value to offer its tourists if done right. Mexico needs to give real value to its cultural tourism and use it as a protective measure against American cultural invasion, as well as use it as a way to educate the Mexican people of the worthiness of their culture, rituals and festivities while bringing in money to the Mexican economy. Promoting tourism in Mexico as a cultural and exotic experience where people can pay to experience the “real Mexico” will bring more economic development into the country.

This critical point in a country’s tourism industry comes with the emergence of incipient mass tourism, when tourists seek Western amenities in a foreign country such as Mexico. At this point, the local culture has to make a decision whether to a) restrict tourism in order to preserve their economic and cultural integrity, b) to encourage tourism as a desirable economic goal and restructure their culture to absorb it or c) to encourage tourism as a desirable economic goal, but seek to consciously control it, preserving their cultural integrity while making economic progress. The third alternative would be the most desirable one for Mexico.

In order for this to be possible, the United Nation’s International Trade and Tourism Division of the Department of Economic Affairs in Washington D.C has proposed several steps that with proper planning and management may minimize the negative impacts and enhance the positive ones:

- Policy makers and planners must take into consideration the history and socio-cultural legacy of the host society.
- The nature of tourism and the characteristics of tourists need to be studied. Differences in types and numbers of tourists may result in different impacts.
- The potential impacts of tourism need to be thoroughly analyzed. What are the areas within which impacts may occur?
- Policy makers and practitioners in the tourism industry must recognize that tourism is an industry which should be intergraded into the total culture of the host country.
- Finally, further tourism expansion should involve the utilization of available data, involving input from as wide a base in the community as possible.

Cultural tourism is the submergence of the guest into the total life experience of the host community, whose culture is decidedly different from his own. This kind of tourism has generally been marketed in terms of the quaint or exotic customs of the indigenous peoples. Very often these tourist destinations are far from the beaten track and can be reached only with some difficulty, and it is here that the tourist lives the real cultural experience. Cultural tourism is the exposure of the guest to aspects of the host community's culture that are different from the guest's own experience. The tourist does not have to live that total experience of the alien culture but is exposed to sample it, such as folklore performances, "old style" houses, homespun fabrics, hand-made crafts, local festivals, etc. This helps locals as well as foreigners value and support the traditional culture.

There is room and the possibility of further exploring this type of tourism in Mexico. Nevertheless, ethnic tourism may be possible only in a limited way, restricted to those few enclaves where there is a genuine survival of people with a traditional way of

life. Thanks to support from the Department of Economic Affairs in Washington D.C, Surinam is already practicing such tourism with strict controls, such as limiting visitors to 20-person groups at a time. It would seem that the southern indigenous regions of Mexico would be good targets. Care would have to be taken that such tourism would not be totally disruptive, and therefore, similar limitations on the number of visitors allowed to observe the communities at any one time would have to be made.

The positive impact of ethnic and cultural tourism, as distinct from purely recreational tourism, is that these types of tourism actually encourage the preservation and in some cases the revitalization of the indigenous, traditional culture. Preserving the community's uniqueness becomes economically profitable and local people are able to profit from their traditional un-changed skills. Margaret Byrne Swain, in her report "Cuna Women and ethnic Tourism: A way to Persist and An Avenue to Change" concludes:

Culture change induced by economic development could be partially reconciled with ethnic group maintenance through the distinctive attributed of ethnic tourism. If manipulated by the people themselves, ethnic tourism can serve as an identity maintenance mechanism for group cohesion. (1977)

The problem that arises here, is how to develop or promote cultural tourism in Mexico in order to benefit the local people, help them keep and develop their national culture and values while benefiting the country's economy.

The Mexican government has established a tourism program for 2000-2006, and even though the plan has comprehensive goals that will benefit the tourism industry in many areas, it has to some degree overlooked culture.

The Mexican Tourism Program for 2000-2006

Currently in Mexico there is a lack of a clear tourism industry policies that are well planned and that look culturally into the future. Mexican tourism in the last couple of years has decreased, compared to tourism in Canada, U.S., Cuba and the Dominican Republic among other countries (See Appendix 3).

The Mexican government as part of the new Fox Administration has proposed a Tourism program to further develop tourism in Mexico in a positive manner. Some of the objectives of this program are the following:

- Contribute to improving the life style of the general population
- Capture resources for further development
- Facilitate recreation for the general population and their contact with the national values and identity
- Strengthen Mexico's image to the rest of the world

The program carefully plans out the implementation and re-organization of the tourism structure through its diverse organizations and government agencies. It also develops strategies that involve people and agencies from the municipal to state level and then national implementation. The program further explains the interaction, support and work that each of the other governmental sectors, whether directly or indirectly involved, such as Social Development, Communications, International Relations and Defense have to carry out in order for the plan to succeed.

The extensive tourism plan is divided into three basic strategies that consist of the National Competitive Strategy for the Tourism Sector, The National Strategy for the Competitive Tourism Development and the National Sector Coordination Strategy. These strategies are then further divided into individual projects that will in turn satisfy the needs of the individual tourist locations. If this program is adopted and followed through as planned, the growth of the industry and thus the results would be quite stimulating for the Mexican economy. Including growth in the number of tourists visiting Mexico, the amount of dollars being spent in the country and the creation of over 100,000 jobs for the Mexican people.

While this proposed Tourism plan is a good start and will benefit Mexico extensively by bringing more money into the country thanks to the growth in the number of tourists will create more jobs and development within the country; policy makers and practitioner of Mexican tourism need to be more concerned about strengthening the linkages between the industry and Mexican culture in both senses. To develop the Mexican tourism industry without taking into consideration the way of life of the host country is to risk encouraging the negative rather than the positive impacts of cultural collision. A strong sense of cultural identity on the part of the host society can lead to the fostering of a tourism product that is unique and different, this could and should be implemented into the new Fox Tourism program. At the same time, the promotion and exposure of genuine, authentic indigenous art forms which tourists are invited to share may lead to the revitalization and preservation of Mexican culture.

The government needs to be more involved in the preservation of culture in making tourism expansion plans; furthermore, in order for there to be a strong linkage between Mexican tourism and Mexican culture, the Mexican people themselves must develop pride and respect for their own culture. This must precede and be independent of tourism promotion consideration, but ultimately tourism will benefit greatly from these developments. Teaching people to be proud of their own culture and identity will not only conserve the traditional Mexican culture but will also bring with it further cultural and economic expansion through more cultural tourism.

The International Department of international Affairs in its International Trade and Tourism Division has proposed for developing countries the organization of a government-sponsored program to document cultural history and resources. Such an effort could be the responsibility of the National Advisory council on Culture. The findings should then be published in easy to read pamphlets and inexpensively produced books, which would be circulated through libraries, museums, community centers to the local population, as well as through hotels, travel agencies, and the Tourist departments to visitors.

From the tourist boards and tourism department's perspective, they need to develop promotional campaigns and strategies that emphasize cultural attractions in addition to environmental and recreational attractions. Members of these boards and departments must therefore understand and respect the culture of the countries they serve. These tourism departments and boards must also adequately inform the tourist about the cultural life of the local community. They must know of the annual festivals and

ceremonies and respect them as such. If the institutional structures supporting cultural development are in place and operating effectively, then the festivals and cultural festivities will be efficiently managed and planned, and the tourist boards can concentrate on promoting these cultural activities to potential visitors.

Another important measure in order to promote Mexican culture is to encourage Hotel owners and managers to use local products in the interior decoration, table setting and menu preparation of their hotels. The government may need to offer incentives to the industry in the form of annual awards for achievements in cultural promotion through their product. The hotels should also be encouraged to utilize the best local artist and local productions as part of their entertainment. The need to address cultural issues should be as important as the need to address environmental and economic issues related to free trade and economic expansion in the tourism area.

Finally, it should be recognized that some tourist will come to Mexico simply for recreation: the sea and the sun. Some tourists may just want to get away from it all and may not be interested in Mexican culture. A successful tourism program is not one that discourages this kind of tourist. A successful tourism program is one that recognized that the tourist industry should present the visitor with choices, and for those who choose to really experience Mexico culturally, the opportunities, facilities and direction should be provided to make the choice a mutually beneficial reality.

IV. CONCLUSION

The early 1990s witnessed the signing of one of the largest multilateral trading agreements on record, the North American Free Trade Agreement. This agreement bounded Mexico, the U.S. and Canada by a complex web of economic and social transactions that occur a million times a day in the interlocking worlds of trade, finance, manufacturing, tourism, communications, education and culture. The agreement devoted hundreds of pages to regulations governing thousands of commodities worth billions of dollars in trade revenue. NAFTA brought to Mexico financial strength, development, job creation and more consumer options; while at the same time it brought a dependence of Mexico on the U.S. economy, bankruptcy of many national businesses and sadly, the loss to some degree of its national identity and culture.

The preceding chapters have sought to solve the puzzle of the NAFTA trade dispute by bringing forth not only the economic benefits involved, but also the cultural impact that comes with free trade. Although cultural products clearly have economic value, a strictly economic understanding of their regulation overlooks the importance that they have as vectors of culture and national identity. National identity and culture must be added as an increasingly important component of national interest when dealing with free trade. This thesis considers the importance of preserving culture from free trade in the case of Mexico. Unlike France with GATT and Canada with its commercial treaties, Mexico failed to protect its cultural industries when the negotiations for NAFTA took place, and today, as the volume of transnational activity escalates, so does the American cultural invasion.

Politicians signing these free trade agreements are rarely motivated by nostalgia in making multilateral trade policy; all that is considered important are the financial and economic benefits that free trade brings. At a time when Mexico faces internal divisions, governmental changes and external challenges over which it has limited control, domestic cultural industries can provide a guard against the dilution of the Mexican identity and, by extension, against the cultural homogenization of North America. True, trade within the cultural industries can provide the vehicle through which the population within NAFTA member countries comes to know and understand each other. However, it is critical that protective measures are put in place that will help promote and develop Mexico's cultural products such as films and television programs in order to compete as opposed to simply being dominated by American products.

The Mexican government should promote identity formation through the protection of its cultural industry in an effort to resuscitate national borders; not as a barrier to free trade or NAFTA, but as a boundary to sustain its identifiable Mexican culture. For Mexico to ask for parity with Canada under NAFTA is the first step in protecting further American culture invasion into Mexico, and it is at this point a necessary measure. Secondly, Mexico needs to protect its culture from within, and a comprehensive tourism plan that includes cultural tourism is a good alternative. This would not only promote further needed economic and tourism development in the country, but it would teach the Mexican population the value of its culture.

Today, the discussions in Mexico about NAFTA have lapsed into forces for and against the treaty, where traditionalists state that Mexico's NAFTA-inspired opening to foreign influences would have catastrophic effects on the national identity and way of life in Mexico. Free trade advocates, on the other hand, maintain that NAFTA will only continue to bring about commercial reorganization, and that this will be indispensable in order to improve the competitiveness of the Mexican economy and to reorient it in an interdependent world. The truth lies somewhere in between these two extremes. It is a combination where, economically, NAFTA has brought prosperity to Mexico, while culturally it has cost Mexico to some degree the loss of its national identity. The successful future of NAFTA lies in the country's ability to protect, celebrate and respect the cultural differences of its members while forming mutually beneficial economic relationships amongst them.

Globalization and free trade is transforming the countries and their culture. Although it is difficult to measure the true extent of the metamorphosis that has taken place, at the end of seven years of extensive Americanization under NAFTA it is possible to affirm that we are still Mexicans, and proudly so, but a different kind of Mexicans. Today it is a mixture, a collage, and the very nation that it is, is impossible to define. What is real is the national culture, with a combination of international, national and local traditions.

Mexico today is more of a modern western country than it was seven years ago. But it still has its strong Indian elements. Mexico is an Americanized country with a nationalistic perspective. And even though today Mexico is strongly influenced by the U.S. culture, it has to acknowledge and take pride in the strength of its traditions, the

richness of some aspects of its culture, and, the strong “Latin” country that it is. Mexico needs the support of its government to help protect the positive aspects of its culture and its traditions from further loss. NAFTA is certainly more than a trade agreement, but national cultures, American, Canadian and Mexican are also much more than NAFTA.

Appendix 1: HOFSTEDE'S DIMENSIONS OF CULTURE

United States

Mexico

<p>Individualism Collectivism</p>	<ul style="list-style-type: none"> - American self-interests are ahead of group interests, they are mainly concerned with doing their job right, completing the assignment, making money. - American's want to achieve their goals and have power - Their primary concern is themselves and their immediate family - Leadership is ideal, they like to be in control. - Survival of the fittest, American's are individualistic, and as such, they think they have to perform well even if they don't like it or enjoy it, they believe they are the best and need to show it. - Universalism: American's tend to judge people by a value standard that applies to all. 	<ul style="list-style-type: none"> - Mexicans are collectivists, they want to make sure they get along with everyone, their social surroundings well being comes before their own. They don't like to stand out. People like to fit in and be accepted. - For Mexicans friendships are important and come before business and work, you need to have a relationship with the person before you can work for or with them. - As part of a collectivist's culture, Mexicans feel that they can rely on their family 100%, so they might not have to work as hard to take care of their basic needs. - In their work they feel protected, because of the relationship they won't get fired, in exchange they will be loyal. - Family and religious values are strong and followed strictly.
<p>Power Distance</p>	<ul style="list-style-type: none"> - Low power distance, there is a physical and psychological distance maintained at all times - Americans tend to minimize inequality, they respect and treat everyone as equals. - They consider themselves and subordinates alike 	<ul style="list-style-type: none"> - For Mexican natives, authority is centralized, and it is this authority that should make decisions and be in control at all times. - Mexicans have a large power distance, they are accepting of vertical power distribution. - Mexicans are close physical and psychologically to the people around them - Superiors and subordinates consider each other different, they have their established roles and should live up to them.
<p>Uncertainty Avoidance</p>	<ul style="list-style-type: none"> - American's have low Uncertainty Avoidance, they believe there is no need for written rules and regulations because everybody should know what is expected of them and should act accordingly. 	<ul style="list-style-type: none"> - Mexicans have high Uncertainty Avoidance, don't necessarily plan ahead, and not knowing what is going to happen in the future is not a problem. When the problem arises they'll figure something out. - Mexicans believe that conflict and competition lead to aggression and thus should be avoided.
<p>Masculinity/ Femininity</p>	<ul style="list-style-type: none"> - In a masculine society men are assertive and in control, while women tend to be more nurturing - For them money and things are important, it is a sign of success. 	<ul style="list-style-type: none"> - This is a feminine society where men shouldn't be assertive, and are encouraged to assume nurturing roles. - There is an equality between men and women. - In Mexico, people and the environment are important and should be considered at all times.

Appendix 2. HIGH/ LOW CONTEXT CULTURES



Low

U.S. Culture

- Surrounding circumstances are not important
- Most important factors are jobs and money
- Social status often unknown : it is not important
- Everyone is the same, no matter who they are work is expected

- Business based on Objective elements
- Social settings based on convenience

Medium

MEXICAN Culture

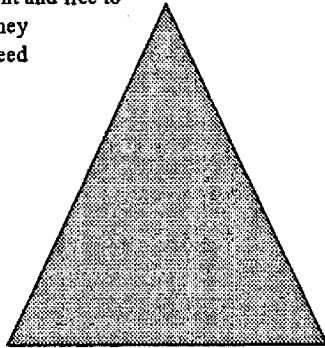
- Surrounding circumstances matter
- Family is the most important value
- Interpretation beyond words: don't always speak
- Tone, gestures, social status, history, it is all a part of who you are and should be valued and respected
- Things require time, people need to get to know each other and trust one another before they can work

High

MASLOW'S NEED HIERARCHY

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American's need total self actualization, to be independent and free to feel like they have succeed



U.S.A.

Self actualization

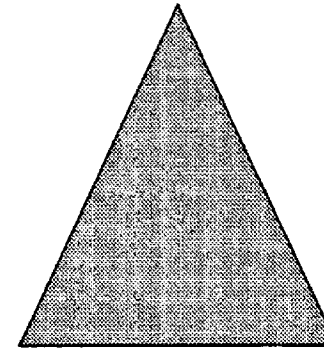
Esteem

Social (Affiliation)

Security (Safety)

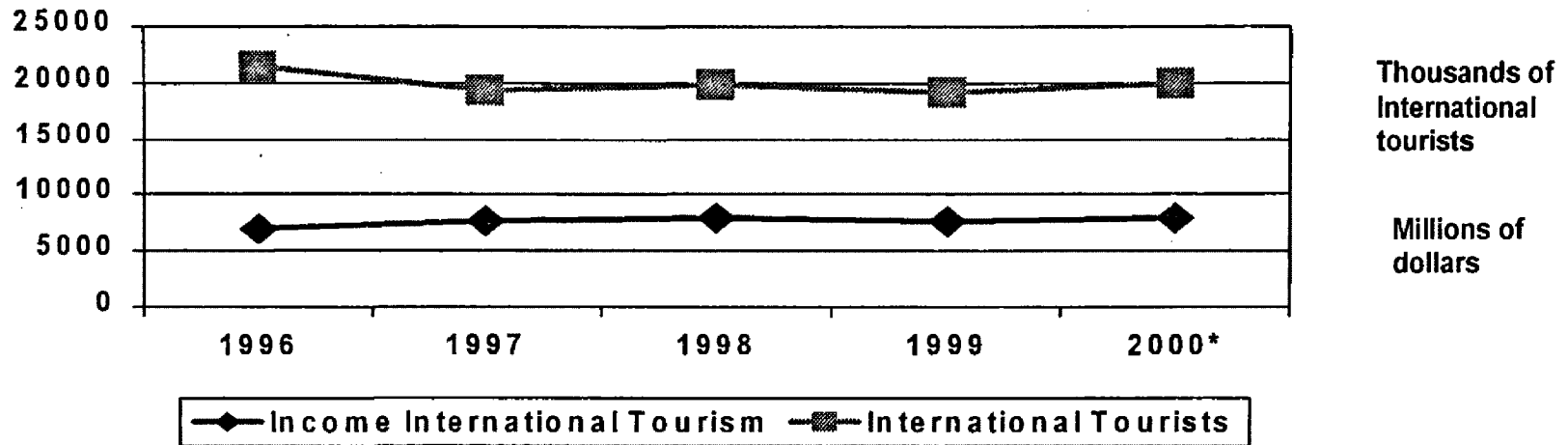
Physiological

Mexicans need social affiliation and a family values, which will provide security and their physiological necessities

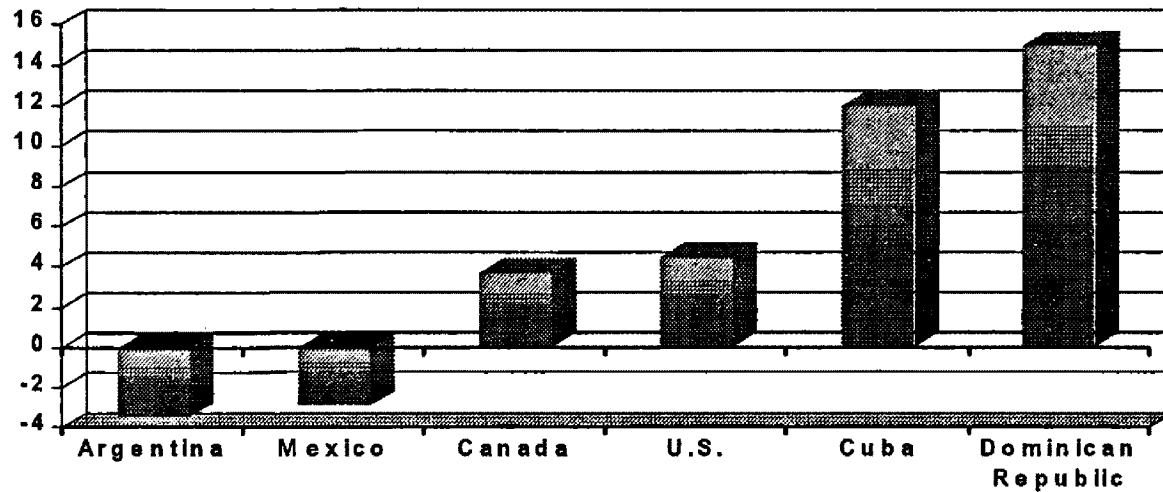


Mexico

Appendix 3: TOURISM GROWTH IN MEXICO



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