



Info Sabius



Sujet: Le Mexique perd la bataille de l'emploi
contre la Chine et l'Inde.

Source : New York Times, 1er avril 2004

The New York Times
nytimes.com

PRINTER FRIENDLY FORMAT
SPONSORED BY



April 1, 2004

OP-ED COLUMNIST

What's That Sound?

By THOMAS L. FRIEDMAN

MEXICO CITY

I hadn't been to Mexico since 1996, so it definitely caught my ear when I started to hear two non-Spanish words on this trip that I'd never heard here before: "China" and "India." Mexicans are increasingly aware that these two countries are running off with jobs and markets that Mexicans once thought they owned. You have to feel sorry for the Mexicans: they are hearing "the giant sucking sound" in stereo these days — from China in one ear and India in the other. Worse, they seem stuck, unable to forge a coherent strategic response.

"We are caught between India and China," remarked Jorge Castañeda, the former Mexican foreign minister who just decided to run for president in 2006. "We have lost about 500,000 manufacturing jobs. It is very difficult for us to compete with the Chinese, except with high-value-added industries. Where we should be competing, in the services area, we are hit by the Indians with their back offices and call centers. . . . Not enough people here speak English." And that's not all. While China and India each send tens of thousands of students to be educated abroad every year in science and engineering, particularly in the U.S., Mexico sends just 10,000.

Go into any discount store in Mexico and look at low-priced clothing, toys, shoes and electronics, or even some Christian religious objects, and it is hard not to buy Chinese, added Mr. Castañeda, speaking at the Mexican Council on Foreign Relations. But more important, "the U.S. markets that we had a corner on is where we are losing jobs. . . . We knew it would happen when China [entered the World Trade Organization in 2001], but we did not get prepared."

Mexico's problem, in a nutshell, is this: The world is flat — or at least getting flatter. Thanks to PC's, telecommunication advances and market-opening agreements, capital can seek out factories and knowledge workers anywhere in the world with greater and greater ease. To get itself in shape to sign the Nafta free-trade accord with the U.S. and Canada, Mexico did what I would call the "wholesale" reforms — and they have been incredibly impressive. It made a historic transition to freer markets and democracy, with respect for human rights and fair elections.

But with China attracting huge amounts of dollars to put its low-wage workers to work on all sorts of industrial exports, and with India now able to export its low-wage brainpower over phone lines and fiber-optic cables, Mexico's advantages in the U.S. market — its proximity and Nafta — are being eroded. Mexico can stay ahead only if it does "retail reforms."

These are the micro reforms that will make its economy more flexible and productive. The government has set out five areas for reform: labor markets; the judiciary; the constitution and electoral system; tax collection, which is abysmal; and opening the energy and electricity markets to foreign investors so a gas-rich country like Mexico gets out of the crazy situation of importing natural gas and gasoline from America.

The old autocratic Mexico could have ordered these reforms from above. That's how China still does it, giving Beijing an advantage now that it will pay for later. But because Mexico is now a democracy, and needs to remain competitive, it can upgrade its institutions only by going through the messy, time-consuming process of consensus building. Alas, President Vicente Fox has not been very good at building consensus.

"We did the first stages of structural reform from the top down," said Guillermo Ortiz, the governor of Mexico's central bank. "The next stage is much more difficult. You have to work from the bottom up. You have to create the wider consensus to push the reforms in a democratic context. . . . There is an urgency for Mexico to finish the structural reforms at the micro level."

Why? Because while Mexico upgraded its competitiveness, notes the analyst Daniel Rosen in the journal *The International Economy*, China upgraded worker education, infrastructure, management skills, technology and quality controls even faster.

Will Rogers said it a long time ago: "Even if you're on the right track, you'll get run over if you just sit there." Mexico has put itself on the right track. But for the moment, it's just sitting there. If it doesn't start moving again, it's going to get run over by China, India, America — or all of the above.

But America had better not be a passive spectator, as it has been in these Bush years, because if Mexico gets hit, we, too, will feel its pain.