

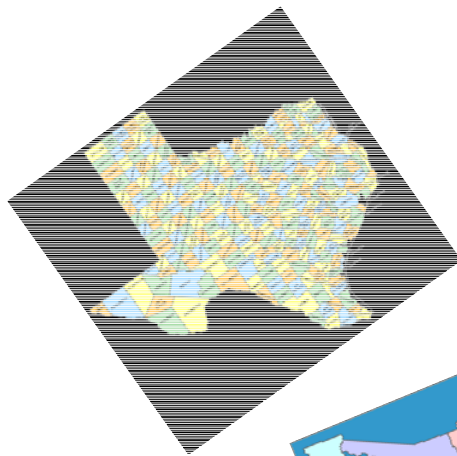
# Trade, Politics, and Culture

Resetting the Texas-Mexico Relationship for the 21<sup>st</sup> Century



## Mexico and Texas

- History divided them
- Geography and the economy reunited them
- Politics separates them



## Texas as a Buffer Zone

- Spain, then Mexico, sought immigrants to Texas to protect it from foreign aggression and conquest
  - From France and the U.S.
- In 1821 Moses Austin obtains a contract to establish a colony in Texas
  - Immigrants were required
    - To obey Mexican laws
    - To learn Spanish
    - To convert to Catholicism

## Mexican Domestic Politics and the Texas Conflict

- Mexican leadership
  - Federalists vs. Centralists
- Regarding American immigrants to Texas
  - Federalists saw immigrants as a force for economic growth and prosperity
  - Centralists were alarmed at how American immigrants were asserting themselves against Mexican authority
  - Political ideological divergence
    - Consider the Government of Texas
      - American colonialism
    - Consider the Government of Mexico
      - Spanish colonialism

## Historical Divergence

- 1821 Mexican Independence
- 1824 Creation of the State of Tejas and Coahuila
  - 8,000 Mexicans in 1821
  - 30,000 Anglo immigrants in 1834
  - 14,000 Mexicans in 1850
- 1836 Texas declares independence
  - The Republic of Texas
  - New constitution and weak government
  - Texas overturns the Mexican anti-slavery laws
- Mexico spends half a century stumbling along



# Mexico in Texas

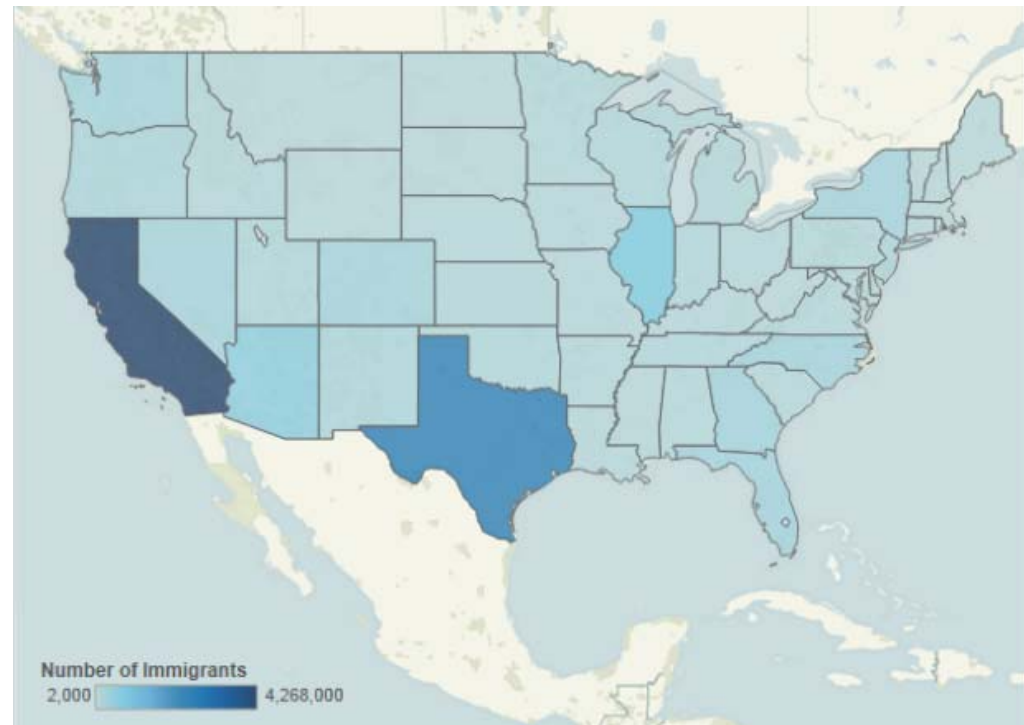
- The construction of Texas
  - Remembering and Forgetting
    - What to remember / What to forget
  - Legal and Education Systems (Antonio Gramsci)
    - The struggles of Mexicans in Texas
- Mexico disappears from Texas history
  - Erasure of Mexico in the Texas Education System
    - The textbook problem
      - Mexicans as one of many ethnic groups
  - Elimination of Spanish as a functional language
  - Settlement of new colonists
    - Americans
    - German
    - Czech
    - Other groups

## Convergence: Demographics and Human Mobility

- As soon as Texas split from Mexico, convergence began anew
- Mexicans in Texas
  - 8,000 in 1821
  - 14,000 in 1850
  - 700,000 in 1930
  - 1.4 million in 1960
  - 4 million in 1990
  - 10 million in 2014
- Hispanics expected to be first minority by 2020

## Mexican Immigration and Texas

- California: 37%
- Texas: 21%

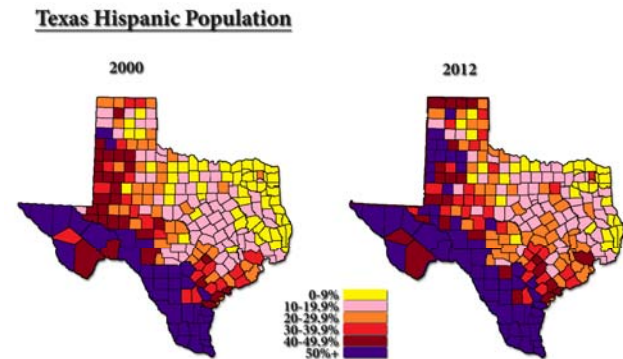
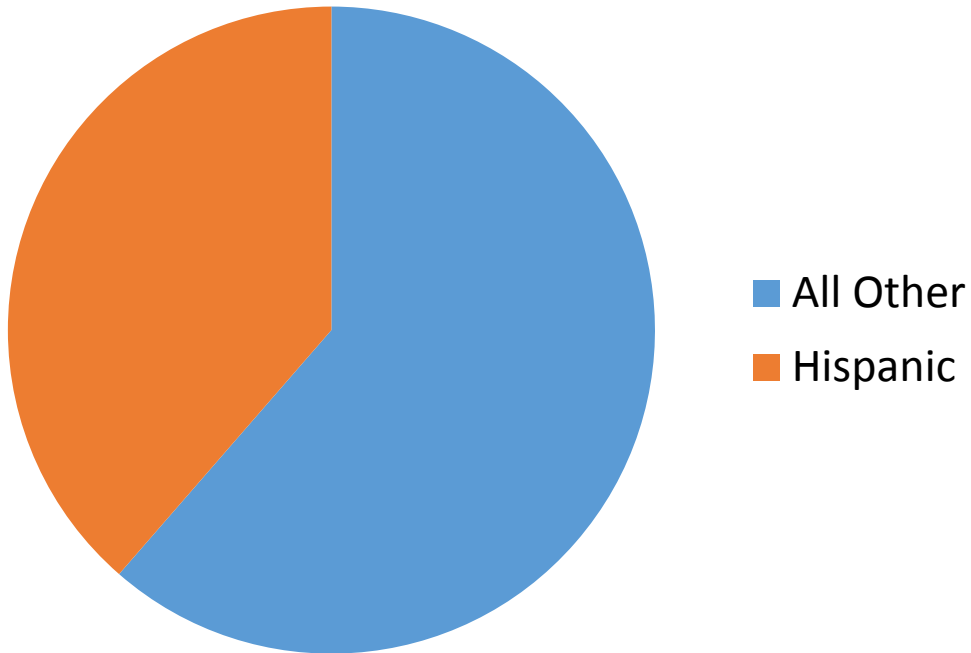




## Demographics and Human Mobility

- Estimated Texas population, 2014: 26,956,958
  - Percent of Hispanics, 2014: 38.6%

### Hispanic Population in Texas



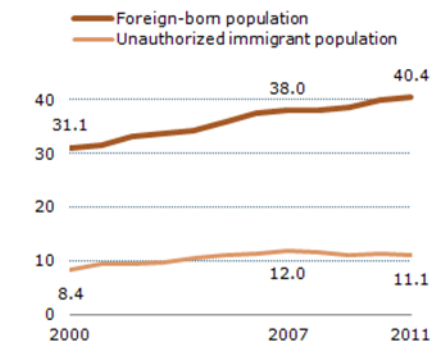
## Is there an immigration crisis?

- 2014 Unaccompanied Minors Crisis
  - Texas as the epicenter
- New Mexican migrants to Texas
  - Highly educated
  - Entrepreneurial
  - Why are they fleeing Mexico?
    - Lack of access to credit
    - Tax system
    - Return for taxes paid
    - Security

Figure 1

**U.S. Immigrant Population Still Growing, While Unauthorized Immigration Slows**

(in millions)



Source: For immigrant population, 2000 Census (5% Integrated Public Use Microdata Series (IPUMS)) and 2001-2011 American Community Surveys (IPUMS). For unauthorized immigrant population, Pew Hispanic Center estimates based on residual methodology applies to March Supplements to the Current Population Survey (see Methodology in Passel and Cohn (2012)).

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## Tourism and Human Mobility

- Mexican tourism
- <http://travel.trade.gov/view/m-2014-I-001/table1.html>
- <http://travel.trade.gov/view/m-2014-I-001/table2.html>
  - Air travel
    - United Airlines to 34 cities in Mexico
    - Southwest / other airlines into Mexico
- 2014: 80 million Mexicans crossed into Texas by land
  - Key Question: Is There an Immigration crisis?
    - 1.7 million undocumented residents
    - Border Patrol Arrests by Sector

## Education and Human Mobility

- California, New York, Texas, and Illinois
  - Recipients of foreign students and researchers
  - 15,000 Mexican students in the United States
    - UT System Resident's Tuition
  - Texas is losing ground to other states on attracting Mexican students
- <http://www.brookings.edu/research/interactives/2014/geography-of-foreign-students#/M10420>

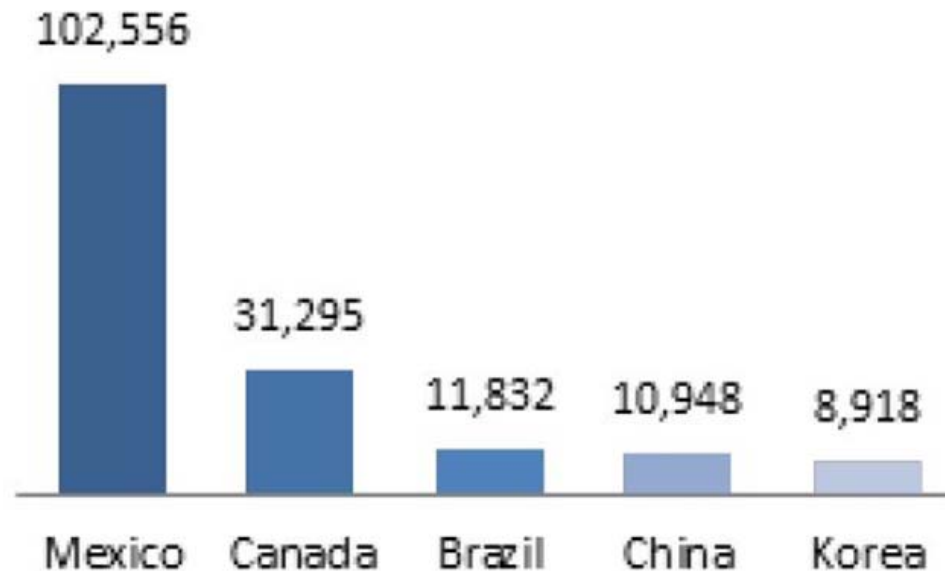
## Mexico-Texas Trade

- Exports from Texas supported 1,117,318 jobs in 2014
- In 2014, Texas got:
  - \$288.0 billion from total exports
  - \$176.1 billion from Free Trade Agreement (FTA) partners
    - 61% of Texas' exports are to Mexico

## Mexico-Texas Trade

- Mexico is Texas' largest market
  - 35.6% of Texas' total merchandise exports were to Mexico in 2014 (\$102.6 billion)

**Texas's Top 5 Export Markets**  
(Value in Millions of US dollars)



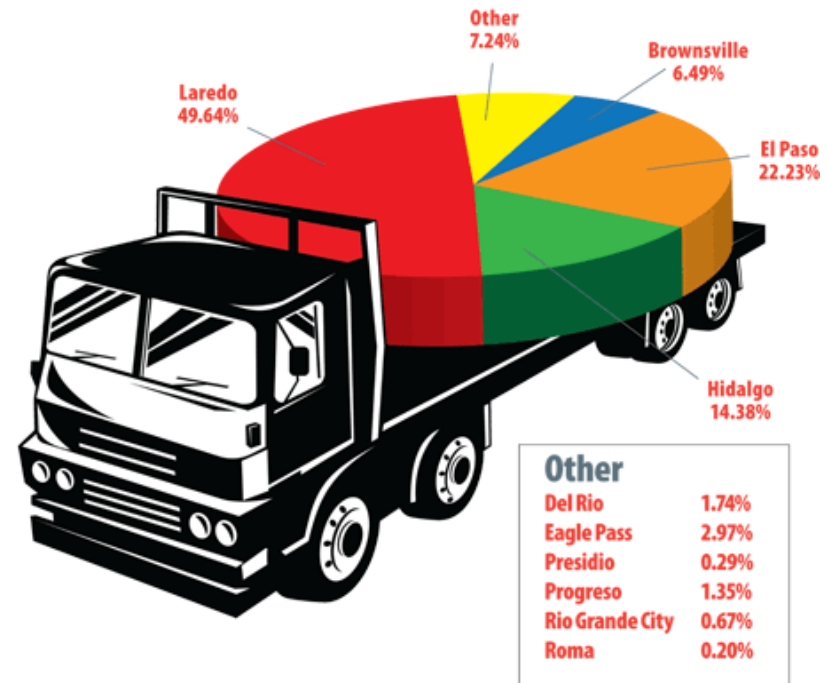
## Mexico-Texas Points of Entry

- In 2010:
  - 67% of all US-Mexico cross-border truck traffic used a Texas point of entry
  - 86% of all US-Mexico cross-border rail traffic used a Texas point of entry

## Mexico-Texas Points of Entry

- Cities with the most cross-border truck traffic:
  - Laredo
  - El Paso
  - Hidalgo
  - Brownsville

### 2010 Texas/Mexico Truck Traffic Border Crossings



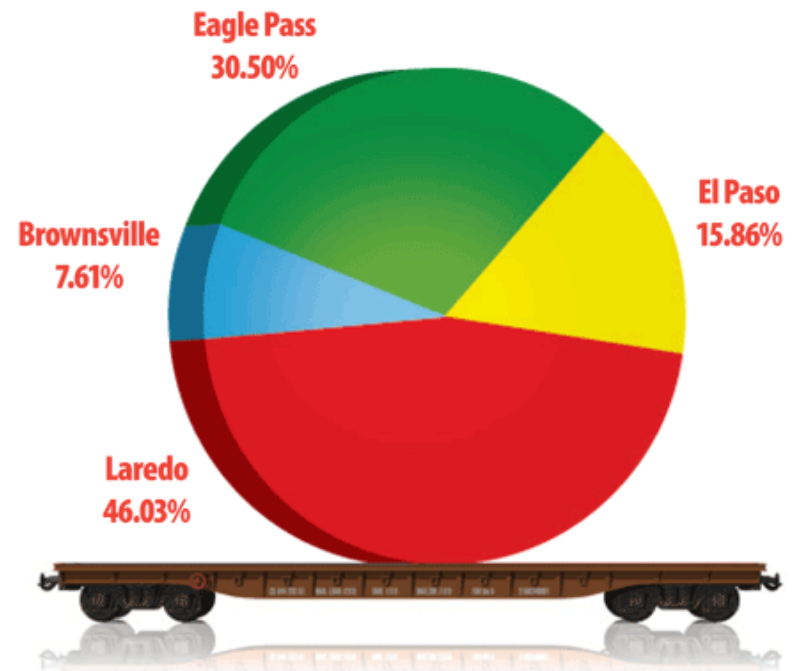
Source: Bureau of Transportation Statistics



## Mexico-Texas Points of Entry

- Cities with the most cross-border rail traffic:
  - Laredo
  - Eagle Pass
  - El Paso
  - Brownsville

2010 Texas/Mexico Rail Traffic Border Crossings



Source: Bureau of Transportation Statistics

## Mexico-Texas Points of Entry

- Texas' role as the hub of US-Mexico trade, and its own trade with Texas, make transportation and logistics important to Texas' economy

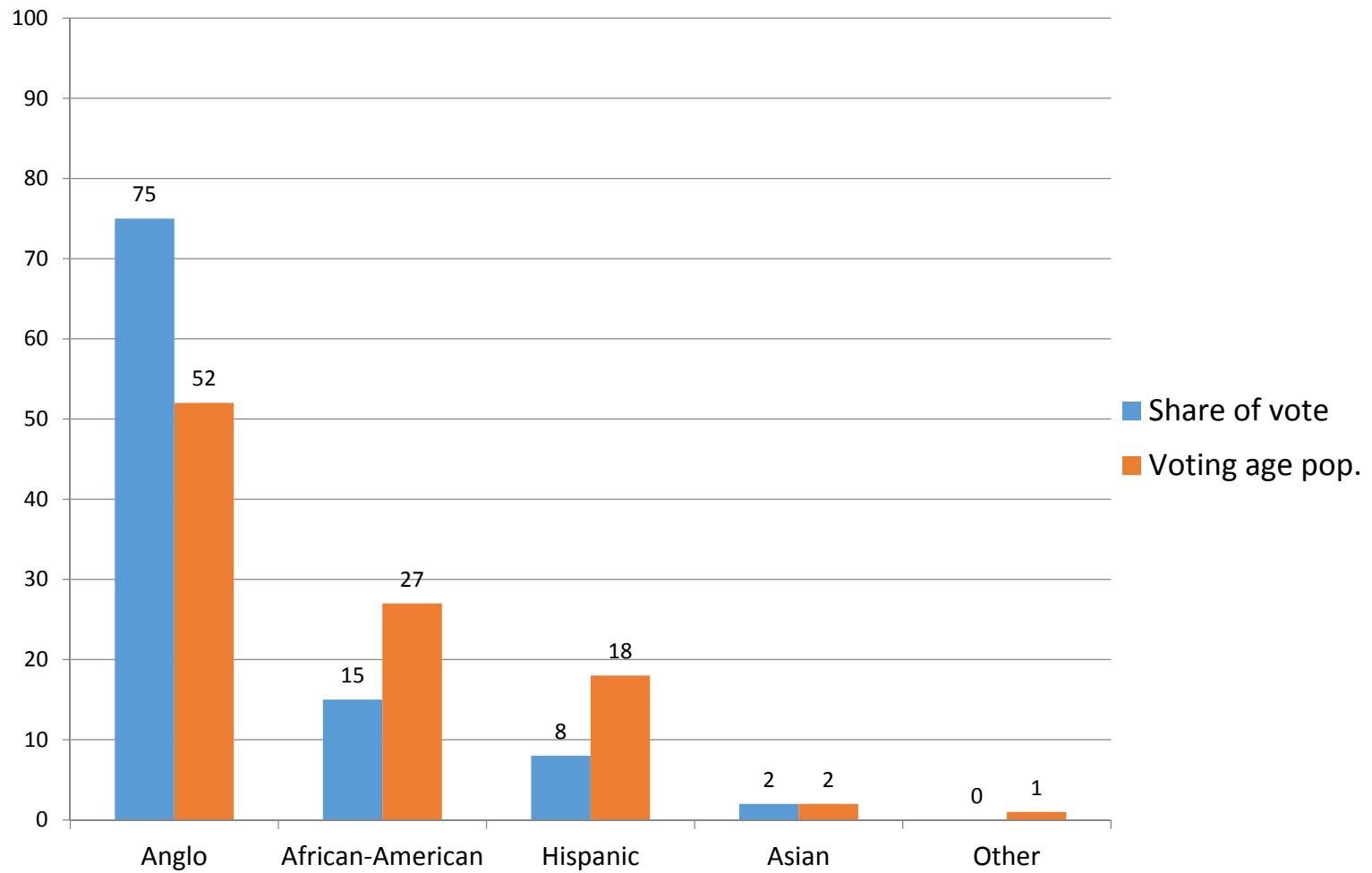
Texas Logistics Jobs as of Q1 2011



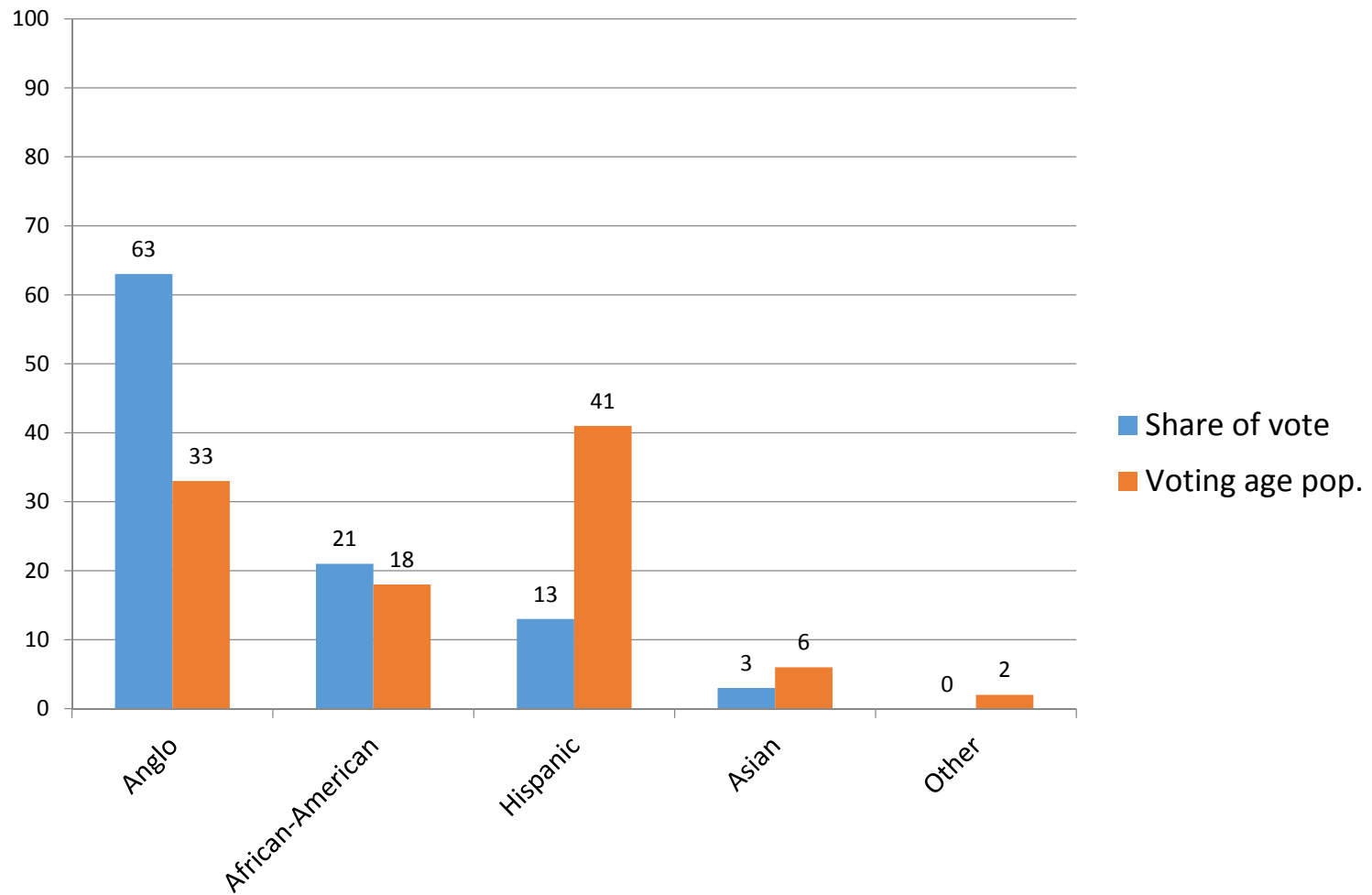
## Hispanic Political Issues in Texas

- As of 2013, Hispanics made up less than half of Texas' eligible voters
  - Hispanic voters punch below their weight
  - Houston, in exemplum
- Currently 38% of Texas' population, Hispanics are expected to become a plurality by 2020.

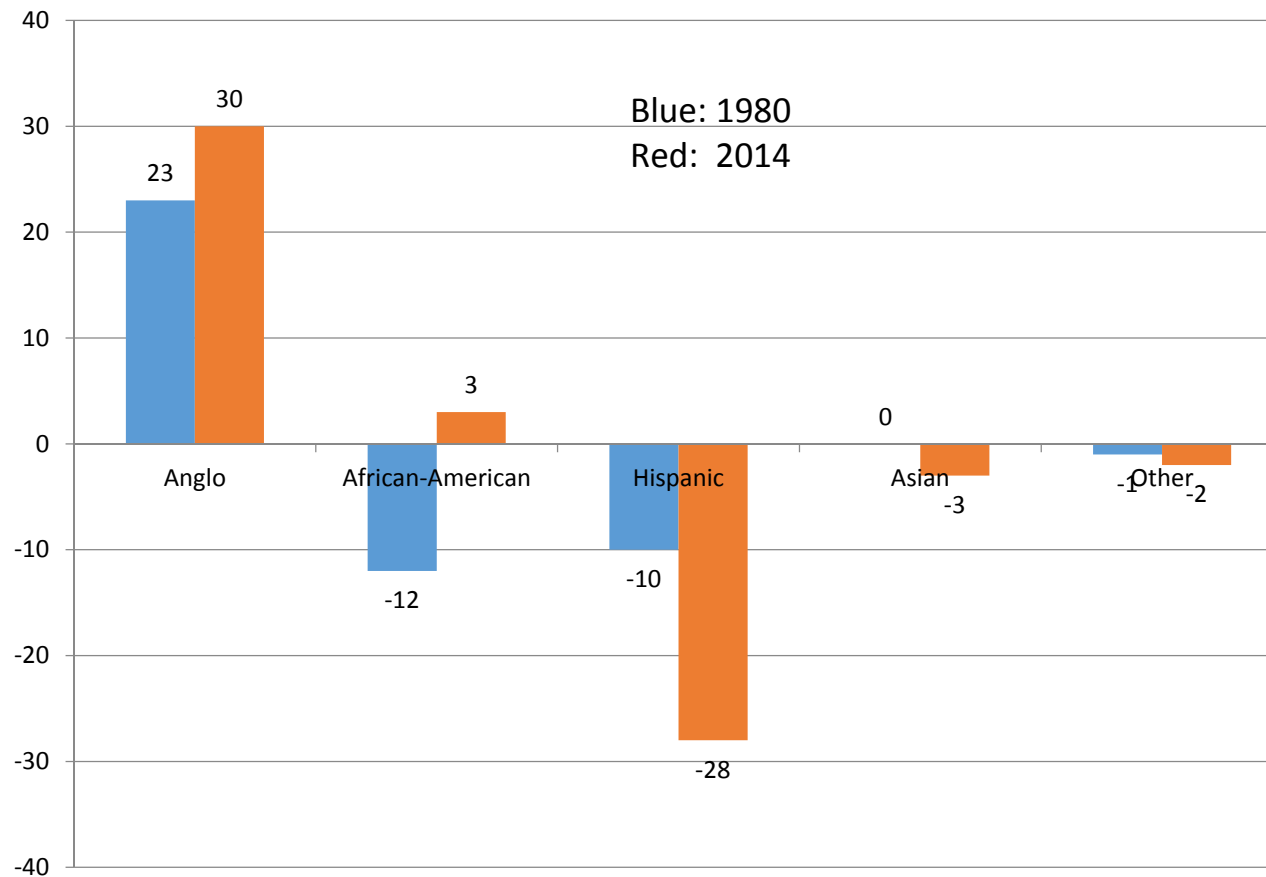
# Percent of voting age population and vote cast by race/ethnicity: 1980 (Robert Stein)



# Percent of voting age population and vote cast by race/ethnicity: 2014 (Robert Stein)



# Gap between share of vote and share of voting age population by race and ethnicity: 1980, 2014 (Robert Stein)



## Hispanic Political Issues in Texas

- Democrats and Republicans use different issues to attract the Hispanic vote.
  - Democrats
    - Conflict with typically conservative Hispanics on moral and social subjects like sexuality, abortion
    - Emphasize health care
  - Republicans emphasize the economy and jobs
    - Oppose the Affordable Care Act and expansions of Medicaid
    - Pursue stringent anti-immigration policies

## Accelerating Convergence

- Mexico's structural reforms and their importance for Texas
  - Labor reform
  - Telecommunications reform
- Pending Issues
  - Security
  - Corruption
  - The Rule of Law



## Mexico's Energy Reform for Texas

- Despite its resources, Mexico is a net importer of refined petroleum products
  - For the first time in 40 years, Mexico began to run a negative trade balance with the US early last year

## Mexico's Energy Reform for Texas

- Mexico
  - Is looking to revitalize its older, less productive fields
  - Needs upgraded technology and expertise to extract oil from tight formations
  - Refines very little of its crude oil, and is not expected to expand those operations
  - Is simultaneously reforming its electricity industry
  - Has a lot of shale that needs to be developed
- These are all things that Texas companies are very capable at.

## Mexico's Energy Reform for Texas

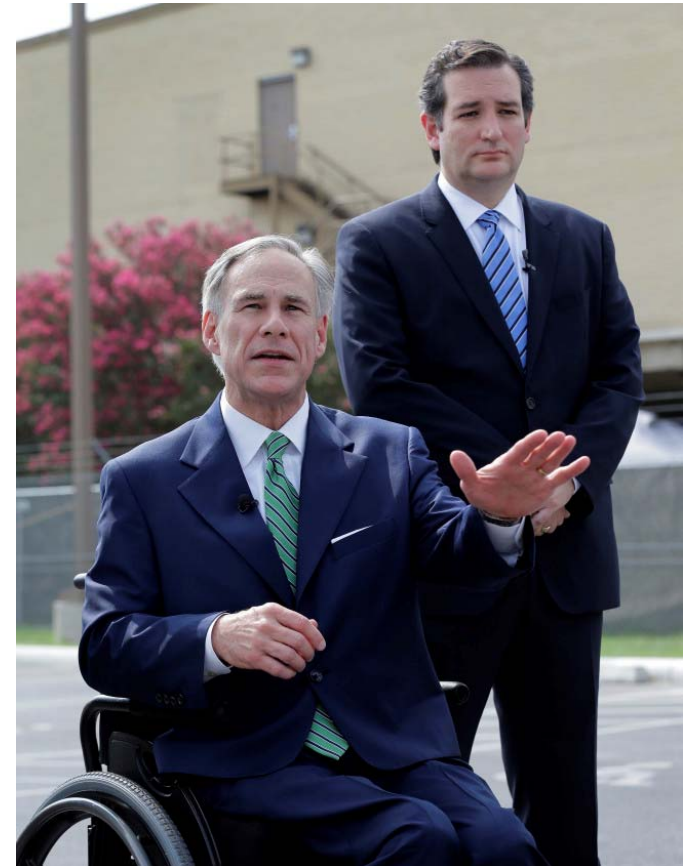
- Texas companies are prepared to take advantage of emerging opportunities in Mexico
  - Oil & gas service companies headquartered in Texas can help revitalize Mexico's less productive fields
  - Texas engineering companies are at the forefront of technology for extracting oil from tight formations
  - Texas refineries can refine Mexican oil as production increases and exceeds local refining capacities
  - Texas gas companies are making plans to run more pipeline and pump more gas to Mexican power plants
  - Mexican shale deposits are close to Texas ones, further enabling cooperation

## Mexico's Energy Reform for Texas

- Before oil prices fell, economists at BBVA Compass estimated that by 2018, Texas would gain:
  - 217,000 jobs
  - \$45 billion in additional gross state product
- Of this, South Texas would gain:
  - 40,000 new jobs
  - \$5.6 billion in economic activity

## Reality vs. Rhetoric in Texas

- What is the role that Mexico plays in Texas?
  - Texas economy and Mexico
- What explains the reality/rhetorical divide?
  - Disenfranchisement of Hispanic Voters
    - Picture ID
    - Gerrymandering
    - Etc.
  - Low rates of naturalization of Mexicans
    - 23%
  - Death Penalty



## How to reset the relationship: Political Will

- Empower Hispanics politically
  - Mexicans have not flexed their political muscle
- Political action to close the gap between reality and rhetoric
  - Vote strategically, contribute to campaigns, and mobilize
- Assess realistically the contributions of immigrants
  - Let the facts speak for themselves
- Find new mechanisms of cooperation with Mexico
  - Infrastructure (RMAs, etc.)
  - Immigration
  - Security