

Introduction

Mexico 2006-2012: High Stakes, Daunting Challenges

by

Jan Rus and Miguel Tinker Salas

The presidential election scheduled for July 2, 2006, dominates Mexican political debate. In this Mexico is not alone; 2006 looms as the year of elections in Latin America, with presidential contests scheduled in Costa Rica, Peru, Colombia, Brazil, Ecuador, and Venezuela. In December 2005 Bolivians overwhelmingly elected the indigenous leader Evo Morales from the Movimiento al Socialismo (Movement for Socialism—MAS) as their next president. Chileans will choose a president in a runoff scheduled for January 2006. Throughout South America, support from mass movements and indigenous groups and popular discontent have led to the election of reformers, neo-populists, and even radicals. Though not united by a common ideology, the leaders of Venezuela, Argentina, Uruguay, and Brazil have generally promoted regional integration, opposed unilateral U.S. action, and adopted policies that tend to favor the lower socioeconomic sectors of society.

Initially, Mexico appeared to join this trend when in 2000 the Partido Revolucionario Institucional (Institutional Revolutionary Party—PRI) suffered its first-ever defeat in a campaign for the presidency. In July of that year public discontent and the strategy of the *voto útil* (useful vote) by which opponents of the PRI, including many prominent leftists, supported Vicente Fox of the conservative Partido de Acción Nacional (National Action Party—PAN) produced the election of the first non-PRI national administration in 70 years. Fox exploited the wave of mass discontent in Mexico, campaigning with a pseudo-populist rhetoric that he quickly abandoned once in office. In fact, next to Alvaro Uribe of Colombia and Tony Saca of El Salvador, Fox has been one of the most trusted U.S. allies in Latin America. With the exception of the war in Iraq, where Mexican popular sentiment overwhelmingly opposed the U.S. invasion, he has faithfully supported U.S. initiatives on trade,

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security, and international relations, contributing to Mexico's increased isolation from Latin America. Most recently, he advocated the U.S.-sponsored Free Trade Area of the Americas (FTAA) at the Summit of the Americas held in Argentina in November 2005, going so far as to suggest that an accord could be reached even without the support of Argentina, Brazil, and Venezuela.

As Adolfo Gilly points out in this issue, despite efforts by the current generation of political leaders to recast Mexico as a partner of the United States and only secondarily part of Latin America, the historical record speaks otherwise. Mexico's ties to the region are rooted in similar colonial experiences. As the Viceroyalty of New Spain it shared an institutional and cultural legacy with the republics to the south. Though it produced a different cast of characters, its war of independence followed patterns similar to those in other countries of the region. The political contests between liberals and conservatives that characterized the early nineteenth century also find parallels throughout Latin America. Last but far from least, Mexico's conflicts with the United States in the 1830s and 1840s and the loss of half its territory served as a harbinger of future U.S. policy toward the rest of Latin America, where the "big stick" and "gunboat diplomacy" were to stamp late-nineteenth- and early-twentieth-century relations.

Subsequently, the Mexican Revolution of 1910 stood as a beacon for reformers throughout Latin America, as did the Constitution of 1917, which was emulated throughout the region. Despite their limitations, the postrevolutionary *indigenista*, muralist, and literary movements also inspired similar developments in Latin America. Finally, the populist 1930s government of Lázaro Cárdenas encouraged progressive and nationalist forces elsewhere while frightening traditional oligarchs. Meanwhile, Mexico's intellectuals developed close ties with their Latin American counterparts and spoke of hemispheric solidarity, while the country served as a safe haven for those seeking social change or fleeing repression. Waves of political refugees, beginning with Venezuelans in the 1920s, Spaniards in the late 1930s, Guatemalans in the 1950s, and Chileans, Argentines, and Uruguayans in the 1970s, found a welcoming host in Mexico. By the 1940s and 1950s Mexican music and films, along with the country's proud independence, were admired throughout Latin America.

The end of World War II and the emergence of the cold war produced subtle but important changes in Mexico's image and reality, initiating a shift away from the continent and increasingly toward solidifying relations with the United States. The principal exception to this change, the government's unwillingness or inability to sever relations with revolutionary Cuba, speaks more to the popularity of nationalist movements with the Mexican people

than to official sympathy with the Cuban process. Indeed, by the 1960s Mexico increasingly used support for nationalist movements as a way of appeasing the left within its own country. Its policy toward popular struggles in Central America during the 1970s and 1980s underscores this political strategy.

If Mexico once served as a model for Latin America, however, in recent years it has become increasingly irrelevant. The Fox administration, along with its predecessors since the 1980s, has focused primarily on cultivating ties with the United States and disregarded relations with Latin America. As Carlos Montemayor points out in his essay, despite protestations to the contrary, since the government of José López Portillo (1976–1982) Mexican presidents have been laying the groundwork for the implementation of the current neoliberal economic model. This has involved not only restructuring politics and economic policy but also attempting to recast the nation's historical memory. Intent on reaching a free-trade agreement with the United States, the administration of President Carlos Salinas de Gortari (1988–1994) commissioned the rewriting of Mexico's school textbooks, transforming Porfirio Díaz (1876–1911) from a dictator into an adept administrator who placed Mexico on the path to modernization by attracting and managing foreign investment, mainly from the United States. In the process, acrimonious relations with the United States were recast; the war of 1846–1848 was reduced to an unfortunate incident, and the Mexican Revolution, along with the social movement it generated and the expectations it produced, was downplayed. With the active participation of leading academics and intellectuals, those in power attempted to sanitize the past and undermine the principal tenets of Mexican nationalism, removing them from political discourse and, more important, from the popular imagination, where they still served to inspire social movements. Overseeing the process in the Ministry of Education was Ernesto Zedillo, whom Salinas would subsequently anoint to succeed him in the presidency (1994–2000).

Far from breaking with these trends, the Fox administration has continued them and increased Mexico's isolation from the rest of Latin America. Early in Fox's term, his foreign minister, Jorge Castañeda, formerly a critic of the PRI from the left, moved to distance Mexico from Cuba and strengthen political ties to the United States. The public rupture with Fidel Castro in the wake of the Monterrey "poverty summit" in 2002 sent a clear message of the government's intentions. This policy has been continued by the current minister, Luis Ernesto Derbez, who with U.S. support sought the position of secretary general of the Organization of American States against the candidate of a number of South American countries determined to strike a more independent course. In the wake of the Summit of the Americas, the recent public attacks on President Néstor Kirchner of Argentina and the subsequent public rupture

with Venezuela and President Hugo Chávez reflect a continuation of this policy.

Buffeted by shifting economic conditions and the growing importance of China as a manufacturing center, Fox has made the signing of a formal guest-worker program one of the central components of his foreign policy with regard to the United States, an agreement that seems more and more difficult to attain given the xenophobic tenor of discourse toward Mexico and Mexicans in the United States and the post-9/11 obsession with border security. This willingness, even eagerness, to reach accommodation with the United States is far from coincidental. It reflects an effort to differentiate Mexico from the rest of Latin America—to stress its geographic position in North America over its historical unity with Latin America.

NEOLIBERALISM AND POPULAR RESISTANCE

The United States has of course been an important factor in recasting Mexico's role in the hemisphere. After borrowing heavily against its oil reserves in the 1970s to stimulate a sluggish economy and shore up support for the PRI, the Mexican government confronted a profound financial crisis in 1982 when the price of oil declined and interest rates rose. In return for advancing the funds to stave off default, the United States and international financial institutions forced the Mexican government to implement austerity measures and unpopular neoliberal economic policies, making it the hemisphere's model of structural readjustment. Against fears that in most countries such policies would produce a backlash and prove politically destabilizing, it was widely assumed that in Mexico the PRI's monopoly on power would shield it from popular pressure and that its political and economic elites would therefore have the "discipline" to impose neoliberal reforms.

Through the 1980s, the governments of Miguel de la Madrid (1982–1988) and his secretary of planning and budget and successor Carlos Salinas de Gortari phased out supports for agriculture and the urban and rural poor (Ochoa and Wilson, 2001), limited the growth of spending on social services to rates below the period's high inflation, cut government spending on infrastructure, and privatized previously state-owned enterprises. By the time negotiations for the North American Free Trade Agreement (NAFTA) were concluded in 1992,¹ Mexico's economy had been largely recontoured to be more in line with the neoliberal "free-market" model preached (although never fully applied to itself) by the United States: free trade including a "glide path" to free import of grains and other agricultural commodities, unimpeded

foreign investment and repatriation of profits, the end of agrarian reform and the initiation of measures to permit the privatization of communal lands, the privatization of financial institutions, and further divestiture of publicly held industries and services. In return, Mexico expected to receive massive investments from the United States and Canada, providing the industrialization that it hoped would absorb its rapidly growing workforce (by 1990, almost half of the population was under 19 years of age [INEGI, 2000]).

But there was a backlash. During the years of deepest cuts in public spending, the government was slow to respond to the devastating Mexico City earthquake of 1985, giving rise first to a self-help movement of civil society and then to a new generation of urban oppositional organizations against government neglect and against the PRI. Meanwhile, cutbacks in the agricultural spending that sustained the rural economy and with it millions of families led to increasing unrest in the countryside as well. Land invasions and strikes by rural workers and peasants increased throughout the 1980s. By the early 1990s they were joined even by larger landowners driven into bankruptcy by the withdrawal of government price supports and marketing agencies, rising prices for fuel and fertilizer, and the excessive cost of credit. Finally, much of the manufacturing sector came under attack as tariffs were lowered in the run-up to NAFTA, causing Mexican products from candy to shoelaces to lose their markets to imports from the United States and Canada.² Workers, angry at the complicity of their official, PRI unions with this destruction of their jobs and with government efforts to hold down wages, increasingly staged wildcat strikes and opposed the PRI at the polls. For their part, many domestic manufacturers hurt by trade liberalization and professionals were also drawn to opposing the PRI. Some in the newly aggrieved middle and upper classes joined protests such as the debtors' movement *El Barzón*, while others gravitated to electoral opposition, dividing their loyalties between the conservative PAN and the breakaway antineoliberal factions of the PRI that had joined former leftist parties to form the *Partido de la Revolución Democrática* (Party of the Democratic Revolution—PRD) after the 1988 elections.

After two years of triumphalist claims by the Salinas administration that with NAFTA "Mexico was joining the First World," all of this dissent crystallized in the rebellion of the indigenous peasants of the *Ejército Zapatista de Liberación Nacional* (Zapatista Army of National Liberation—EZLN) in Chiapas on January 1, 1994, the day NAFTA officially took effect. The Zapatistas' argument that in unilaterally "reforming" Mexico's political and economic systems the PRI's technocrats had not only not consulted them but not even taken them into account echoed the experience of tens of millions of Mexicans of all classes and regions. Besides rallying in support of the

Zapatistas in streets and plazas throughout Mexico, these millions set the stage for the rocky presidential elections of 1994. Launching his campaign just before the rebellion, the PRI's candidate, Luis Donaldo Colosio, seemed thrown off his stride by the Zapatistas' message and popularity. By February there were rumors that he might be planning to pull Mexico back from further commitment to the neoliberal project in order to reconcile the party to the country's poor and working classes. In March, however, he was assassinated, and in the ensuing months a wave of political violence swept Mexico that proved shocking even for the Mexican political establishment. Salinas eventually appointed the Yale-trained technocrat Ernesto Zedillo to replace Colosio. Although Zedillo won the July election, within days of taking office in December his administration let the peso float against the dollar to ease it down from the artificially high level at which it had been sustained through the Salinas administration. Salinas had been openly campaigning to become president of the World Trade Organization (WTO) and had not wanted to devalue the currency. In what became known as the Tequilazo, overnight the peso lost half its value, the Mexican stock market collapsed, and investment fled the country. As in 1982, Mexico was again plunged into economic depression. Also as in 1982, the U.S. Treasury provided a bailout whose chief beneficiaries were U.S. banks and speculators. In return, the United States, which had long urged privatization of the Mexican oil company, *Petróleos Mexicanos* (PEMEX), demanded that all foreign payments to PEMEX travel through the U.S. Federal Reserve in New York to provide a guarantee against default, in effect holding hostage one of the key symbols of Mexican nationalism.

Instead of the period of prosperity and consolidation of the neoliberal project that had been predicted at the end of 1993, the six years from 1994 to 2000 became a time of renewed austerity and repression. Once again, the burden of miscalculations by the PRI and the economic elite was placed on the backs of the Mexican middle and working class as well as the rural poor. As they had in the 1980s, the government and its unions again collaborated to limit wage increases, offering the underpaid labor of Mexican workers as an inducement to foreign investors (see Delgado Wise, Roman and Velasco Arregui in this issue). At the same time, the government permitted the recently privatized banks to increase the interest rates they charged on existing credit card and mortgage debt unilaterally to as much as 140 percent per year—a rate that middle- and working-class people were forced to pay even as their own wages were being held down. This increase also punished Mexican businesses forced to compete with foreign investors and imports for Mexican markets.³ After several years of this hardship, the Treasury eventually spent billions of dollars to bail out not Mexican workers and businesses but investors in the banks.

Meanwhile, politically, the Zedillo regime continued the policy of its two predecessors in loosening some controls over state and local elections, acceding to PAN and PRD victories in a handful of gubernatorial and big-city mayoral contests. Fearing the example of a successful popular revolt, however, it refused to accept a negotiated settlement with the Zapatistas, choosing instead to maintain a large military presence in Chiapas while training paramilitary forces there and elsewhere to take over direct repression (Rus, Hernández, and Mattiace, 2003). This led to two widely publicized massacres of unarmed peasants during the Zedillo regime, at Aguas Blancas, Guerrero, and Acteal, Chiapas (see Hernández Castillo in this issue)—the first of which was videotaped and repeatedly broadcast on national television.

Although the economy slowly recovered from the so-called error of December 1994, these and other decisions increasingly alienated voters from the PRI. Aggravating the worsening relationship were a drumbeat of stories throughout Zedillo's term about profiteering, corruption, and extrajudicial violence by previous PRI governments (see Aguayo Quezada and Treviño Rangel in this issue). By the time of the 2000 presidential elections the PRI was clearly in trouble and Vicente Fox and the PAN, with a strong dose of support from voters from other parties, succeeded in harnessing the discontent and ousting the PRI from Los Pinos (the Mexican presidential residence).

FOX NO PUEDE

Unfortunately for Mexico, Fox's election did not produce a fundamental shift in the Mexican political system or Mexican national policies. What changes there have been have been mostly cosmetic; the central tenets of the traditional political power structure and the conditions that produce inequality remain intact. Fox has faced a series of economic challenges that he has proven unable or unwilling to contest. Economically, the industrialization Mexico needed was slowed soon after Fox's inauguration by the 2001 recession in the United States and then more seriously by the rise of competing assembly plants in Asia. Indeed, after 2001 Mexico lost some 400,000 assembly plant jobs, mostly to China.⁴ Meanwhile, through the first years of Fox's term, agricultural commodities remained relatively low, and following the September 11, 2001, attacks in the United States, tourism declined. World oil prices, however, from which Mexico benefits, have increased dramatically, as have remittances from immigrants in the United States.

If Fox had aggressively pursued independent legislative initiatives or enjoyed political successes, he might have offset some of these economic



“The Northern Border”

Source: Rocha, in *La Jornada*.

woes. During his campaign, he had made achieving fair treatment for the millions of Mexican workers in the United States one of his principal goals. In a meeting with George Bush that concluded just days before September 11, 2001, it appeared that he was on the point of succeeding. Following the events of September 11, however, Bush abandoned any discussion of migration with Mexico and instead framed border enforcement in terms of his new antiterrorist rhetoric, hopelessly politicizing and even racializing border issues. In fact, as this is written the Congress of the United States seems more inclined to repress Mexican workers and erect new walls between the two countries. As a result, even the usually pro-Washington Fox has been forced to condemn recent U.S. congressional border initiatives.

Finally, Fox had problems with his own congress. Never possessing a majority and disdaining the organizational structures of his own party, he cobbled together coalitions with rival parties to pass legislation, eventually settling on more cooperation with the PRI than with the PRD. This approach is reminiscent of the Salinas administration’s coalition between the PRI and

the PAN, forged to implement its neoliberal policies. The association with the PRI, however, led Fox to back off of aggressive pursuit of the corruption of previous PRI regimes or their responsibility for the dirty war of the 1970s or the violent extralegal repression before and since (see Aguayo Quezada and Treviño Rangel). Instead of isolating, investigating, and marginalizing the former state party, Fox's accommodationist policies have permitted the party's resurrection. Finally, Fox was challenged by many of his own party's legislators, especially in the senate, where strong historical PAN leaders allied themselves with their PRI counterparts to force Fox to follow them rather than lead himself.

After five years of the Fox presidency, the great national problems that led to the historic rejection of the PRI in 2000 remain unsolved; many have become worse. Health care, education, and basic human services are in serious disrepair. The struggle in Chiapas, which inspired social movements throughout Latin America, remains unsettled (see Hernández Castillo in this issue). The corrupt and largely ineffective PRI-controlled labor unions retain their power and have helped Fox exert control over labor (see Roman and Velasco Arregui). NAFTA has produced a significant restructuring of the Mexican economy (see Delgado Wise) while laying waste to vast areas of the Mexican countryside; government inattention and cheaper imports have forced many farming communities to subsidize their own production with the remittances of members who have moved to cities or the United States to find work (see Barkin). Meanwhile, the continued growth of the informal economy speaks to the continued sluggishness of the Mexican industrial plant, while urban unemployment and underemployment fuel increasing immigration north (see Álvarez Béjar, Delgado Wise, Roman and Velasco Arregui). The millions of Mexican undocumented immigrants, expected to send home US\$20 billion in 2006, provide some families with a respite from what otherwise would be an even more dismal economic situation (see Delgado Wise, Ruiz, Olivera). However, violence along the border as in Ciudad Juárez has worsened (see Ruiz, Olivera). Indeed, social violence throughout the country and especially crimes against women (femicide), as Olivera underscores, have reached unprecedented levels. Beyond the violence of daily life, drug traffickers have thoroughly penetrated political and judicial institutions and represent a significant challenge to the sovereignty of the Mexican state, one that the government appears powerless to counter.

Faced with this panorama, the political system has so far proved unable to respond. Nor, given the broken promises and the corruption that have tainted all of Mexico's political parties, do most people have more than faint hope of change through the electoral process (see Álvarez Béjar, Gilly, Semo, Montemayor, Hernández Castillo). As Hernández Navarro points out, the

media, controlled by powerful economic interests, have moved in to fill this void and now openly attempt to drive the political agenda. Meanwhile, the Mexican congress remains deadlocked, unable to reach consensus on important matters. This apparent political indecisiveness contrasts sharply with the treatment of important economic interests, with Fox continuing the policies of the PRI by helping failed banks and insurance companies with generous bailouts.

At every step through the past 20-plus years of change, the United States has been present, bailing out the neoliberal experiment while reminding the Mexican government of its dependent position and insisting on further free-market reforms. Most recently, while denying Mexico an agreement on cross-border migration that would provide a modicum of justice to millions of Mexican workers, the United States has insisted, through the NAFTA court, that Mexico not delay the complete opening of its agricultural markets that is driving millions from its rural areas and to the United States. Moreover, Mexico has been forced to submit to U.S. certification of its drug control efforts, causing bloodshed in Mexico for traffic driven by U.S. demand, to accept the presence of U.S. Department of Homeland Security inspection of passengers departing for the United States by air, and to join the North American security pact led by the U.S. military. For many Mexicans, then, one of the greatest issues of the coming years is sovereignty—regaining the control of their own destiny that has increasingly has been relinquished in recent years.

Mexico's leading parties have selected their official candidates; Andrés Manuel López Obrador for the PRD, Roberto Madrazo for the PRI, and Felipe Calderón for the PAN. Cuauhtémoc Cardenas, a founder of the PRD and former presidential candidate, has bowed out, although he remains bitter over his treatment and vows to build a "people movement." For its part, the EZLN, through its *Sixth Declaration from the Lacandon Forest*, has criticized all parties and candidates and called for the formation of an *Otra Campaña* (Other Campaign) aimed at building an alternative to the traditional political process and rallying social movements. This is the context in which the 2006 presidential elections will take place. No matter who is elected, the stakes are high and the challenges daunting.

NOTES

1. Although NAFTA was negotiated primarily during the Bush administration, it was signed by President Bill Clinton on December 8, 1993.

2. Mexico joined the General Agreement on Tariffs and Trade, the predecessor of the WTO, in November 1986. In May 1994 it became the first still-industrializing country to be invited to join the Organization on Economic Cooperation and Development.

3. For more on the effects of this credit crunch in the countryside, see Williams (2001). For an overall view of the effects of economic crisis, austerity, and neoliberal reforms during the 1990s, see Ochoa and Wilson (2001).

4. From a high of some 1.4 million maquiladora jobs in 2000, the number had declined to approximately 1 million by mid-2003 (GAO, 2003).

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