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The Rise and Decline
of the PRI

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STATEMENT OF PURPOSE

The purpose of this thesis is to examine the rise and subsequent decline in power of the Institutional Revolutionary Party (PRI) in Mexico. In order to accomplish this, a historical examination of Mexico's political and economic development will be carried out to provide a context for the events leading up to the outcome of the most recent Mexican presidential elections in 1988.
I. Introduction

The significance of Mexico as an active participant in the international arena, where the activity of sovereign states affects the welfare of other states, helps to explain the importance of conducting such an examination of its political and economic history. In respect to other Latin American countries in the region, Mexico occupies a unique position. Mexico is a country which borders one of the most influential nations in the world, linking it to the rest of Latin America. Mexico's geographical location and subsequent interdependent relationship with the United States, causes Mexico to warrant special attention. Both the successes and failures of the Mexican government affect the rest of the world. The economic crisis beginning to engulf Mexico in the 1980s, following a series of successful periods of steady economic growth, resulted in a growing concern for the future of Mexico. Particularly the United States, which had already loaned millions of dollars in aid to Mexico, was increasingly aware of the possibility that Mexico would default on its loans causing other Latin American countries to follow suit and default on their loans as well. After decades of continuous rule by the PRI, Mexico has begun to experience a crisis of political nature, resulting in a gradual loss of legitimacy for and trust in the PRI. This demonstrates a latent weakness in a one-party system. Various sectors of society are denied access to a political system for so long that the introduction of a new societal element or the persistence of a condition such as economic stagnation causes them to become increasingly dissatisfied with and resistant to the dominance of a party like the PRI. The outcome of such political unrest could have serious repercussions for those countries with a vested interest in
preserving the political stability of Mexico, and the stability of a region with chronic tendencies towards instability. Of special interest, the origins of the Mexican political tradition can be traced back to the Mexican Revolution of 1910. Such a phenomenon results in a process of national development which is distinct from that of those countries which have not experienced such a political upheaval. In order to effectively examine the history of Mexican development, and speculate on the future of Mexican politics, it is necessary to study the emergence of the PRI as the major political force in society and its ability to maintain a position of national authority throughout the decades, until recently.

II. Evolution of the PRI

The Institutional Revolutionary Party initially based its strategy for domination of the Mexican state on a set of strong party principles. Formed in 1929, Mexico’s official party, then called the National Revolutionary Party (PNR), was primarily concerned with the creation of a strong interventionist state which would effectively expand the public sector. In terms of the concern with molding a new society, public interests took precedence over more traditional private business ventures, thus initiating a movement towards the promotion of state power. In the pursuit of such consolidation, the ever present reality of class struggle was displaced temporarily as public officials began to channel their energies towards the development of national institutions to unify the country. In the economic arena, the development of the industrial sector and the protection of emerging industry was soon recognized as yet another guiding party principle. State run economic
institutions, including insurance agencies and credit banks, were created as a means to promote industry and increase the role of the state. Agricultural credit became more readily available. With the demonstration of such efforts to develop the Mexican economy, the PRI assumed that the masses would be more inclined to unquestioningly follow the PRI in its plan of action. The PRI developed various mechanisms to gain the support it needed to ensure its continued legitimacy.

Based on these principles, the PNR evolved into a loose coalition of already existing regional interest groups—groups that were vying for power at that time. The structure of this party was to be flexible enough so as to promote coexistence amongst the various sectors of society. Differences of opinion would be resolved through the implementation of broad policy emphasizing solidarity and unity within the party. Personal differences were to be resolved, in part, through the Queretaro Pact of Union and Solidarity of 1929. In signing the document, leaders pledged a willingness to accept the policies of the new political party without resorting to the use of the armed forces to gain power.

Wealthy landowners, representing the dominant economic sector, were initially excluded from membership because of their opposition to change. The landowner, firmly entrenched in Mexican society, constituted a powerful political force in regards to the peasants, many of whom depended upon the landowners for employment and basic subsistence. The emergence of an industrial sector would not begin to substantially develop until later. The landowner was still the powerful element in Mexican society. During the early 1930s, organized labor was excluded, primarily because the demands

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took on revolutionary proportions. Because of these rather extensive exclusions, the middle class became the PRI's dominant social base within the party structure.

In 1937 President Lazaro Cardenas reformed the national party and renamed it the Party of the Mexican Revolution (PRM). The new party attempted to integrate four sectors of Mexican society including the peasants, labor groups, the military, and the popular sector. By including the peasants and the laborers, and by giving these groups more opportunities for political expression, Cardenas hoped to win their support for land reform and nationalization of railroads. The principal idea was to provide each sector with the same chance of seeing their presidential candidate elected to power. In 1940, when Cardenas left office, the individual sectors essentially lost the political representation they had enjoyed during his presidential term. Equal political representation for each sector had somewhat eased the tensions inherent in a society based on a rigid class structure. With the decline in such political representation, the latent class struggle reemerged as an issue, thus overshadowing attempts at the development of national unity.

Increasingly visible, corruption began to shape the presidential elections. Wide majorities of society were completely excluded from any form of political participation. The same political candidates were supported each time, blatantly emphasizing the poor representation of most of society in the elections. A political elite began to surface. The peasants never really gained their share of political power, which had only begun to evolve during the era of Cardenas, because as the party began to consolidate its power it had no use for the political support of the peasantry. Representatives from each mobilized sector belonging to the party were appointed by the state and regional politicians making the
representatives more loyal to the politicians than to their own constituents. During the actual elections, fraud, especially in the form of ballot stuffing, increasingly became a common occurrence. The PRI has nullified election results on many a technicality or other if an opposition party happens to gain a majority in place of the national party. A safeguard against such a possibility is the announcement of election results up to a full week after actual elections take place. In this way the PRI is given a chance to fix results or at least bargain with the opposition.

Although the PRI works on the principle that fear of repression alone, without resorting to actual repression, will in itself make negotiations with the opposition successful, the PRI has and will take oppressive measures to retain its political dominance. For example, the PRI saw such oppression as necessary in the effective elimination of the Church as a potential threat to its position of authority. The Cristero Revolt of 1929 was forcibly silenced and subsequently the supremacy of the state was recognized by the Church.

Over the years the cooptation of the military by the Mexican government has been a significant occurrence meant to undermine the military's independence, but as the PRI evolved and more fully consolidated its power, a desire for civilian supremacy effected the eventual exclusion of the military as well. Discussing more in depth later, the position of the military in Mexican society has remained unique in the Latin American region. Mexico's ability to effectively control the military has been facilitated by the legitimacy granted the PRI on the basis of its strong tie to the revolution. This legitimacy has allowed the PRI to absorb various sectors in society without provoking massive political disturbances. The middle class, strengthened by the cooptation

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and eventual exclusion of other sectors in the political processes, enhanced its general position as well with its ability to provide leaders for presidential candidates proficient in the ways of manipulation and conciliation. This strength of a growing middle class added to the effectiveness of the PRI’s practice of cooptation and ensured that its plans and goals would be accepted by everyone.

Cooptation became an increasingly effective means by which to eliminate growing opposition. Individuals or groups which threaten the authority of the PRI are offered small concessions in exchange for a reduction in their demands on the government. These concessions include paying off emergent opposition leaders, usually the prominent members of organized labor and peasant groups, in the form of large sums of money given as gifts or by offering influential jobs within the PRI to such individuals. Power struggles are internalized in this way. The opposition leaders begin to channel their demands through the PRI instead of through competing outside parties. They become absorbed by the system that they were ultimately fighting against because the PRI has, until recently, effectively been the only channel for upward mobility and political advancement open to the Mexican population.

Another way in which the PRI has effectively moved towards the further consolidation of its power has been through the support and financing of opposition parties. In this way the PRI ensures its continued position of authority through the fragmentation of opposition votes. The PRI began this practice during the 1950’s when the party no longer feared that coopted opposition leaders might create divisions within the party itself, in other words, when cooptation had been consolidated satisfactorily. The result was that the supported party in turn essentially supported the PRI from the beginning or it simply

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opposed the PRI as a way of bargaining for loans and favors for its prominent party members.\textsuperscript{4} This practice adds to the illusion of Mexico as a democratic state, contributes to the legitimacy of one-party rule, and centralizes power in the hands of a president and his national party. In reality the opposition groups are nothing more than pressure groups. In the case that real opposition forces surface, the PRI extends public investment to the area in which the opposition forces are growing to sustain its waning support from the people.

Prevailing conditions within Mexican society enabled the PRI to gain popular support and legitimize its sometimes oppressive actions. In the 1930's Mexico was feeling the effects of a world depression and of a recent national revolution which had wreaked havoc on available resources and general living conditions. In fact, national institutions had been destroyed during the revolution. The unifying force of the revolution had been embodied in the form of the PRI. The people needed reassurance that the economy would recover and that their families were not going to die of starvation. The PRI guaranteed such a recovery with its promises to affect land reform, develop the industrial sector, and in general to improve the economy. The Mexican Revolution had destroyed the old order and a new one had not yet been decided upon. The Church no longer held the same prestigious position that it once did. This was an indication that society would no longer unquestioning follow the teachings of the Church. Though this essentially signified a greater amount of freedom for the people, it also meant that society was no longer allied with a legitimizing power on which to rely for ultimate guidance. As years begin to separate the present from the era of the revolution, neither are Mexicans willing to equate the PRI with the goals of the revolution. People have increasingly become more disillusioned with the

\textsuperscript{4}Ibid. pp. 33-40.
party which promised them such reform from the old political system and that seemingly acts solely out of an interest in maintain its dominant position in society at the cost of the welfare of society. The costs to the general population will become more apparent later in this examination. It suffices to mention that as poor economic conditions persist, the ability of PRI to remedy the situation becomes increasingly doubted by Mexican society.

III. Mexican Economic Development

The development of the Mexican economy has been directly affected by the evolution of the PRI and its governmental policies and has ultimately provided the setting for the emerging post-revolutionary power base of the PRI. Even before the 1900's, export-oriented enclaves in the areas of mining, petroleum, and agriculture were developed to meet the rising demand for raw materials in Europe and later in the United States. A basic domestic banking system was established and the beginnings of infrastructure were appearing. Roads, ports, railroads, and similar projects developed to support these export activities. In this way, progress was achieved for some--for those farmers with the largest tracts of land and capital-intensive techniques and for some growing industrial sectors--but in general only this small minority actually benefited. The export of raw materials was related to industrial growth in the United States without any corresponding economic development in Mexico. The situation in which Mexico found itself was also due in part to its Balance of Payments deficit and its growing dependence on imports. Importing more than that which was exported would lead to inflation as money flowed out of the
economy. In 1925 the Bank of Mexico was created to issue currency and monitor monetary transactions. Its principal preoccupation would be to create a legitimate financial system and to restore public confidence in the system.

In the aftermath of the Mexican Revolution and subsequent civil war from 1910-1920, a new ruling elite emerged. The traditional elite composed of large landowners, the Church, and the military had substantially been replaced by a modern elite composed of a capitalist, industry-oriented bourgeoisie. This new elite was concerned with economic progress and social advancement. By the end of the 1920's President Calles had emerged with a strong regime and his dominant political party, which would come to be recognized as the PRI.

The Mexican Revolution had a most devastating effect on the country's economy. Between land seizures and abandonment of land by owners, the agricultural base was destroyed, and no new investment was forthcoming. The commercial banks failed as well. In the absence of a central bank in Mexico, money had previously been distributed by the commercial banks. The circulation of paper currency increased as rival factions issued their own currencies. This increased the level of inflation as well. All monetary discipline evaporated and there was a total loss of confidence in Mexico's financial system. Money was traded for real goods and even converted into foreign exchange.

From 1910-1930 there was generally little economic progress due to continuous conflict and political instability. In 1934 Lazaro Cardenas assumed the role of President, and despite his ambitious plans for economic and social development, he had inherited a difficult situation at best. A fall in the demand for Mexican exports--primarily agricultural commodities, minerals, and some basic manufactured goods--accompanied the Stock

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5Heilman, p.33-35.
Market crash of 1929 and the ensuing world depression. Domestic investment was slow to develop following the Revolution and the upheaval of the Mexican financial system. At the same time foreign support was low resulting from a general mistrust of Mexico in light of its previous instability and upheaval, its default on external debts, and certain unorthodox practices of Cardenas—namely the petroleum expropriation.6

Cardenas was concerned with extending modernization beyond the small export enclaves and promoting greater equality of income and opportunity. Cardenas undertook sizable infrastructure projects in agriculture, irrigation systems, and dams in order to unify the country into a single market, raise levels of output and to broaden the base of future economic growth. In addition to promoting land redistribution programs, the government fostered development of trade unions as well.

Officials in Mexico saw little choice but to resort to inflationary means to finance development. A lack of private investment initiative caused the government to take a direct and powerful role in Mexico’s economic development. The government quickly accelerated expenditures and created development banks to channel credit to targeted sectors like agriculture and public works who were unable to receive credit on commercial terms. Subsequently there was a large increase in available credit from both private and official banks. Little control over the expansion of credit by private banks resulted in an expanded money supply. Inflation was thus on the rise. However, inflation was kept in check despite heavy government spending, which generally leads to greater inflation, by a favorable balance of trade. In 1939 revenues of 216 million dollars were generated from exports whereas only 180 million

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was spent on imports.7 As the demand for items such as cement and steel rose, domestic industry increased its productivity. In this way, the modern industrial growth of Mexico originated in government spending of the 1930's.

The agricultural policies of Cárdenas included the distribution of lands used for cultivating subsistence crops, namely corn and beans, in densely populated rural areas to former landless laborers so that they could minimally support a family. At the same time the government opened up new areas with irrigation systems, for use by large capital owning landowners in large-scale mechanized agriculture producing cash crops for export.

One of the most distinguishing features of the Cárdenas administration was his agrarian reform program. To redistribute land, and to disrupt the traditional land tenure pattern of large plots of land owned by the wealthy few, ejidos were developed. These small landholding communities were created from land expropriated from former haciendas, large estates, and provided the landless laborers and tenants who actually cultivated the land with the opportunity to own their own land and have limited access to credit in order to sustain it. With the codification of the agrarian reform laws in 1934, the campesinos were more effectively integrated politically and economically within the state.8 Ejidatarios, those who had newly acquired the plots of land, would hold their property for life and were able to bequeath it at death. The land could not be mortgaged or sold and had to be cultivated by the recipient. A later law of 1971 permitted the landowners to enter into limited commercial contracts where they could rent their land. This system of ejidos declined after

8James Cockerof, Dependency and Underdevelopment (Garden City: Doubleday/Anchor, 1972), pp. 42-53.
Cárdenas even though successors would essentially agree with it in theory.

After 1940 industrial policy concentrated on the technique of import-substitution. Previously Mexico had operated under an export-led economy under which the country concentrated on the export of a few raw materials to the developed countries. During World War II there was a rising demand in the United States for primary and basic manufactured goods. At the same time the United States enforced quotas on its exports in an effort to reserve its resources for the war cause. This meant that Mexico could no longer import as much as its reserve holdings would allow. Partly to make up for this discrepancy between demand and volume of imports, and partly to curb growing dependence on the outside world, Mexico began implementing the beginnings of what would come to be known as the process of import-substitution industrialization. Under this program the government encouraged the growth of manufacturing firms producing goods that had previously been imported from abroad. High tariffs and import licensing give these firms a competitive edge over foreign producers and they limited internal competition as well. By the late 1960's some efforts to shift over to a more export-oriented policy could be seen, however.

Table 1

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<tr>
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<th>1940</th>
<th>1970</th>
<th>1979</th>
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<tr>
<td>Industry</td>
<td>15%</td>
<td>22%</td>
<td>28%</td>
</tr>
<tr>
<td>mining and petroleum</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
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As can be seen in Table 1, agricultural production represented 16% of the GDP in 1960 and less than 10% by 1979. A steady increase in population meant that there were more agricultural workers than land to be distributed. As time went on, agrarian policies were slanted to favor large landowners who were utilizing more advanced technology in production methods. Industry accounted for 25% of the GDP in 1960 and for 30.2% in 1979. By 1979 the agricultural sector was employing less than half of the number of workers it had employed in 1940.

The government utilized tax policies to promote import-substitution. The manufacturing sectors received tax benefits and preferred treatment in respect to capital imports. In 1955 the Law of the Promotion of New and Necessary Industries protected the manufacturing of products not previously produced domestically or those products considered necessary for survival as long as they did not compete with products already being produced domestically. The purpose of this was to create the formation of a capital goods sector and to eventually reduce the country's dependence on imports.

Government monetary policies also helped to support import-substitution by providing the available credit for manufacturers. Meanwhile, government support for other sectors decreased and what support they did receive was beneficial to only a small group such as large wealthy landowners in the agricultural sector.
sector. Industry became increasingly more capital-intensive and increasingly less able to absorb labor. In 1932 the peso was devaluated with respect to the U.S. dollar. The peso stabilized until 1938 when the Bank of Mexico let the exchange rate devaluate again. At the end of the 1930's there was yet another devaluation with respect to the U.S. dollar. In pursuing government development policies using inflationary means, there was a certain price to pay.

Table 2

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<th>Commodity Composition of Exports (1940-1965)</th>
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<td>1940-49</td>
</tr>
<tr>
<td>Minerals</td>
</tr>
<tr>
<td>Agricultural products</td>
</tr>
<tr>
<td>Manufactures</td>
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source: Kurian

Over the years Mexico increasingly had to import more food so that by 1980 it would be importing 80% of its total grain intake. Such a situation led to an increasing Balance of Payments deficit. In 1942, in response to its Balance of Payments problem and to its relatively stable economic position, Mexico began negotiating its foreign debts which had been in default for more than twenty years. The government created a fixed schedule of payments and compensated the United States and Great Britain for oil and
railroads expropriated in 1938. It appeared as if Mexico's financial situation was improving and that it would once again be able to borrow in international markets now that it was beginning to gain worldwide trust with its stabilization of the government and of the economy.

By the end of World War II Mexico was fairly advanced in its import-substitution program, though inflation finance was looked at unfavorably by the rest of the world, especially when most countries had been trying to keep inflation down. However, Mexico had mobilized domestic resources and the economy was experiencing a high rate of growth. More of an emphasis was placed on economic growth than on an egalitarian redistribution of income as continued economic growth was seen as an equivalent for modernization. The economy was characterized by government spending on infrastructure projects financed by the expansion of bank credit. This expansion was a policy designed to benefit the industrial sector which would reinvest profits gained from an increase in industrial activity back into industry.

President Miguel Aleman, who replaced President Camacho in 1946, continued the general policies of his predecessors. He gave lower priority to social reform projects in favor of industrial projects and inflationary means of financing economic development. He fostered growth of domestic industry and capital formation.

In the agrarian sector, large wealthy landowners were given favored treatment. Private farmers were offered state subsidies to improve their technology--this would result in a decreasing need for wage laborers. Agriculture was able to provide export revenue though it accounted for an increasingly smaller portion of exports.

Since domestic investment, backed by official policy, continued to expand well in excess of voluntary domestic savings

9Hellman, p. 60-64.
and foreign capital, economic expansion was financed by printing money. Monetary policy continued to supply credit for public spending and industrial expansion with little regard for stability. The money supply expanded rapidly at a rate of growth three times that of the rate of growth of real output, thus creating inflationary pressures.

The official policy of promoting forced savings through inflation implies the transfer of real income from those consuming to those investing. Contrary to the situation in Mexico, budget deficits in some of the countries in the rest of Latin America reflected additional government expenditures in the consumptive sector in an attempt to help low-income workers. Mexico was not funding the consumptive sector. Co-optation of labor in Mexico helped to eliminate any organized opposition to government policies. The real strength of the Mexican government was shown by its ability to maintain itself in office despite a continued fall in real wage levels.

Despite the government’s strength, by 1950 Mexico had started to change its pattern of inflationary economic development to one of more stabilizing development. In 1954 once more the peso was devaluated, and despite the success of inflation finance in contributing to a high rate of economic growth, Mexico switched from an inflationary finance system with periodic devaluations of the peso to a dependence on domestic price stability and a stable exchange rate. Inflation was eroding real wages which ultimately caused the price of food to increase. This situation was socially intolerable and politically dangerous so the new administration therefore was forced to change its policies.

President Flores would be the one to implement the new program of stability. 1954 marked the beginning of the transitional period and by 1958 the program was already under way. In 1958 President Adolfo Lopez Mateos started his

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10Hellman, p. 82-96.
'Stabilizing Development' program which would continue with stable prices and exchange rates. High rates of growth continued under this new program, and so did expansion of import-substitution industrialization. Increasing inflows of foreign capital and increased voluntary domestic savings channeled through the market in fixed-interest securities became the new sources with which to finance domestic investment. The rate of growth was the same during the inflationary period as it was during the stable period. Growth was the result of a rapid increase in productivity which resulted from an increase in investment. The public sector generated growth as well as providing a stimulus to growth in other sectors, as infrastructure outlays unified the country into a single market.

Gustavo Diaz Ordaz and the Echeverria administration continued the 'Stability Development' program throughout the 1960s. By the 1970s severe economic problems had begun to surface. The high rate of economic growth, spurred by the utilization of advanced technology imported from abroad, led to growing unemployment and underemployment. The economy began to show the effects of inflationary finance again. Public expenditure continued to rise and so did the rate of inflation. A continued increase in imports resulted in the persistence of a Balance of Payments deficit which in itself contributed to the problem of inflation. In 1974 exports dropped due to a slowdown in the international economy, though oil exports would continue to increase until the early 1980s. In hopes of preventing an all-out Balance of Payments crisis, the government decided to pursue an anti-inflationary policy. Public expenditure decreased and inflation fell—-at the expense of an already impoverished nation. In 1976 the peso was devaluated again with respect to the U.S. dollar. The stage was set for the 'Crisis of the Eighties'.
IV. The Crisis of the Eighties

A variety of adverse conditions present in Mexico helped precipitate the crisis of 1982. One of the chronic long-term problems included the six year cycle of the presidential term still in effect today. At the end of each term a substantial increase in government expenditure usually takes place as the president attempts to quickly implement all previously promised programs not yet put into effect. The successor then spends his first year in office trying to stabilize the economy after such a disruptive action. Another long-term problem contributing to the crisis was the great inequality between different sectors of Mexican society, a problem which persists today. A small elite accounts for most of the country’s wealth while the majority of the common people are unable to buy sufficient amounts of food to feed their families. With the onset of the 1980s 10% of the national income was received by the bottom 40% of the population. In contrast 54% of the national income was received by the top 20% of the population. By 1982 Mexicans were lacking confidence in the PRI and doubting its ability to pull the country out of the crisis. Lastly, an immediate short-term cause was Mexico’s growing dependence on oil to spur the economy when global oil prices plummeted to the lowest level yet.

The continuing problems resulting from the implementation of the process of import-substitution worsened the general conditions of Mexican society as well. As the development of the industrial sector became of foremost importance in the Mexican plan for modernization, the traditional agricultural sector began to lose its position of economic prominence in Mexico. Rural peasants migrated en masse towards the urban areas to seek employment.

Unfortunately for a country like Mexico with a large supply of cheap labor, the new industries were typically of a capital-intensive nature as indicated earlier. In such a situation unemployment was high and continuously increasing. These new industries, depending primarily on capital imports from abroad, increased the total inflow of imports to Mexico and consequently, the Balance of Payments deficit likewise increased. Foreign investment, which helped supply Mexico with necessary capital and technology likewise contributed to the development of a capital-intensive industry, adding to the problem of scarce employment and import dependence without a similar increase in exports.

Subtle indications that a crisis might be imminent surfaced during the 1970's. Luis Echeverria Alvarez, president from 1970-1976, had tried to diversify the Mexican economy while lessening Mexico's dependence on the United States. To this end, he relied on a strong role for the public sector. Government deficits, as a result of heavy government spending, were increasingly financed by inflationary monetary policies and increased foreign borrowing. The foreign debt had skyrocketed by the end of Echeverria's term. The progressive nature of Echeverria's policies had alienated PRI's right-wing support. Even the left became increasingly disillusioned as economic conditions worsened and the one-party system, maintaining the PRI in power since 1929, seemed powerless to help the situation and improve the Mexican quality of life.

Preceding the inauguration of President Jose Lopez Portillo in 1976, large quantities of petroleum had been discovered in southeastern Mexico, primarily in the states of Tabasco and Chiapas, and as a result of offshore drilling in the Gulf of Mexico. The amounts of oil available to Mexico varied over the years but in 1980 President Portillo verified that Mexico had nearly sixty billion barrels with probable reserves at two hundred billion. For comparison, two hundred billion barrels is larger than the supply
of oil available to Saudi Arabia and almost equal to the reserves of the entire Persian Gulf.\textsuperscript{12} By 1981, Mexico would be the fourth largest oil producer in the world. Mexico increased its daily oil production steadily but not rapidly, though it did have the capital and technology resources necessary to do so. It resisted foreign pressures to expand more quickly because of the potential consequences of an extensive foreign capital intake, primarily an overdependence on the United States. Earnings from oil production increased from 123 million dollars in 1974 to 10.413 million by 1980.\textsuperscript{13} At this point, it seemed as though oil prices would continue to increase. Mexico was gaining international prestige in a world orienting itself around those who were capable of producing oil and those who were not.

It was Mexico's intent to utilize its new source of energy, in addition to its large supply of human resources, as a way to solve the social and economic inequalities present in Mexican society. By 1980 there existed an extreme dependence of the export sector on oil revenues. By 1979 oil accounted for 42.8% of total Mexican exports. Natural product exportation consequently decreased dramatically accounting for less than 25% of total exports. The oil industry had a negative effect on the balance of trade in itself as imports rose. Mexico required oil-drilling equipment and technology. In 1979 Mexico imported \$233 million worth of oil-field machinery from the United States. In all, Mexico was exporting an amount of manufactured machinery goods equivalent to 4.2% of its total exports while it imported an amount equivalent to 33% of its total imports.

President Portillo promoted and utilized Mexico's favorable oil-based economic position as a means to gaining the confidence of


domestic and foreign capitalists who had been skeptical of Mexico's credit worthiness. He was dedicated to using petroleum wealth to generate the autonomous development of Mexico. Despite a determination not to, Mexico became dangerously dependent on oil revenues. By 1981 oil would account for three-fourths of Mexico's total export earnings and one-third of government revenues.\(^{14}\)

The capital-intensive nature of petroleum and petrochemical production meant that thousands of dollars worth of capital had to be invested to create only a few new jobs. Mexico's most abundant resource, labor, could not be utilized efficiently. Jobs would have to be created in other areas. By the late 1970's Portillo was faced with an unemployment rate of almost half of the Mexican labor force due to the generally capital-intensive nature of industry in Mexico combined with an unavailability of jobs in a diminishing agricultural sector.

Various other negative effects of dependence on oil production became apparent. Not able to produce oil in Mexico without foreign technology meant that Mexico had to rely on extensive U.S. financial support to buy the supplies necessary to initiate such a project and industrial projects in general. This situation harmed Mexico's chances of becoming less dependent on the outside world. However, reliance on oil production for revenue was almost inevitable due to the fact that all other sectors of the economy were failing. The process of drilling for oil tended to lure laborers away from land and water related work. In addition, large fertile tracts of land were destroyed and water was contaminated in the search for oil.

Agricultural production which had stagnated due to the growing emphasis on industrial development could not keep up with the population explosion that Mexico had been experiencing since the 1930's. As more national resources were gradually

\[^{14}\text{Velasco-S., pp. 113-15.}\]
devoted to industrial endeavors, food that Mexico had been producing locally was imported. Fearing that all revenues from petroleum production would be spent on food, the government formed the Sistema Alimenticio Mexicano (SAM), the Mexican Food System. This was to become the first major effort to increase agricultural production in postwar Mexico. The goal of the program was to achieve an annual agricultural growth of 4% and self-sufficiency in basic grains by 1985. Soon after this, the World Bank approved a 325 million dollar loan to help Mexico implement its program, making it the largest World Bank grant ever. SAM promised to improve the living conditions in the rural areas. It would eliminate the necessity for large food imports while lessening Mexico’s unfavorable balance of trade. Several years after President Portillo had left however, Mexico was still importing about 10 million tons of food annually.\textsuperscript{15}

As could have been expected, Portillo’s government drastically increased spending near the end of his term. The government poured money into construction, public works, social welfare projects, and government subsidies of consumer goods. These actions increased the government’s participation in the economy. Although national income alone was insufficient to fund all these various programs, vast petroleum reserves in Mexico made the international banking community more than willing to extend loans. Of course, the government assumed that a worldwide continued increase in the price of oil would allow Mexico to generate new wealth and repay its debts. Contrary to this assumption, there was a world oil glut in the early 1980’s and oil prices plummeted. Because of its unhealthy dependence on oil production, Mexico was devastated.

By the end of 1982 the peso had declined by 76%. Economic growth had slowed to zero, down from an average of 8% in the previous decade. It threatened to become negative as

\textsuperscript{15}Meyer, pp. 30-41.
manufacturers were increasingly unable to purchase foreign inputs on account of the periodic peso devaluations which made imports more expensive. As import-substitution forced Mexico to become increasingly more dependent on imports, plants shut down and laid off their workers because it was no longer possible to generate a profit and offset import expenditures. The rate of inflation had been 17% in 1978 and by 1982 was close to 100%. Mexican businessmen lost confidence in the economy and began investing abroad and opening foreign bank accounts enabling them to convert pesos to dollars, allowing for significant capital flight. The government ordered the Central Bank to stop buying and selling dollars and to allow the peso to find its true worth. It quickly lost value, allowing Americans to use Mexican services like the metro for ridiculously low prices. The peso was at its lowest ever and panic ensued in the business sector. President Portillo blamed the banks for the massive capital flight and accused them of looting and demonstrating greedy behavior.

In September of 1982, President Portillo nationalized a portion of the country's banks without consulting with his cabinet. This resulted in a significant structural change in the economic system of Mexico. It placed Mexican financial institutions under the control of the ordinary Mexican businessman who then had the power to reshape the economy by disposing of inefficient institutions and gain control over private capital. The president utilized the restructuring as a way to inspire a feeling of nationalism in Mexican society relating it to the era of Cardenas and his land reform project.*

The State was assuming the role of the nation's banker. Private banks' interests in other companies were also expropriated. As a

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16Ladman, pp. 23-37.
result, the federal government acquired minority or majority interests in more than one hundred private firms. This accounted for 60-80% of Mexico’s GDP. At the same time, the Bank of Mexico went from being a mixed bank, of public and private interests, to a decentralized agency of the federal government.

In President Portillo’s justification of the nationalization of the banks, he included his intention to prevent capital flight which would imply that the government did not have enough control over the banks previously to prevent such capital flight. He also indicated that the government could not establish an exchange-rate policy adequately protecting Mexican industry without this control. It was the government itself, however, that had established the policy of free convertibility of the peso. In addition no individual bank was making a market for itself in foreign exchange alone.

The International Monetary Fund had been helping Mexico to finance its debts at the end of the 1970’s until the price of oil increased so much so that the Mexican economy began to stabilize on its own. In the midst of the crisis, the IMF promised help to Mexico if it would straighten itself out economically. When Mexico ran out of dollars to pay off its foreign debts, the United States realized that the consequences of a Mexican default on its external debts would have a negative effect on everyone possibly initiating a total regional default on loans. The United States, the IMF, and a group of commercial banks, rushed a rescue loan package to Mexico. The program allowed for Mexico to continue paying interest, but did not allow for amortization. Mexico had to adopt the austerity plan proposed by the IMF. This plan indicated that Mexico would have to reduce the public deficit which was 15% of the GDP.¹⁸ This would mean phasing out government subsidies of food and public utilities. The Mexican government began reducing tariff barriers to stimulate greater industrial efficiency and

¹⁸Ladman, pp. 46-57.
ensure greater competitiveness in world export markets. In reality, liberalization of the Mexican economy would not ultimately allow Mexico to compete internationally on account of the comparative advantage in production already enjoyed by the developed countries. Mexico was led into a deep recession and living standards decreased even more drastically. The Mexican population would only endure these conditions for so long before they would expect to see positive reinforcement.

Miguel de la Madrid inherited all of these problems when he took office in 1982. Mexico's foreign debt had escalated into a large-scale problem by this time. Mexico could not pay its debts and reactivate the economy simultaneously. By 1984 the peso had begun to slip against the dollar and plunged on the free market. In 1985 the exchange was 380 pesos to the U.S. dollar, and by 1986 it was 800 to 1. Petroleum prices continued in their downward trend with the 1985 rupture of the OPEC cartel over controlling quotas of oil exports. The President began arranging a rescheduling of payment on the national debt.

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<th></th>
<th>1982</th>
<th>1984</th>
<th>1986</th>
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<tr>
<td><strong>Total</strong></td>
<td>91</td>
<td>95</td>
<td>102</td>
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<tr>
<td><strong>% of GDP</strong></td>
<td>53</td>
<td>54</td>
<td>79</td>
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<tr>
<td><strong>Interest</strong></td>
<td>12</td>
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*source: The Statesman's Yearbook*
Political parties, peasant groups, and various other interest groups urged de la Madrid to declare a unilateral moratorium on the payments. A similar action in 1861 had resulted in foreign intervention and the establishment of a French empire in Mexico. Intervention was not likely this time, and interest rates certainly were excessive, but Mexico needed to win the confidence of the world banking community. To this end, Madrid opted for more economic austerity. Government expenditures were reduced again, projects were curtailed, federal subsidies were reduced, and de la Madrid even cut federal jobs and salaries. Here, Mexico received some praise for making progress towards stabilization.

De la Madrid also lessened the severity of some of the restrictions imposed by Portillo with the nationalization of the banking system. He believed that the government needed foreign exchange to stimulate the economy, so he relaxed some of the previous exchange policies while at the same time developing a comprehensive system of exchange controls. He provided for the eventual sale of 34% of the stock of the newly nationalized banks to the private sector.

On September 19, 1985, the Mexican economy suffered another hardship when an earthquake devastated the capital. Damage was estimated at more than 4 billion dollars.19 Mexico made efforts to repair the damage but it was impossible to make regular payments on the foreign debt. International banks rescheduled the payments again.

In 1986 the IMF instigated the Baker Plan in Mexico with the support of the World Bank and commercial banks. For the first time, an IMF program would be growth-oriented as well as stabilizing. The project included the cutting back of government subsidies and the disposal of state enterprises. Mexico was

19Mycr, pp. 28-36.
obligated to pursue even more liberal trade strategies and to use more realistic exchange and interest rates to prevent capital flight while decreasing tariffs on imports.

Mexico began making plans to liberalize its trade strategies to an even greater extent by joining GATT whose principal goal it is to promote trade liberalization. In theory this would cause Mexico to become more competitive in the export sector and local industry would be forced to greater efficiency by foreign competition. Each member country assumes the long-term responsibility of reduce trade barriers on imports with no special conditionality available for individual countries. Developed and developing countries alike have the same type of access to the international market. In this situation developing countries and their inefficient industries are unable to compete with foreign firms.

The overall economic crisis has spread into political life as well. As previous political corruption, including the illegally expropriated land and revenues from oil exports during the Echeverria administration, became public knowledge, the people became more disillusioned with the government. Real wages were decreasing and the capacity of the government to satisfy material demands was doubted. In addition a sizable narcotics ring was developing in Mexico. These factors, plus continuing electoral fraud by the PRI, caused the party's support to weaken even more. In 1983 the PRI had been embarrassed by losses in mayoral elections in the northern states, where elections had supposedly been handled more liberally. Realizing that it was losing its previous support, the PRI was concerned that the right-wing National Action Party (PAN) might start gaining power. To prevent this from happening, the PRI invested large sums of money on lavish developmental projects, while reportedly stuffing ballot boxes during the midterm elections of July 7, 1985 for various governors, all federal deputies, and mayors.
PAN charged the PRI with extensive corruption, and when the same kinds of practices took place during the elections for regional governors on July 6, 1986, the image of the PRI was tarnished even more. At the same time, the government was faced with its highest foreign debt ever, at greater than $100 billion, and its highest rate of unemployment.

At the close of the 1980s the political economy of Mexico is still feeling pressures due to continuing societal problems. Mexico's foreign debt burden increases annually. By the end of 1987 the total debt was estimated at more than $105 billion, more than 75% of the GDP. In addition Mexico has been suffering since the late 1970s from massive capital flight in the midst of the instabilities of the Mexican economy. Total public sector deficits are reaching tens of billions of dollars. In 1987 the interest on this deficit was 15.2% of the GDP, while the total interest was close to 20%. This accounts for approximately 3/4 of all public expenditure in Mexico. The country suffers from bouts of inflation, due also in part to periods of world inflation. Without technological or economic infrastructure for satisfactory growth and development, Mexico is even more susceptible to inflationary trends. The government must come up with a way to stimulate employment as the labor force rapidly expands while attempting to adjust the maldistribution of income which affects the very poor most drastically. Along similar lines Mexico faces somewhat of a food security problem as staple foods that used to be produced domestically are now primarily imported due in part to the overall neglect of the agricultural sector.

V. U.S.-Mexican Economic Relations

The United States has played a substantial role in the shaping of general economic development in Mexico. The economic relationship between Mexico and the United States can best be
described as one of asymmetrical interdependence. Both countries rely on each other to a certain extent but Mexico clearly is the more dependent of the two. Four principal factors in particular illustrate this dependence. These include trade, tourism and migration, direct investment, and external debt. Various other elements having perhaps a less profound effect on Mexico's dependence on the United States, though influential just the same, help to explain the interdependent relationship as well.

One of the most obvious indicators of this asymmetrical interdependence involves the terms of trade in the exchange of goods between Mexico and the United States. It is useful to start with the basic economic characteristics of each country in making a full analysis. The United States is generally classified as a powerful, rich developed country which covers an area of more than eight million square kilometers. It is a country with access to an abundance of natural resources and which supports a population greater than 200 million. The U.S. GNP exceeds one trillion dollars while the average per capita income is approximately $8,000. Conversely, Mexico is often considered to be a middle power, a developing nation, which covers approximately 2 million square kilometers. Mexico has a variety of natural resources at its disposal, but only a limited quantity of each. Severe social inequalities, coupled with an annual population increase, contributes to Mexico's instability.

The United States is Mexico's largest trading partner. During the 1970's, the United States accounted for 60% of Mexico's exports and supplied 62% of its imports. Figures from 1987 indicate that the United States accounted for 77% of Mexico's non-oil exports. Japan, Mexico's second leading trade partner, accounts for only less than 5% of Mexico's total trade including

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both imports and exports. While the United States counts on continued trade with Mexico as well, Mexico is only our third largest trading partner lagging way behind Canada and Japan, and represents a significantly lower percentage of our total trade as compared to Canada or Japan. Already it should be clear that the United States is much less trade dependent than our neighbor to the south.

It is also important, in addition to measuring the volume of trade between the two countries, to look at what is traded. Mexico typically exports non-essential goods to the United States, including fruits, like strawberries, and vegetables. These products characteristically suffer from fluctuations in demand and price. They are fairly easily substituted with other goods since they are not necessary for basic subsistence. Mexico imports capital goods and essential agricultural products like grains from the United States. These products must flow steadily into Mexico for the survival of the people and the stability of the economy. The Mexican people must eat. The nature of these imports makes Mexico much more dependent on the United States whereas the United States has more freedom to buy non-essential goods, similar to those which are produced in Mexico, from a variety of world markets.

In the past, Mexico has attempted to diversify its patterns of trade by opening itself up to negotiations with a variety of other countries. This was made difficult in the 1970's due to a strong link between the peso and the appreciating dollar. Even though the buying power of the dollar has decreased over the years, Mexico continues to depend on the United States. In an attempt to correct its own trade imbalance, the United States has begun to increase its implementation of protectionist polices as a way of defending its own domestic industry. A U.S. recession or an

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increase in protectionist policies could severely limit a Mexican export-led strategy.

Throughout the 1980s, under de la Madrid Mexico has concentrated on a plan to liberalize trade. After joining GATT in 1986, Mexico was pressured to lower previous tariff levels and soften restrictions on the quantity of imports allowed from the United States. Theoretically, after liberalizing trade policies, Mexican firms will become more competitive with firms worldwide. Consequently Mexico could eventually become a more active participant in the global economy. In fact, what usually occurs is quite the opposite. Mexican firms cannot effectively compete in areas where other firms have the comparative advantage in production. Mexican firms have a difficult time competing many times because they are generally inefficiently operated. Ultimately these Mexican corporations are forced to shut down because they cannot not make a profit. Mexicans are also concerned that such liberal trade policies will cause Mexico to become a colony of the United States, indicating that the United States would dump all of its excess exports into the Mexican economy thus disrupting the balance of trade. On the other side, the United States is concerned that Mexico may interfere with its other trading interests in Mexico's pursuit to expand its export markets to increasingly include greater regions of the world. Because of such persisting doubts, Mexico and the United States must work on improving their relationship. A recent 'framework agreement' promotes discussion between the two countries on various trade strategies.

Tourism and migration between Mexico and the United States provide another example of a dependent relationship. The United States accounts for 87% of Mexico's total tourism. Mexico, on the other hand, accounts for a much smaller percentage of the total tourism in the United States. Consequently, more money is

\[^{22}\text{Musgrave, pp. 43-51.}\]
spent by Americans in Mexico than by Mexicans vacationing in the United States. Mexico is provided with a source of income and foreign exchange to offset the Balance of Payments deficit. Recent measures taken by the United States to limit the amount of dollars flowing out of the country have hurt the Mexican tourist trade somewhat. The United States has cut almost in half the amount of duty free goods allowed in from Mexico. In addition, business conferences held outside of the United States, for the most part, are no longer tax-deductible. In the past when the Mexican peso has been overvalued, Mexicans tended to travel more frequently because they could buy American goods at a lower price. During these periods there was a substantial drain on Mexico's Balance of Payments.

The migration of Mexicans to the United States in search of employment indicates an increase in unemployment and underemployment in Mexico and a dependence on the United States to supply jobs. The extensive border between the two countries facilitates the migration. Various estimates show that somewhere between two and eight million Mexicans migrate north each year. Some of these are seasonal workers and others relocate permanently. In Mexico the rate of unemployment-underemployment is perhaps close to 40%.23 The supply of available jobs cannot keep pace with the increasing population, and in addition the hourly wage is much higher in the United States.

It is argued by some that the migrant workers take jobs away from the unskilled Americans thus forcing them to live on welfare or unemployment. There is also a concern that the migrant workers depress the wage scales and that they are detrimental to the U.S. Balance of Payment with the remittance of millions of

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dollars. Lastly, the workers are accused of consuming more in welfare and educational services than they pay in taxes. Contrary to these beliefs, it seems that migrant workers may in fact contribute more to the American economy than they take away. They willingly take the lowest paying agricultural work that Americans will not take, while the same Americans rely instead on welfare. The workers allow industries to thrive that might otherwise not be able to sustain wage increases for their workers. Generally, illegal immigrants are law-abiding because they do not want to risk being caught and deported back to Mexico if they are found.

Direct investment in Mexico by the United States is another factor which leads to greater dependency of the latter on the first. U.S. investment in Mexico was minimal throughout the 1800’s, but by 1911 the United States had invested $646 million. Of this investment 41% was invested in railways, 36% in mining, and a substantial proportion in oil after 1910. From 1920 until the 1940’s U.S. investment had decreased to $300 million. Foreign investment in general played a small role in the economy. By 1944, the trend had reversed itself and American investment was on an increase, representing an amount equal to 56% of total investment in Mexico. This figure does not include that percentage of domestic investment involving a high level of foreign participation and influence.24 Foreign credit though was instead becoming a more important manner for the channelling of foreign currencies to Mexico. Presently the United States accounts for approximately 80% of total direct foreign investment in Mexico. Of this, 75% is invested in the manufacturing sector, a figure representing one fourth of total investment in manufacturing. The total amount invested by the United States is greater than $9 billion. American corporation in Mexico have brought in technology even though it generally is not highly advanced. Restrictive rules in Mexico limit

the percentage of a corporation allowed to be owned by foreigners to prevent them from achieving 100% ownership. Recently West Germany and Japan have begun to rival the United States in foreign investment to Mexico. Overall foreign investment in Mexico contributes to less than 15% of Mexico's GNP though it still has a substantial effect on the Mexican economy.

The final indicator of Mexico's dependence on the United States is in the area of external debt. This is the most important reason for the inflow of foreign capital into the country. In the 1800's Mexico was forced to suspend many of its payments to Great Britain, France and Spain. As a consequence Mexico suffered asset seizures and faced unwilling creditors. From the early 1900's through the 1940's Mexico found itself unable to raise needed funds due to previous defaults. In the aftermath of the war, however, Mexico regained access to financial institutions such as the World Bank and the Export-Import Bank. As a result, the foreign debt continued to grow and the United States became Mexico's largest creditor, financing approximately 70% of Mexico's debt. Loans from private banks are usually less likely to be conditional than those loans borrowed from public institutions. Unfortunately for Mexico, the United States is currently in the process of restricting the amount of credit that private American banks can supply. The current national debt, standing at more than $100 billion, accounts for more than half of the GNP. Approximately one third of Mexico's outstanding debt to commercial banks is owed to U.S. institutions. Six of the largest commercial lenders are American banks which include Citicorp, Bank of America, Manufacturers Hanover, Chase Manhattan, the Chemical Bank, and Morgan Guaranty.

Lastly, border transactions contribute to the interdependent relationship between the two countries. The maquiladora, or border assembly industry, began to contribute to the growth of

25 Riordan Roett, pp. 43-57.
the national economy in the 1960's. By 1985 it was generating a total of $1.3 billion. In this type of border industry both countries derive some benefit from such agreements. With an increase in population growth and economic activity in these areas, the maquiladora is receiving more attention. Conflicts result due to disagreements over the rights to the common border resources. Growing contamination, pollution and an increase in emigration to these areas add to regional poverty. There is a mixing of two cultures and a development of twin cities on either side of the border that depend on each other for continued growth. Ultimately the border not only provides for interaction with Mexico but with Latin America as a whole.

VI. Democratization in Latin America

After examining the historical economic development of Mexico, it is pertinent to discuss the possibilities for the emergence of democratic practices in the context of such conditions. Contrary to previous belief which anticipated the evolution of democracy following the process of modernization, it has been argued that quite the opposite occurs. In reality authoritarian regimes tend to survive modern industrialization, especially in Latin American. Previously, this authoritarianism evolved in the setting of an agrarian society in the form of a caudillo-military structure which maintained a feudal system. The military would intervene to support the ruling dictator and help to enforce his less than popular policies. In present day Latin America, the military has evolved into a solid political institution harboring now professionalized armed forces. This new military intervenes in a modern arena where it has established and increased its prominent political role in the Latin American society.
Samuel Huntington explicitly denied the assertion that the development of a modern state necessarily leads to a stable democracy. Instead, Huntington argues that such modernization, which is accompanied by major social upheavals, undermines the stability of existing governments because the regimes are unable to successfully control these changes. In addition, new institutions are not created fast enough to accommodate such change. As massive social mobilization occurs, the inability of current institutions to sufficiently channel the demands of society often results in a violent seizure of power by a group, frequently the military, which considers itself powerful enough to restore order and stability.

The situation in Mexico prior to the revolution of 1910 illustrates this particular phenomenon. Twenty years prior to the revolution, Mexico enjoyed extensive economic development. There was an increase in the level of mineral and sugar production, in the construction of steel mills and railroads, and in foreign trade. This economic modernization, however, resulted in growing inequality between the rich and poor. Control over the new industrial wealth was concentrated in the hands of the firmly entrenched oligarchy and foreign investors. One percent of the population owned 85% of the arable land and the wages of the average worker dropped.26 The existing political system was unable to provide for political expression for the general Mexican population. All power was centralized under Diaz, the ruling dictator. The Mexican Revolution was necessary in order to restructure the existing system. It pinned the forces of the traditional oligarchy against the newly mobilized workers and peasants.

It is argued, however, that the political transition in Mexico, represented by the revolution was accomplished prior to the true

formation of interest groups. The political structure before the revolution was built upon a hierarchical order where the predominant relationship was between a small governing elite ruling over the majority of Mexicans. Non-elites had not been satisfactorily represented under such a structure. After the revolution, however, instead of eventually having the power to form their own interest groups, with the evolution of a new political order, formal organization of mass interests was controlled by the state itself. In such a situation, the masses could not expect to be fairly represented, even with the formation of a new state. The state, while claiming to represent the majority of Mexicans, had as its primary concern the limitation of mass representation, blatantly contradicting the masses' fight for expanded participation in Mexican politics. The state discouraged strong non-elite participation and intended to prevent the formation of opposition forces.

After the revolution, although power was centralized once again, the system did allow for a degree of mass participation within the confines of the national party in power. With the emergence of this institutionalism there was a gradual breaking down of class structures. The revolution itself provided a basis for legitimacy for the new system, and by providing for increased popular participation the need for military intervention and violence lessened. Cárdenas was especially successful in initiating social reforms and assimilating interest groups into the system.

Despite advances made by Cárdenas and a few others, many of those who supported the revolution to overthrow Diaz became increasingly disillusioned with the newly organized state. The average income of the worker decreased as attention turned towards providing optimum conditions for foreign investment and

27Kenneth Johnson, pp.52-60.
import-substitution. The political system was increasingly developing along the lines of an authoritarian regime.

Authoritarianism can accurately be described as a system that allows for only limited political pluralism, curbing any effective opposition parties so as to eliminate competition. There is low mobilization of the masses. The more ignorant these masses are kept, the less likely it is that they will rebel against the government and its policies. This follows the assertion that those who are the most poverty-stricken and desolate will not be the ones to revolt in the end. The PRI, though allowing for a certain degree of strictly controlled opposition, would quickly coopt such opposition at the slightest threat to its position of authority.

The origins of Mexican authoritarianism date back to the days of the Aztecs who implemented a system of pagan authoritarianism where power was concentrated in the hands of the Emperor. Later a Christian authoritarianism would be imposed on Mexico by the Spanish under Cortes. Fearing possible Indian insubordination, Spain destroyed their existing system and subjected the Indians to rule by a small Western elite. By the sixteenth century the creoles and mestizos were voicing their demands for a share in the power that the Spaniards had so effectively preserved for themselves. Soon after Mexico gained her independence, the authoritarian tradition continued in the form of a dictatorship under General Porfirio Diaz who would rule Mexico for the next thirty years. This basic authoritarian structure would persevere and enable a small elite to continue the practice of forcing the masses into obedience—a practice that had seeped out of the political arena and into other sectors of society as well affecting all of Mexican society. The authoritarianism that would follow would involve the concentration of power under the control of the politicos, career politicians having worked their way up the political hierarchy eventually securing a presidential nomination. Before the 1960s an infiltration of tecnico's, college educated men
with scientific and technical backgrounds, into the upper echelons of the political system would be apparent.

According to the theory of Guillermo O'Donnell, bureaucratic-authoritarianism, evolving in Mexico during the 1960's, emerged as a system of exclusion of the popular sector in response to political and economic crisis. Increasingly prominent technocrats supported military coups throughout Latin America at this time, with the exception of Mexico. Rather than reincorporating the popular sectors later, they were excluded from the political system and deactivated. A reorientation of the political economy took place. The new Latin American regimes began to depend on and rely upon international capital. Further industrialization could come only with the introduction of transnational capital. In order to demonstrate that a country was favorable to foreign investment, governments needed to facilitate the appearance of an economic stability, thus asserting their authority and demonstrating an overall stable nation. The upper bourgeoisie, the technocrats, the suppliers of capital, and the military joined together out of fear of the threat of lower-class mobilization which could upset the existing balance of power in which the elites were most benefited.

The principal social base of bureaucratic authoritarianism was the upper bourgeoisie dominating by way of the class structure. The goals of B-A primarily included the restoration of 'order' in society by politically reactivating the popular sector and normalization of the economy.\textsuperscript{28} To exclude the popular sector, democratic institutions and channels, along with political parties, were curbed. The general population was economically excluded as well, with growing capital accumulation benefiting the oligopolistic sectors.

As a result of this distribution of resources, a greater inequality between social classes could be recognized. Importing most capital from abroad further denationalized the country, separating classes further. It is inevitable that a B-A will lose a certain amount of legitimacy as institutions coerce and exclude the masses limiting participation to mere observance and causing fear in society.

Despite the potential for political upheaval due to societal inequalities that result from the implementation of an authoritarian regime, Mexico is an example of a country that successfully maintained a bureaucratic authoritarian regime in the late 1950's and early 1960's. The governing elite began to change its form. Replacing old-style politicians united by the common experience of the revolution, a young, well-educated technocratic generation began to emerge. These post-revolutionary elites generally came from wealthy families and held high administrative offices as opposed to past elites usually coming from lower class families in a line of career politicians. The classic Mexican political system had consisted of a high commanding level—the president, a second level of interest groups, and a third level of government bureaucracy. Slowly the government bureaucracy began to replace the interest groups as the second level of command.

The bureaucracy began to assume a more important role in political life. Mexico effectively controlled the popular sector through the process of cooptation, to an even greater extent than other countries could due to the legitimizing force of the revolution. During this era many developing countries were concerned with attracting transnational capital for further industrialization. In the long-run however, as a result of its uniquely successful implementation of B-A, Mexico has

continuously experienced problems with unequal income distribution, dependence on the outside world for capital, Balance of Payments problems, and a certain degree of repression, though not as much oppression as experienced by the region as a whole. The Balance of Payments problem results from the continued need to import heavy capital goods for industrialization and the need to increase imports of food. Agricultural production for export has increased while basic food production for export has increased while basic food production has decreased. Bureaucratic-Authoritarianism has perpetuated Mexico's problems while at the same time maintaining a social stability rooted in the origins of the revolution.

Guillermo O'Donnell has attributed the problem of continuing dictatorships in Latin America to economic factors. According to O'Donnell, in the 1960's, with the exhaustion of import-substitution, continued economic growth had to rely on depressing wages. The masses would not tolerate such a decline, and therefore only a military regime was likely to succeed in controlling such a situation. A democratic regime would have difficulties in maintaining order and its position of authority in an atmosphere of growing frustration and discontent among the people. The military used this as an excuse to intervene.

O'Donnell argues that before a period of bureaucratic-authoritarianism in Latin America, there is often a political and economic crisis. Inflation rises, the GNP falls, and the country frequently experiences a Balance of Payments problem with the increase of imports. The severity of the ensuing authoritarian regime depends on the extent to which the popular sector is politically mobilized. The greater the level of threat perceived by the oligarchy to its economic interests, the greater the polarization and potential for class conflict. A subsequent bonding of dominant forces, namely those of the oligarchy, which

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30 Guillermo O'Donnell, pp. 34-42.
uses the military as an extension of its power, and the foreign investors, results in the subordination of the middle classes and a defeat of the popular sector. With increased fear of threat, dominant sectors become more willing to use force to protect their interests.

O'Donnell reflects upon the fact that Mexico, along with other B-A states, for example, had not been entirely underdeveloped prior to the evolution of bureaucratic-authoritarianism in the 1960's. Mexico had expanded its industrial sector, though not in a vertical manner, had developed modern social structures, and had even experienced the formation of a working class.

With the development of capitalism, Mexico, and other Latin American countries sought international capital and technology. As Balance of Payments problems continued, however, countries were unable to attract the desired capital and investors. Investors were unwilling to risk involvement in a country exhibiting an unstable economy. Consequently, these countries were unable to expand their industrialization. By the end of the 1960's import-substitution had been exhausted. Latin American countries became extremely dependent on imported capital goods, there was only a limited demand for the manufactured goods that these countries were producing, and the capital-intensive nature of industry meant that few new jobs were provided. Various countries devaluated their currencies which resulted in undermining the appearance of stability. The success of the economy and national development was linked to the control of social unrest.

Other explanations rely on cultural factors as a way of explaining the reoccurrence of authoritarian regimes throughout the 1970's. This is based on the claim that the Iberian culture resists liberal values, namely democratic practices. Others have argued that no effective symbiosis of the Spanish and Aztec

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cultures took place. The modern day PRI represents that imperfect symbiosis. Consequently, Mexicans are traditionally distrustful of the state and psychologically unable to protect themselves against increasing corruption and repression. They tolerate the repression and then eventually rebel violently against it.

Overall, until recently, Mexico has enjoyed political stability unique to that part of the world, due in part to the revolutionary origins referred to by O'Donnell. Born of revolution, the civilian regime partially incorporates broad sectors of society which had come together in opposition of an oppressive government. The Mexican bureaucratic hierarchy has enjoyed a higher rate of success than many others in the area. In the past it has been much less prone to massive dislocations from economic stress. Because of its basic incorporation of various sectors, the government in general has traditionally been more open to pressures from the bottom, from the non-elites. The massive cooptation makes the need for force much less as noted again by O'Donnell.

Generally, throughout Latin America, a coup will immediately follow a period of crisis. In Mexico, however, conflicts and tensions have been effectively internalized within the PRI. A strong tradition of non-intervention has always guided the Mexican military. For the most part, the military has respected the legitimacy of the political system. The basis of the government's legitimacy rests solely on its constitutional authority with the habit of obedience already instilled in the military. By the 1940's the revolutionary military had begun to move away from policymaking and became a more marginal actor. It was not until the late 1960's that it reemerged as a viable force after it violently put down the student-led rebellion. The military had become more professionalized until this point which perhaps further prevented it from interfering in politics. Presently the Mexican military has modernized itself. Officers are better educated and military technology has improved. It is
emerging as a modern and respected power in society. Whereas the President and the PRI had previously represented the sole political pillar in Mexican politics, presently the military and representatives from various economic groups are included in this new structure. Trying to gain such respect, the military is unlikely to stage a coup or overstate its political boundaries of power. The Mexican military, unlike other Latin American militaries, considers the civil government to be more capable of effectively running the government which checks its ultimate involvement as well. Though the military respects the legitimacy of the government, recently the legitimacy of the government is being severely challenged in other sectors. As widespread corruption continues, the people are less willing to passively accept government actions. The disillusionment continued after the 1988 elections when the PRI won yet again, amidst claims of election fraud.

Another factor which added to the initial success of the revolution and to continued stability is external support. At the time of the revolution, Mexicans were fighting a ruthless, bloody battle, and national sentiment was most definitely anti-American. However, the United States never forcefully opposed the uprising, anti-Yankee sentiment has diminished with time.

Despite a tendency towards authoritarian regimes in Latin America, certain attempts at democracy are visible as well. At the time of Latin American independence, many countries adopted democratic constitutions of such a nature as to be acceptable to even the United States and Western Europe. With the removal of the Spanish Monarchy, which supposedly ruled by 'the Grace of God', the most appealing replacement was government by the

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32 Ronfeldt, pp. 18-23.
consent of the governed. In addition, nothing else appeared to be a better solution. Although, the norms of democracy were established, however, a rather large discrepancy would exist between democratic theory and actual practice. From the beginning, behind the democratic front, a privileged elite ruled over the masses.

As time passes, it is ever more difficult to effectively hide an authoritarian regime behind a democratic facade. Previous circumstances allowing for that type of structure are diminishing. Increased political participation strengthens the established political institutions causing the government to respond to mass demands. As more people are mobilized, they realize that a government that pretends to be democratic while serving only elitist interests cannot be tolerated. The armed forces tend to intervene to prevent social change and to maintain established order, but are now increasingly allowing their respective countries to once again uphold the original democratic constitutions.

It is useful here to provide a definition of democracy and apply it to three distinct countries in the region which are deserving of the title. One definition includes the emphasis on universal suffrage, free and competitive elections, the freedom of organization and political action and that these elements are maintained for a period of at least fifteen years. Johnson adds the existence of popular sovereignty under impartial laws applied equally to all and a clear distinction between the private and public sectors, thus prevent the state from enriching itself at public expense. Colombia, Costa Rica, and Venezuela began the twentieth century economically with at least minimal export capacity. Until Venezuela began exploiting its petroleum reserves after World War I, coffee was the major export of all three nations.

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35 Peeler, pp. 44-57.
These countries were not poverty-stricken and participated in a limited way in the world economy. Though not the most prosperous of Latin American countries, they maintained themselves. Each showed great inequalities in land tenure and problems of income distribution, though none had extraordinarily serious problems in comparison with the rest of the region. Common to all three was the control and manipulation of the constitution and of elections. For the most part, these characteristics are common to most of the Latin American countries.

The significant difference between these countries and other Latin American countries can be seen in more recent developments. There is a certain amount of civility between rival elites. Civil liberties are more widely accepted and there is less obvious control of the election processes. Opposition groups are allowed to develop and there is an expansion of mass education and suffrage. In Colombia, traditional parties have been upgraded. In Costa Rica the Communist Party and the National Liberation Party have taken root. In Venezuela changes in parties have resulted in greater liberality. As these changes were implemented, mass movements, including some degree of violence, facilitated the transition from a hegemonic system, and limited opposition, to a liberal democracy. The hegemonic regimes accepted the idea of liberalization but did not voluntarily agree to the evolution of a liberal democracy. In all three cases, the armed forces were unavailable as opponents. In Costa Rica, the military had been defeated and abolished while in Colombia and Venezuela the military willingly liquidated military dictatorships in order to return to civilian regimes.

Throughout the democratization process in Latin America, a single factor appears to be most important in the analysis by Needler. This factor is accommodation. All rival elites are recognized and each group receives the same privileges and rights.

36Collier, pp. 40-47.
as any of the others. This does not, however, include the rights of
the interest groups which are most often excluded from political
participation. Needler identifies three principal components of
democracy which must be present in the political system for
accommodation to develop. The first is a relatively equal
distribution of wealth. This gives opposition groups the resources
necessary to be competitive in a pluralist society. Democracy will
be resisted by those minorities in whose hands the national wealth
is concentrated. Conversely, where the masses wield the power,
public policy will be directed towards the equalization of property
and income. This, of course, would result in economic loss for the
traditional minorities.

The second necessary component, according to Needler, is a
favorable international environment. Extensive external economic
dependence, mostly for capital imports, typically brings economic
and political instability, increased military action, and
repression. The imported capital goods, as mentioned before,
usually benefit the elites and create an unfavorable Balance of
Payments. The population becomes disillusioned and the state
must resort to repression to preserve the 'order'. External
hegemonic powers on which the Latin American countries are
often dependent, generally show an interest in maintaining the
'status quo' which necessarily implies the use of force to make
discontented masses obey the government.

Third, Needler states that a certain level of legitimacy must
exist within the system. The principles upon which a democracy is
based should be in accordance with the population's ideas of
legitimacy. In addition, the new system should produce
satisfactory economic results. An increase in economic growth
leads to social mobilization. It also allows for the demands of the
population to be met out of an increase in wealth and not merely
through existing resources, and the people in general will perceive
the system as successful.
In the presence of these conditions, rivals negotiate amongst themselves in a more civil manner. When the dominating elites realized that democracy would not be ultimately infringing upon their previous rights, the system became more widely accepted. The contractual nature of accommodation, which promotes discussion and negotiation between rivals, is that which distinguished these countries from others. With such a strategy it becomes important to introduce limited social reforms which pacify the masses while not allowing for too much mobilization so as to lead to possible competition with the government.

Baloyra defines democratization as the real recognition of civil and political rights with the emergence of political parties, party systems and interest groups. He lists four conditions which should be present for the implementation of democracy. The first is national unity which facilitates the pursuit of a common national goal. The presence of this condition is not necessarily sufficient in itself. The second condition is social equality with an equal distribution of resources. Like Needler, Baloyra also mentions the condition of elite agreement where there is a compromise among decision-makers to avoid violence and separation. Fourth, he talks about democratic viability which signifies that everyone does not necessarily consider democracy to be the best solution perhaps, only a pragmatic and preferable solution. Gentleman and Smith include the condition of free and competitive elections, as do several others. They also mention the necessity for spaces that channel mass interests where everyone is fairly represented in the implementation of democracy.

In the midst of such discussion, Mexico has been classified under varying degrees of democratization. Some say that Mexico is

37 Peeler, pp. 61-68.
decidedly an authoritarian regime. Others argue that it is definitely on the way to becoming a democratic regime. In terms of accommodation, the PRI attempts to limit all opposition that might in fact become legitimate competition. As the people begin to question the real legitimacy of the PRI, it may be forced to adopt more democratic practices if it aspires to retain a position of authority in a society filled with a growing sense of disillusionment.

It is fairly evident that the general conditions considered necessary for the successful implementation of democracy are not altogether present in Mexican society. Certainly, an unequal distribution of wealth is still present. It seems unlikely that democracy would emerge where all societal groups do not have equal access to the resources necessary to be competitive with other groups. There is, however, a certain accommodation present throughout Mexican society as the PRI successfully coopts all threatening dissenters in the party. This lessens the need for violent competition among the elites. By offering elites money or prestigious jobs, they are brought into the party by rational means. The presence of opposition forces in Mexico holds a particular interest in present day politics. Opposition parties have made more progress recently than ever before and have gained a certain legitimacy. The elections of 1988 opened up the election process as never before. However, in the final moment, when the PRI thought it might actually lose, the elections once again took on their traditional form. Vote counts were delayed and corruption surmised. Although the parties have gained some recognition, elections cannot be considered truly free and competitive. A certain degree of democratization may be present in Mexico today, though it is uncertain whether Mexico will eventually become a

39Martin C Needler, pp. 29-37.
'real' democracy. It is more likely for the moment that it will just adopt certain democratic tendencies. It is fairly unlikely, as well, that Mexico could resort back to the old ways of authoritarianism, exactly as it was before, now that opposition parties have had some success. For this to occur, the government would be forced to rely on the use of repression to restrain the masses, thus damaging its already questionable legitimacy.

VII. The Presidential Elections of 1988

The presidential elections of July 1988 in Mexico reflected the democratic tendencies which are evolving in Mexican society. The elections may well have permanently altered the course of Mexican politics. For the first time since the formation of the national party in 1929, the PRI no longer holds a secure monopoly over national power. Having endured many years of economic hardship, people are becoming disillusioned with the present system and are seeking an alternative. This growing disillusionment is a reflection on the PRI's overly complacent manner which is a result of decades of unchallenged rule. Firmly entrenched in the system, the party has not felt great pressure to satisfy the every demand of the masses until recently. The government's apparent inability to adequately solve Mexico's economic problems has caused the masses to question the legitimacy of the PRI to continue its rule.

Despite increasing discontent of the masses, a PRI victory was nonetheless anticipated by many. Differing from past elections however, the elections of 1988 appeared to be more openly competitive, with opposition parties having a more than substantial effect on proceedings. Previously the PRI had won each election with at least 70% of the vote. This time, however, the PRI candidate Carlos Salinas de Gortari won with 50.36% of the 19 million votes counted. This figure is 20 points less than any
majority a PRI candidate has ever received in 59 years. Cuauhtemoc Cárdenas, the leftist opponent, and formerly a member of the PRI, who was representing the National Democratic Front, captured 31.12% of the votes, and Manuel Clothier, the PAN candidate, received only 17.07%. Two other minor candidates account for the rest of the total.40

Ultimately the PRI received 260 of the 500 seats in the Chamber of Deputies. The PRI has lost its two thirds majority in Congress, resulting in the inability of the government to make constitutional amendments at will. In addition, Cárdenas and his party acquired 4 of the 64 seats in what previously was a Senate consisting solely of members of the PRI.

In spite of assertions that the elections of 1988 were much less hampered by fraud in comparison to previous elections, by Mexican standards at least, many claimed that the election had been stolen by the PRI. The accusations were most strongly heard from the opposition parties themselves. In December 1986, the government under de la Madrid was responsible for amending the constitution and for determining new electoral guidelines. In addition, the government changed the make-up of the Federal Electoral Commission (CFE), giving itself a clear majority instead of maintaining the tradition of even representation from all parties. This enabled the PRI to shape the election process to its advantage. To illustrate this point, the PRI vetoed a motion to extend registration, which would have allowed thousands of Cárdenas supporters to cast their votes. The PRI is accused of fraudulent registration as well. By gaining the majority in the CFE, the PRI can control all voter registration. Through random surveys, it was discovered that at least 20 percent of registered voters were either dead, underage, or not residing at the address listed.

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During the election, the reputation of the PRI was further tarnished with the murder of a Cárdenas aide, Francisco Javier Ovando Hernandez and his secretary, Roman Gil Heraldez in the capital four days before the election, while they were trying to implement their own system for vote counting separate from that of the PRI. Cárdenas denounced the killings as political assassinations. Though Cárdenas never openly accused the PRI, who dismissed the incident as a plot executed by criminals prosecuted by Ovando during his time as an attorney, many Mexicans became even more distrustful of the national party. Also, during the elections, in various rural areas, the PRI captured over 99% of the vote when intimidation by paramilitary organizations prevented opposition supporters from casting their vote.41

One of the most highly disputed events of election day was the malfunction of the computerized vote tabulation system five hours after the polls had closed. After the elections, fraud apparently persisted. The PRI, promising results from vote tabulation for as early as two hours after voting, delayed results until a week after election day. Amidst claims of foul and fraud, opposition candidates from the left and the right joined forces for the first time, to denounce the questionable behavior of the PRI. On election night Clouthier, Cárdenas, and Rosario Ibarra, of the Marxist Mexican Workers Party, went together to the EFC to protest the alleged fraud. In the end, Interior Minister Manuel Bartlett, head of the commission, dismissed the accusations as lacking ir. proof. At this point the PRI was readying itself to negotiate with the opposition if need be, to avoid any possible political crisis.

With each questionable occurrence, especially with the delay in election results, the promises of Salinas for a clean election became less meaningful. Ultimately, Salinas's insistence on a cleaner election caused the PRI to lose seats in the legislature. As

41 Cornelius, pp. 23-34.
the vote counting lingered on, there was speculation as to whether a still influential Old Guard, angry about its losses, were the ones who finally took charge of fixing election results, disobeying orders from Salinas. Some people are wary of one who cannot very effectively control his own party, being able to control the entire nation and implementing the necessary economic and political policies to increase prosperity in Mexico.

The greatest competition faced by Salinas in the 1988 elections was from Cardenas. Cardenas was born in 1934 the year in which his legendary father became president. In 1980 he was elected governor of Michoacan with the support of the PRI. Cardenas began to question the commitment of the party to the poor and helped to found the Democratic Current to give PRI rank-and-file members more power in choosing a presidential candidate. When the PRI banished him and his followers from the party, Cardenas announced his candidacy for president in the upcoming elections. His stated justification for his challenge to the PRI is his desire to give all Mexicans the opportunities he had grown up with. His concerns included lessening national corruption, more evenly distributing the wealth, and preserving a certain independence from the businessman and from the United States.

The Cardenas platform, consisting of an economic new deal, which includes improved social services, a rejection of U.S. intervention in Latin American affairs and support for a Central American peace initiative, seemed actually fairly similar to that which the PRI has been advocating since its earlier days. The difference lies in the fact that the people no longer trust the PRI to effectively control the government amidst corruption and worsening living standards. In addition to his basic proposals, Cardenas also advocated the redirection of payments of Mexico’s billion dollar debt, which Salinas finances by cutting subsidies on food and transportation, in order to be able to better economic
conditions for the people and establish a democratic multi-party system. As a populist, Cárdenas is critical of a decrease in public spending which Salinas advocated when he was budget minister because a continuous decrease in living standards and growing unemployment will only create unrest amongst the masses.

Similar to the approach of his father, Cárdenas is mobilizing the masses against the institutional forces of the national party—only the name of the institutional forces has changed, from the National Revolutionary Party to its modern day embodiment in the PRI. While Lazaro Cárdenas was initiating a movement from the top, however, his son was assembling a broad coalition of interest groups which had already formed at the grassroots in opposition to worsening conditions, primarily economic, in Mexico. Cárdenas, in this respect, has decidedly emerged as a growing force in Mexican politics with his support from young leftists and the rural and urban poor.

Less significant perhaps, but noteworthy nonetheless, was the success of the PAN candidate Clouthier, 54. Building on the premise that a limited government role in the system is more desirable, Clouthier presented his right of center party as yet another option available to the people. Associated with the middle class and more conservative elements of the Roman Catholic Church, however, Clouthier could not generate the support that Cárdenas did among the workers and the peasants disillusioned with the PRI.

President Salinas will find it necessary to pacify the discontented masses if he is to effectively run the country. Currently the debate has centered around whether or not Cárdenas and the opposition will continue in their endeavors so as to eventually undermine any stability that the political system presently claims. When the election had ended and the results had been announced, the PRI leaders predicted that, within a short
period of time, the majority of the Cárdenas support would diminish. Despite this prediction, it was suggested that the PRI, in order to quell the potential for political unrest, offer concessions to Cárdenas in the form of greater access to the government-controlled media and genuine opportunities to win a few governorships.

Salinas has also been forced to pacify the Old Guard of the PRI which is concerned with the preservation of the absolute unity and dominance of the national party. With Salinas's determination to pursue democratic practices, the Old Guard cannot aspire to return to machine rule. For the first time, the PRI won by a slight margin only instead of the traditional 80%.

It's possible that some hard-liners may abandon the party in the end.

While Cárdenas did promote a return to big-government policies, which are perhaps a bit out of date, Salinas instead identifies himself with the 'new generation'. He is concerned with 'modernizing' Mexico both politically and economically. His progress will most likely depend on the traditional support of rural Mexico, on those who are poor and uneducated. To this end, Salinas may well need to negotiate easier terms for the repayment of the Mexican debt and to challenge the U.S. stance on drug trafficking, immigration and Central America. Salinas, however, strongly identifies with U.S. views and policy, more than his predecessors. Thus any superficial opposition to the United States will most likely be intended solely to pacify the masses temporarily.

Salinas asserts that Mexico is decidedly no longer a one-party system. The arena presently consists of a majority party encountering substantially competitive opposition. According to Salinas, the emergence of these opposition parties signals a shift towards democracy. True political liberalization, as Salinas is

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42 Cornelius, pp. 67-76.
aware, is necessary in the stabilization of a debt burdened economy with unstable growth patterns. As seen elsewhere in the world, the transition from authoritarianism to democracy is a complicated one not without its tensions and strains. Meanwhile, Cárdenas and future opposition will continue their protests.

Certain patterns of change have been apparent in the last few decades in the Mexican political system. There has been a shift from politicos to tecnicos. Salinas is the fourth most recent president to have a technical background without having worked his way of the political ladder to achieve the presidency like was the usual pattern in the past. These new leaders are versed instead in the policies of economics.

The context of the 1988 elections was generally the most distinct element distinguishing it from previous elections. A continuous economic crisis had plagued the de la Madrid administration limiting economic growth. Per capita income decreased, real wages decreased, and the national debt climbed as the Mexican Miracle and import-substitution faded into the past. There has also been a reduction in the economic role of the state. Small economic adjustments had not been enough so Mexico switched to a strategy of complete liberalization which involved a greater degree of privatization and commercial liberalization.

Thirdly, grassroots mobilization had begun to emerge on account of greater education and communication within society. Labor unions had been weakening and discontent was rising. A popular consciousness earnestly began to challenge the legitimacy of the government. A real political opposition was emerging.

A call for reform dominated the 1988 election proceedings. One cause for this call was the fact that a depletion in domestic and external resources restricts the PRI from effectively bribing and coopting as before. In order to effect extensive democratic reform, therefore, Mexican political structures will have to change. For one, the way in which the incumbent president
ultimately decides who will succeed him would ultimately have to be revised so that the masses could at least have an indirect say in presidential nominations.

VII. Conclusion

The ultimate future of Mexico and its one-party system dominated by the PRI is uncertain. The party effectively consolidated its political power for more than fifty years through the principal use of cooptation, in the midst of a substantially unstable region. Now it has increasingly begun to lose its legitimacy originating with the goals of the revolution which formed the basis of its authority. In the midst of chronic and persisting low standards of living for the average Mexican, oppositional forces have emerged and gained more recognition as of late. The development of grassroots organizations has increased public awareness and concern for the direction of Mexican politics. With limited official recognition of the opposition parties by the PRI, it would be difficult to return to the traditional era of the true one-party system. Given access to the political system, oppositional groups are likely to press for more concessions, and unless given more legitimate chances for success, will perhaps rebel against the entrenched political system. Answering such rebellion with repression would only discredit the PRI further. The PRI, already realizing that it is losing part of its exclusive position of authority, will probably resist the implementation of a true form of democracy, but may become more open to advances made by the opposition. Substantial structural reforms in Mexican society would have to occur in order to usher in a complete democracy, including a change in the distribution of wealth and completely free and competitive elections. For now, the PRI will exploit all possible resources to
maintain its current, though altered, form of authority while offering very limited access to other parties so as to continue the trend of overall stability.

President Salinas will face strong social, economic and social pressures due to the depressed state of the economy and increased mobilization by the political opposition. In addition, labor discontent has grown as a result of the weak state of economic affairs as well. The PRI will undoubtedly continue its practice of cooptation, appealing to a nationalistic Mexican pride in order to do so. The future strength of the PRI will depend on the ability of Salinas and his tecnico to control the old guard, institute at least limited reforms, and become more democratic from within.

A less likely scenario would see the ascension to power by Cárdenas and the FDN. This would only occur after a substantial political crisis where the PRI would ultimately lose the legitimacy necessary to continue its rule. The emergence of such a situation will depend on the length of time that the opposition is able to prolong controversy over election fraud. The longer such controversy endures, the greater the potential for massive social upheaval, though the difficulty of sustaining a debate after an election has terminated is great. Furthermore, despite waning support for the PRI, the party still maintains a strong position in the Congress and the electoral commission. Finally, the Mexican masses may not actually be ready to consider the radical idea of taking the power away from a party which has ruled uninterrupted for so many decades.
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