

MEXICO: MYTHS AND REALITY

by Christopher Whalen

Mexico is widely recognized as one of the great economic success stories of the 1990s. Under the leadership of President Carlos Salinas de Gortari, the country has moved from a decade of crisis and internal political turmoil following the 1982 debt default to rank among the world's most attractive emerging markets. Billions of dollars in new foreign money have been invested as hundreds of state-owned companies have been sold; tariffs have been dramatically reduced or eliminated entirely; and the economy has been opened to foreign investment, reversing decades of protection for what was once a largely socialized economy.

Despite the appearance of success in material terms, in many respects Mexico in 1993 remains remarkably unchanged. Even with the economic opening engineered by Salinas, Mexico still boasts one of the most skewed distributions of income and wealth in the world, according to the World Bank. Economic opportunity remains limited to the politically powerful, so that fewer than 30 industrial groups account for more than half of annual domestic product.

Mexico also ranks among the few societies in the Western hemisphere that refuses to move toward multi-party democracy. The reluctance of Mexico to renovate its social system as it attempts to modernize economically is attributable to the longevity and

flexibility of one of this century's oldest single-party political systems. Peruvian author Mario Vargas Llosa said on Mexican television early in the Salinas term: "The perfect dictatorship is not Communism, not the Soviet Union, not Cuba, but Mexico, because it is a camouflaged dictatorship. It may not seem to be a dictatorship, but has all the characteristics of dictatorship: the perpetuation, not of one person, but of an irremovable party, a party that allows sufficient space for criticism, provided such criticism serves to maintain the appearance of a democratic party, but which suppresses by all means, including the worst, whatever criticism may threaten its perpetuation in power." He hurriedly left the country immediately after making the statement.¹

Despite the positive image conveyed abroad by official propaganda, Mexico is a mafia state; a poor, developing nation ruled by a corrupt political elite that denies its citizens the most basic rights and has saddled the nation with tens of billions of dollars in foreign debt. Mexicans lack civil liberties that Americans take for granted: freedom to speak without fear, freedom to select political representatives and labor leaders, due process and redress of grievances, and most important, freedom to live or build a private business without threat of extortion, intimidation, or even murder by police and other government officials.

It is no coincidence that the rule of Carlos Salinas has been characterized as neo-Porfirismo, a direct allusion to the 31-year

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dictatorship of Porfirio Díaz, whose rule preceded the bloody 1910–1917 revolution and civil war in Mexico. “Democracy is a good principle, but its practice is only possible for those countries that have progressed [economically],” Díaz told a reporter on one occasion. In a similar vein, Salinas told *Newsweek* in 1990: “Reforms [economic and political] progress at different rates, but economic reform is the priority.”²

Mexican writers and political organizers grimly refer to murder as “the ultimate form of censorship.” Over the last three years, 28 journalists and literally hundreds of other citizens have been killed, injured, or wrongly jailed. Generally these deaths have occurred because of a conflict with the country’s ruling party, the Institutional Revolutionary Party (PRI), an organization that holds elections, but controls the results with officially sanctioned fraud and pervasive dominance over the media. It is important to mention, however, that not all journalists murdered in Mexico have been killed because of political machinations. Many operate as both victims of official intimidation and victimizers, using powerful positions and the weakness of Mexican legal structures to obtain payments and special favors.³ But in general, government influence over the media is pervasive and is actively used as a means of social governance.

Money is also an instrument of authoritarian control. The PRI-dominated public works program known as “Solidarity” will spend almost \$3 billion this year distributing “grass roots” social spending in areas of opposition strength. Overall, the ruling party will expend an estimated \$800 million in the 1994 presidential election, compared with a little over \$100 million for all U.S. presidential campaigns in 1992. Buying votes through public works spending while government economic policies force real wages to decline below the 50 percent loss experienced between 1982 and 1989 is hardly a democratic formulation.

Like the peoples of Eastern Europe, Mexicans take promises of economic improvement to imply political opening as well.

Despite government controls on political expression and the media, Mexicans increasingly have access to American television and other information media; they see that their cousins north of the Rio Grande live in relative freedom. But when they turn off their television sets, Mexicans still live in the most oppressive, regimented society in the hemisphere outside of Fidel Castro’s island prison.

The resignation late in 1992 of the fraudulently elected governor of the state of Michoacán, Eduardo Villaseñor, is but the latest indication that profound changes already are underway. His removal came after months of protests and marks the third time in 12 months that the PRI was forced to admit that a race was tainted. And yet while Mexico’s people are on the move, the Salinas government remains recalcitrant and unwilling to move toward political pluralism.

Americans are mostly unaware of the blooming civic awareness movement in Mexico, yet this quiet struggle for democracy involves no less a confrontation than has occurred in East Germany or Poland. Mexicans vie against a one-man regime that enjoys the support of foreign bankers, business leaders, and the U.S. government. “He is the master of all bosses. No bosses exist in Mexico without the consent and power of the President,” Adolfo Aguilar Zinser said. “This is a pyramidal system by which labor union leaders, governors, and local bosses are all the administrators of a landed power which ultimately belongs to the President.”⁴

Fighting Corruption With Corruption

Because Mexico’s judiciary and legislature are dominated by the president and regional governors, political opponents frequently find themselves accused falsely of involvement in drug trafficking or subject to arbitrary confiscation of property for alleged “tax evasion.” An extreme example of how the PRI uses legal mechanisms to punish political opponents is the case of Joaquín Hernández “La Quina” Galicia, the former

head of the Mexican Petroleum Workers union who was arrested as part of an "anti-corruption" effort shortly after Salinas took power.

The fact that the Petroleum Workers union chieftain was corrupt is indisputable, but La Quina's arrest in 1989 for murder and weapons possession actually was a sham manufactured by Mexican police. His subsequent conviction was an act of political revenge ordered by Salinas, not the bold stroke to fight corruption described in credulous foreign press reports. The true goal was to restore discipline among the recalcitrant oil workers, who had bankrolled Cuauhtemoc Cárdenas' successful but stolen presidential race a year before.⁵

In reality, Mexican police transported the frozen body of La Quina's alleged victim by airplane to stage the phony photographs necessary to create "evidence" for the prosecution. But such techniques are hardly new. Following the torture murder of American DEA agent Enrique Camarena in 1985, police from Jalisco state allied with the PRI took the dead U.S. drug agent's body to then-governor Cárdenas' home state of Michoacán in an attempt to blame the killing on the ambitious and popular left-wing leader.

Yet true acts of corruption routinely go unpunished. Senior officials of *Petróleos Mexicanos* (Pemex), the oil monopoly, recently were removed because of allegations of "massive fraud," but no prosecutions resulted. Jorge Ruíz Ascencio, Executive Coordinator of Primary Production, was reportedly purged following an investigation that uncovered a bribery scheme totaling several hundred million dollars. The Mexican attorney general's office reportedly has sufficient evidence to prosecute Ascencio, but Pemex chief Francisco Rojas is blocking legal action to avoid further negative publicity following the tragic Guadalajara gas explosion. Thus La Quina sits in prison for political crimes, but Ascencio and other senior Pemex officials enrich themselves with impunity.

Pemex officials may not fear the law, but poor Mexicans hurt or injured by the Guadalajara disaster are prevented from seeking

compensation by the country's byzantine legal system. Indeed, if America exemplifies the libertarian traditions of Jefferson and Burke, Mexico is a statist nightmare, where foreign companies use the government to break lawful strikes and average citizens have neither recourse to the courts nor any protection against acts of intimidation by the police.

In a recent paper, attorney Alicia Ely-Yamin follows the career paths of several prominent police officials involved in acts of torture, murder, and violence. "What emerges is a pattern in which prominent offenders—most of them high-ranking [police] commanders—are quietly reassigned to different states after their crimes are exposed. Once in new posts, the officers continue to torture and kill until adverse publicity leads to a further 'suspension' and transfer," she writes.⁶

Salinas and the Catholic Church

While the PRI under Salinas has used very tough measures against political opponents, it has followed a different strategy with the Roman Catholic Church. Instead of confronting priests and bishops who advocate greater democratic opening and legal accountability for public officials, Salinas has seized the tactical offensive by moving to restore full diplomatic relations with Rome. Political restrictions on the church have been relaxed, and the papal envoy in Mexico City has lavished praise on the Salinas regime, which in turn has given its tacit approval for efforts to push back the advances made by other Christian sects operating in Mexico. Troublesome bishops, meanwhile, are gradually being retired or circumvented by more politically reliable members of the clergy.

In many respects, the Catholic Church in Mexico seems to be moving toward a de facto political alliance with the PRI. In March 1992, Papal envoy Jerónimo Prigione bragged publicly that other Christian sects would be "exterminated" through a vigorous effort to bring Mexicans back to Cathol-

icism.⁷ In response, Alberto Montalbo, head of the National Forum for Evangelical Churches, denounced the Vatican for attempting to reap political benefits from its rapprochement with the PRI.⁸

The efforts by Salinas to find new allies such as the Catholic Church should be seen as part of a broader effort to maintain single-party rule under the PRI, an effort that has included sophisticated efforts to either destroy or co-opt potential sources of political opposition. The Reagan and Bush Administrations deliberately ignored the grotesque political situation in Mexico, a short-sighted policy consistent with Washington's pandering approach to thuggish regimes in Communist China and Haiti.

After a fraud-tainted election brought President Salinas to power in 1988, the Bush Administration provided massive financial assistance to Mexico and naturally made a conscious decision not to broach sensitive subjects like electoral fraud, drugs, or human rights abuses. Starting with billions of dollars in bridge loans from the Treasury in 1989, and the Brady Plan a year later, "free trade" is the third leg of a broad support effort engineered by two Republican administrations in Washington and financed by the World Bank and private investors.

be considerably diminished. Another round of debt renegotiations will inevitably ensue. But more important, the fragile covenant between the government and Mexico's inflation-weary people will be shattered—and with it the now strong support for President Salinas.

The second and more ominous threat is political, however, and comes from the fact that the people of Mexico independently are building a new civic culture based on legal frameworks rather than the personalities and patronage that have characterized PRI rule. Whereas the martyrs of Tlateloco in 1968, when the Army murdered thousands of students, by and large were the children of intellectuals, today's democratic activists represent a broader cross section of the Mexican populace that increasingly includes women and, most significantly, Mexicans of Indian and mixed blood, who most often have been excluded from real economic and social power.

No one knows what the future holds for Mexico. Its economy is growing, at least for those at the very top, but its legal and political system is tyrannical. If the Mexican political and legal environment can be changed, Mexico might have a bright future in the twenty-first century. □

Facing Threats to Stability

And yet there are signs that the Salinas juggernaut is running out of steam—and foreign money. The abrupt trade opening by Salinas has hurt Mexican companies unprepared for foreign competition, causing unemployment to surge and pushing Mexico's trade balance into the red to the tune of \$20 billion for 1992—100 percent above the previous year. Mexico's public and private foreign debt now totals over \$120 billion, up from roughly \$90 billion following the abortive 1989 Brady debt reduction plan.

The immediate threat to Mexican stability is financial. When Salinas is forced to adjust the value of the peso downward, prices for imports will soar and Mexico's ability to service its burgeoning public and private dollar debt—and buy American goods—will

1. Many thanks to Andrew Reding, director, the Mexico Project, World Policy Institute in New York, for the translation of Vargas Llosa's statement.

2. Tim Padgett, "El 'regreso' de Don Porfirio," *El Norte*, September 29, 1992.

3. The most recent murder of Ignacio Mendoza Castillo, apparently due to a dispute over money, is a case in point. See Alejandro Junco, "Mexican Journalists Shouldn't Feed From Hand That Slaps Them," *The Wall Street Journal*, December 4, 1992.

4. *Morning Edition*, National Public Radio, November 18, 1991.

5. See cover story, *Proceso* #187, June 29, 1992.

6. See Alicia Ely-Yamin, "Justice Corrupted, Justice Denied: Unmasking the Untouchables of the Mexican Federal Judicial Police," Mexico Project, World Policy Institute, The New School for Social Research, New York, N.Y., November 20, 1992.

7. Roughly 95 percent of Mexicans are Catholic, while only 564,000 are identified as being affiliated with evangelical Christian sects. Significantly, Mexico's educational system is atypical of the rest of Latin America in that its primary and secondary schools are almost entirely secular, a phenomenon that reflects the strong anti-clerical tradition in Mexico.

8. Lourdes López, "Acusan evangélicos a Vaticano de presionar por relaciones," *El Norte*, September 25, 1992.

THE LIFE, DEATH, AND RESURRECTION OF AN ECONOMY

by Michael C. Monson

With the fall of Communism, economic development is now the principal concern of hundreds of millions of Eastern Europeans and citizens of the former USSR. In determining which policies to pursue, though much can be learned from the successful economies of other countries, every bit as much can be learned from countries whose economies have gone awry. This article seeks to illuminate how to develop economically by focusing on an economy that has seen perhaps the most dramatic swings of this century—the economy of Argentina.

Today, it is not widely known that for generations Argentina was the most prosperous country in Latin America. This is the story of how it got there, how it fell, and how it is now trying to get back.

Despite possessing the crown jewel of the pampas, the richest agricultural region in all of Latin America, Argentina was for the Spanish conquistadors a mere afterthought. The Spanish were interested in gold, and Argentina had none. So, while Spain focused on the mines of Mexico, Peru, and Bolivia, Argentina languished.

To protect the flow of mineral treasures back to Spain against pirates, Spain limited the routes of all trade fleets primarily to

Panama and Lima. Only a few ships were permitted to land in Argentina. The sheer distances of transporting goods to the authorized ports made it effectively impossible for Argentina to export goods and made imports astronomically expensive. Buenos Aires became the most expensive city in Latin America.

Of course, all the Spanish regulations and restrictions did not stop trade, they just drove it underground. By the mid-1600s the port of Buenos Aires was brimming with Dutch and English ships engaged in open smuggling. Smuggling had become a way to survive. By the time the Spanish fleet system was abolished in 1735, 90 percent of Argentina's commerce was transacted illegally.¹

Another thorn in Argentina's side related to the Portuguese settlement of Sacramento located just across the Rio de la Plata from Buenos Aires. The lower duties exacted by Portugal enabled Sacramento's merchants to offer lower prices than the merchants in Buenos Aires.

In addition, as if Spain was not doing enough to impoverish Argentina, Spain imposed tariffs on trade between Buenos Aires and internal South American markets. Spain also implemented controls on the flow of specie. Spain was, in effect, strangling Argentina economically.

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