Mexico’s Political Future(s) in a Globalizing World Economy*

GERARDO OTERO Simon Fraser University

Dans cette étude, nous cherchons à démontrer que le devenir économique et politique du Mexique est étroitement lié à l'évolution du capitalisme mondial. Nous utilisons le concept de «réseaux ascendants» pour analyser les processus qui se développent à l'échelle mondiale et nationale ainsi que leurs interactions. Notre objectif est précisément de théoriser sur ces interactions à l'échelle de l'État-nation et de décrire, en présentant plusieurs scénarios, les diverses façons dont le Mexique pourrait évoluer sur les plans économique et politique. Le Mexique s'intégrant de plus en plus au marché nord-américain, il est capital d'étudier la façon dont cette intégration va influer sur les processus à venir et sur les forces sociales susceptibles de lui faire prendre une direction plus souhaitable.

This paper proposes that the patterns of economic and political outcomes in Mexico are intimately related to global processes taking place in world capitalism. It develops a “bottom-up linkages” approach that Takes into account both global and country-level processes and their interrelationships. The author’s specific purpose is to theorize about the interaction of national and global processes on the political outcomes at the level of the nation-state, and to generate some future scenarios representing different combinations of more or less feasible political and economic outcomes in Mexico’s future. Because Mexico is becoming increasingly integrated economically into North America, it is critical to specify the ways in which such integration affects such future processes, and to identify the social forces that might steer developments in more desirable directions.

THIS PAPER ADDRESSES the challenges brought about by the restructuring of the Mexican economy at a time when democratic political transition is at the forefront of national and international agendas. In the wake of the 1982 debt crisis and the introduction of neoliberal reforms, a critical dilemma faces government and civil society. The key issue is whether the process of economic

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restructuring will involve income redistribution and thus be compatible with a sustained transition to political democracy. While it is hard to establish that income redistribution is a prerequisite for a democratic transition, short of such an economic outcome, an authoritarian and repressive political regime may be more likely than a democratic one.\(^1\) Part of the dilemma for the Mexican regime is that it confronts nearly insurmountable international pressures to carry on with neoliberal economic restructuring, which clashes with internal demands for democracy and redistributive social policies (Stephen, N.d.).

Strengthening the forces of global capitalism, Mexico has just joined an economic partnership with two of the wealthiest countries in the world, the United States and Canada, through the North American Free Trade Agreement (NAFTA). These nations are both members of the so-called Group of Seven, or G7, which also includes Japan, Germany, Italy, France and the United Kingdom. Leaders of G7 countries meet annually to try to coordinate their macroeconomic policies in order to promote economic growth and stability on a world scale. Furthermore, Mexico was accepted as a member in the Organization for Economic Cooperation and Development (OECD) in 1994. This is a broader group of wealthy nations, currently comprising 25 members. The OECD functions mainly as a think tank based in Paris that advocates economic liberalism. Mexico’s joining NAFTA seals its apparent new status in the world economy, formally putting it on the same playing field with its northern neighbours as of January 1, 1994.

Yet, being on the same “level field” does not necessarily mean that the players are of similar stature or weight. That Mexico has vastly different social and political structures than its northern neighbours was dramatically highlighted by the outburst of an Indian-peasant rebellion led by the Ejército Zapatista de Liberación Nacional (EZLN, or Zapatista National Liberation Army) in Chiapas on the same day that the NAFTA was inaugurated. Although this was a formerly unknown group, its military action put Mexico on the spot: it was appalling that a country that was joining the developed world would have such gross social and political inequalities that a violent uprising could break out.

Taking into account both international pressures and the internal dynamics of Mexican society, this paper explores the possible economic and political futures for Mexico’s development. An implicit notion of desirable “development” is one that not only combines economic growth with equitable distribution of income, so as to raise the standard of living for the majority of the population, but also exhibits a concern for combining economic development with political democracy (Kincaid and Portes, 1994). According to this notion, posited here as an ideal type, the general population would be incorporated into decision-making processes at all levels of civil society and

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\(^1\) Citing Francisco Weffort, Seymour Martin Lipset argues that “although ‘the political equality of citizens . . . is possible in societies marked by a high degree of [economic] inequality,’ the contradiction between political and economic inequality ‘opens the field for tensions, institutional distortions, instability, and recurrent violence . . . [and may prevent] the consolidation of democracy’” (1994: 2).
the polity. While electoral democracy would be a precondition for such a political system, citizen participation would also be an essential ingredient if it were to transcend a "democracy of elites" to become a "societal democracy" (Semo, N.d.). Finally, development would also include the environmental sustainability of economic growth patterns (Lipietz, 1992).

This article thus proposes a "bottom-up linkages" approach that is merely enunciated here and focusses on both global and national-level processes and their interrelationships (Otero, N.d.). While the new political economy of the world-system perspective has evolved in this direction with welcome results (McMichael and Myhre, 1990), the emphasis is still disproportionately placed on the global issues, as in dependency and world-system theories. The latter, in particular, tend to be fixated on the question of global economic surplus and how it is allocated among zones or countries in the world-system, with an abstract "capital" as the main determinant of most processes. A more integrative research strategy, with a shorter-term view and more concrete variables, is necessary and in the making. Regarding the economic dimension, the "global commodity chains" (GCC) approach has been developed by the various sociologists contributing to Gereffi and Korzeniewicz (1994). In contrast to the traditional world-system analysis, the GCC approach is organizationally grounded and looks much more at shorter-run competitive dynamics in which firms, networks, and industries become major variables. As a result, "the GCC approach is much more amenable to scholars who do country-level field research" (Gereffi, 1995). Although with a far more modest agenda than that of the GCC approach, this article endeavours to theorize about the interaction of national and global processes on political outcomes at the level of the nation-state. Because Mexico is becoming increasingly integrated economically into North America, it is critical to specify the ways in which such integration affects its political processes, and to identify the social forces that might steer developments in a more desirable direction.

The dominant actors in the global processes continue to be national governments and supra-state organizations such as the International Monetary Fund (IMF), the World Bank and the General Agreement on Tariffs and Trade (GATT, now renamed the World Trade Organization, or WTO). But there are increasing signs of emerging cross-border coalitions that could be the seeds of a transnational civil society. This was seen most clearly in the struggle against the NAFTA, in which labour and environmental groups from the three countries involved joined forces (Thorup, 1991; Carrillo, 1992; Fox, 1992; Carr, N.d.; del Castillo, N.d.).

Country-level factors account for the distinctive stamp of world capitalism's impact on the nation-state. The key question is: How do national

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2. The obstacles are large, but not insurmountable: "The histories of social movements in each country are too different to have produced clear-cut trinational counterparts. Business and government elites, in contrast, have known each other well all along, so social organizations have had to begin to catch up quickly. With NAFTA, domestic politics became foreign policy and foreign policy became domestic politics" (Fox, 1992: 4).
specificities and regional diversities intervene in the ways in which global processes become internalized in societies? In Mexico's case, country-level analysis is compounded by its vast regional heterogeneity: not only geographical and physical, but social, economic and political as well (Van Young, 1992). In rough simplification, one could say that the western and northern regions of the country, along with the metropolitan area of Mexico City, are those where capitalism has developed most intensely and where economic integration with North America is most advanced. In contrast, the south and southeastern regions, the most densely populated and with the largest proportions of indigenous population, still suffer from archaic social and power structures, and poverty is most pervasive. The fact that neoliberal reform has furthered social polarization is partly due to its sweeping application with little regard for regional diversity.

In order to visualize the possible future(s) for Mexico's development, we must first understand today's world conjuncture and the way in which the United States is confronting its own economic challenges. U.S. choices set limits on the economic and political menus available to the Mexican people.

**The Crisis of Post-War Capitalism in the United States**

The central proposition of this section is that current trends toward the globalization of world capitalism result from the crisis of "Fordism" in the United States. The Fordist regime of capital accumulation was predicated primarily on the U.S. internal market, and on a balance between mass production and mass consumption (Aglietta, 1979). When the regime of accumulation entered a critical stage in the late 1960s, the United States began to actively promote the tearing down of most barriers to international trade. The type of economy that emerged after World War II in the United States involved a period of stable economic growth and capital accumulation that lasted until the late 1960s. It was an economic arrangement predicated on a productivity pact among the welfare state, the corporate sector and labour unions, in which production and productivity expanded to the benefit of all parties involved (with the exclusion of most women and minorities). With a balance between expanding mass production and mass consumption, unemployment remained below 4% while the gross national product (GNP) grew at a rate of 5% annually.

By the late 1960s the crisis of profitability was expressed in an excess of productive capacity in relation to effective demand. One related aspect was the slowing rate of growth in the productivity of U.S. workers relative to that in other advanced capitalist countries, namely Japan and Germany. In response to this crisis, many U.S. transnational corporations began to relocate their production sites, either to the southern, less unionized parts of the United States, or to Third World countries. Central to this move was the goal of lowering wage costs in order to restore profitability. However, this also involved breaking the "virtuous circle" between mass production and mass consumption that had been forged in the "Fordist" post-war years (Lipietz,
1988). Expressions of this process included a significant attack on the welfare state, on unionism and generally on the income gains that had been attained by U.S. workers. The unionized labour force, for instance, declined from 30% in 1970 to 12% in 1994 ("Inequality," 1994: 20). Such attacks were waged most decidedly by the administrations of Ronald Reagan and George Bush. 3

U.S. versus German and Japanese Capitalisms?

Now that the East-West confrontation has ceased, the new cleavages in world capitalism focus on the differences among its American, German and Japanese variants. The ways in which each of these variants addresses crises of profitability and competitiveness will have a great influence on the rest of the world. Judging by the past two decades, a profile of the different approaches in dealing with economic performance may be outlined as follows. First, while the U.S. has followed basically a neoliberal policy with regard to industry and international trade, other advanced capitalist countries, most notably Japan, have established purposeful industrial policies and selective protection of key industries (Kuttner, 1991; Kenney and Florida, 1993). In Japan, the legendary MITI (Ministry of International Trade and Industry) has played a critical role in determining which sectors of the economy are to be targetted by Japanese private companies. Such long-term planning and partnership between state and private firms has resulted in enormous payoffs in terms of economic growth, market leadership, technological innovation, job security for workers and, not least, redistributive social policies. In contrast, many U.S. firms have been downsizing or closing up shop, subject as they have been to the laissez-faire rules of free-market policies. These have caused massive layoffs, which severely disrupt the lives of individuals, families and entire communities. Such an approach to economic restructuring has not helped improve the adversarial industrial relations that came to prevail in the United States over the past two decades (Kochan et al., 1989).

A second major contrast between U.S. and other versions of advanced capitalism—namely those in the northern parts of Western Europe—involves the welfare-state policies that provide for a social economy. Even Germany, one of the most "conservative" of European states, spends almost half of its GNP through the public sector. It offers its citizens generous support and universal social security (Kuttner, 1991: 7). Policies geared toward a social economy do require higher taxation and higher rates of work force unionization, as well as greater regulation, but in the end they pay off in the form of

3. While inequality had narrowed from 1929 to 1969, U.S. society has become sharply polarized in the past two decades, as reflected by two measures of inequality, the Gini coefficient and the high and low income quintiles. "In 1992 the top 20% of American households received 11 times as much income as the bottom 20%, up from a multiple of 7.5 in 1969. The effect was to give the richest 20% of households a 45% share of the country's total net income in 1992, a post-war high, and the poorest 20% of households a mere 4% share. The Gini coefficient rose from 0.35 to 0.40 over the same period" (Auth. unkn., 1994: 19). In the Gini coefficient, the more a country approaches 0, the greater its income distribution; the more it approaches 1, the greater its inequality. A further measure of polarization in the United States is that "The poorest 10% of American families suffered an 11% drop in real income between 1973 and 1992; the richest 10% enjoyed an 18% increase in real income" (20).
more equitable societies. In this regard, Canada’s capitalism has been closer to its European counterpart, and this would be its most important contribution to the NAFTA were it not for its increasing adoption of neoliberal reform.

Third, at the level of the firm, U.S.-based companies have pursued primarily a defensive strategy based on lowering wage costs, while German and Japanese firms have pursued an offensive strategy based on technological innovation, increased product quality and new forms of labour relations. The defensive strategy adopted by the United States has proven to be incompatible with increasing standards of living for large sectors of the population, while the opposite is the case for the German and Japanese models. That is to say, U.S. society has become more inequitable in the past two decades, with larger numbers of people living under the poverty line, and declining real wages for unskilled workers.

According to Michael Albert, the above differences in capitalisms have resulted in more equitable societies in Europe and Japan, with significantly greater proportions of their population included in the “middle class” (defined in terms of income). While in the United States only 50% of the population has an income equal to or higher than the national mean, the figures are 75% in Germany, 80% in Sweden and Switzerland, and 89% in Japan (cited in Castañeda, 1993: 519, n.).

Because the trend toward continentalization of the Americas seems to be irreversible, an important question emerges: To what extent will this process impose the U.S. variant of capitalism, and will Mexico and Latin America be able to pursue a different combination of capitalist traits? If there is a margin of choice, its direction will depend on two critical factors: the extent and character of democratic transition in Mexico, and the extent to which a North American civil society begins to take shape, with cross-border organizations from Canada, Mexico and the United States pushing toward a more equitable form of development and a democratic politics for all of North America. The rest of this paper focusses on the first of these factors, for the second is just beginning to emerge. Before exploring the political transition, I will present a brief account of economic change from the import substitution industrialization strategy (ISI) to neoliberalism.

From Import Substitution to Neoliberalism

Like most Latin American countries, Mexico is still trying to find its way out of the economic crisis that erupted in the early 1980s, when the ISI strategy fell apart. That collapse was manifested in a mounting foreign debt, which had been contracted as a result of the incapacity of the national economy to keep financing its industrialization process along the path of the ISI strategy. The central features of this strategy included protectionist measures against foreign trade, state subsidies of local production and consumption based on increasing government deficits, the formation of a para-state sector in the economy, and direct foreign investment by transnational corporations. Ini-
tially, agriculture played a crucial role in financing the importation of capital goods necessary for industrialization (Whiteford and Ferguson, 1991). But once the anti-agricultural bias in the ISI model took its toll, foreign indebtedness became the new engine to keep industrialization going (Sanderson, 1976; De Janvry, 1987; Gates, 1993). Finally, the discovery of large oil reserves in Mexico allowed the government to sink deeper into foreign debt. Unfortunately, the oil boom that followed (1978–1981) was too short-lived, but it did last long enough for the Mexican economy to become “petrolized"; by 1982, 75% of foreign exchange was accounted for by oil revenues.

Foreign indebtedness could not go on forever. From 1970 to the early 1980s, Mexico’s foreign debt climbed from $3.2 billion to over $100 billion. Mexico was the first Latin American nation to declare a moratorium of payments to service its foreign debt, in July of 1982. The announcement sent shock waves throughout the world’s financial system. This critical situation manifested a deeper crisis in the ISI strategy itself. With agriculture, oil revenues and indebtedness all but exhausted as means to subsidize a protected industrialization process, new avenues for economic growth had to be found. Once the crisis became evident, most Latin American governments were pressured by the international financial agencies to adopt neoliberal policies to restructure their countries’ economies away from ISI, so that they could continue servicing their foreign debts (Petras and Brill, 1986; Canak, 1989). In fact, many governments, including some democratically elected ones, had themselves been convinced that the prior economic strategy was not working well.

The most salient features of the neoliberal economic model now being pursued run counter to those of its ISI predecessor: an export-oriented industrialization (EOI) strategy promoted by opening the economy to foreign trade; massive withdrawal of public subsidies in most sectors of the economy; privatization of formerly state-owned enterprises; and, not least, a policy of controlling wages downward to attract new waves of foreign investment (partly to offset the effects of previously flown domestic capital). The opening of the Mexican economy was initially formalized by its joining the GATT in 1986. As of 1982, all imports required previous government permits, with a top tariff of 100% and an average tariff of 27%. By 1990 no permits were required for most imports, and currently the highest tariff is 16%, with an average of 11% (Urias Babila, 1993: 1099). Furthermore, a new law regulating foreign investment was enacted in 1989, allowing 100% foreign ownership in most sectors of the economy. Further deregulation of direct foreign investment was enacted in new legislation in December of 1993, in preparation for the implementation of the NAFTA.

This major overhaul of the economic model has involved such extensive social and political changes that Mexican society is currently in a period of profound transformation. Poverty and inequality have grown to such extents that a popular phrase has come to capture the nature of the 1980s: “The lost decade.” On top of this, neoliberalism has created a crisis of its own, which exploded on December 19, 1994 after the Mexican government was forced to
devalue the peso in view of extremely low reserves of foreign exchange. The latter had plummeted from about US$28 billion in March to US$6 billion in December of 1994. This crisis was precipitated due to the paradoxical import-intensity of the newly introduced export-led industrialization: many of the parts and components of Mexico's manufactured exports had to be imported. Because liberalization of imports was so great, the rate of growth of consumer imports was much higher in the past six years than the corresponding rates for capital goods and intermediary goods. The ensuing yearly trade deficit, of about 20 billion dollars from 1992 to 1994, was financed primarily with the influx of portfolio capital, clearly a very volatile form of financing (Dussel Peters, 1995).

The new crisis of 1995 has been confronted with the same kind of neoliberal medicine as that of 1982: more cuts in government spending; an increase in the value-added tax from 10% to 15%; increases of 35% to 50% in the prices of goods provided by state firms, such as electricity and gasoline; more privatizations of state companies; and wage increases, which average a mere 12%. Inflationary pressures are already high, and the economy is expected to have a negative "growth" rate of about 5% in 1995. While these trends point in the direction of further social polarization, it remains to be seen whether economic restructuring in a neoliberal direction can be compatible with a democratic political transition and social reform in Mexico. One argument that can be made to support this possibility may be taken from Lipset: "... if autocracies fail economically, and/or socially, their lack of legitimacy will facilitate a breakdown" (1994: 9). Lipset adds that the "breakdown of such a system may require a major catalytic event, a defeat in war, a drastic economic decline, or a break in the unity of the government elite" (ibid.). In contemporary Mexico, the economic breakdown is clearly there, while increasing divisions in the ruling Partido Revolucionario Institucional (PRI, or Institutional Revolutionary Party) have led to the assassinations of two political figures: Luis Donaldo Colosio, the PRI's presidential candidate, on March 23, 1994, and José Ruiz Massieu, the PRI's secretary general, on September 28 the same year. Raúl Salinas, brother of the former president, is now in jail, accused of masterminding the latter's murder, while Carlos Salinas de Gortari himself is said to have been exiled to the United States, and later to Canada, amid allegations that he was involved in a cover-up of Colosio's assassination. Before turning to future prospects, a fuller description of Mexico's political system is necessary.

The Mexican State and its Political System: An Overview

For Latin America, the paradoxical decade of the 1980s was not only a "lost decade" in economic terms; it was also a time when most countries began to experience a return or a transition to democratic political regimes. Mexico, however, was an exception to this regional trend, in that its political system continues to be dominated by one-party rule established in 1929. Nevertheless, in 1968 the student movement had constituted a major political earthquake, to which the state responded with brutal repression in the massacre
of October 2. Agrarian and urban social movements that emerged in the 1970s constituted further pressure for the government to introduce limited political liberalization. Such liberalization took the form of opening electoral spaces to formerly forbidden political parties, both left and right (Foweraker and Craig, 1990).

Conversely, with the introduction of neoliberal reform, Mexicans have also seen many national myths and institutions disappear in the past decade. A multiplicity of laws and institutions created by the legendary revolution of 1910–1920 have been dismantled: there have been major assaults on agrarianism, populist unionism and industrial protectionism (Bartra, 1993). Even the ideology of "revolutionary nationalism," which guided the Mexican state for decades, has been abandoned and replaced by "social liberalism," as then-President Salinas baptized his own ideology in 1991. This section provides an overview of the main features of Mexico's political system. All of these will have to experience fundamental change if a significant transition to democracy is to emerge.

There have been several schools interpreting the Mexican political system, which has been variously characterized as a one-party "democracy," a perfect dictatorship, a benign dictatorship, an authoritarian or a semi-authoritarian regime. The first classification came from optimistic political scientists or sociologists studying Mexico in the 1950s. However, after the following decade most observers came to agree that the Mexican regime is indeed authoritarian (see Hellman, 1983; Levi and Szekely, 1987; Molinar Horcasitas, 1993). The concern of this section is not to address this general aspect of the Mexican system, but rather its specificities. What makes the Mexican regime different from other authoritarian systems, and what has accounted for its durability and stability for the better part of seven decades?

Before the political reform of 1978, leftist political parties were barred from legal participation in elections. Several political parties were formally part of the "opposition," such as the Partido Auténtico de la Revolución Mexicana, and the Partido Popular Socialista. Yet, they actually functioned as virtual appendices of the ruling PRI. Even the Partido Acción Nacional (PAN, or National Action Party), which has been clearly to the right of the PRI, often negotiated seats in congress in exchange for accepting the loss of a gubernatorial post or several municipalities to the PRI. In recent years, however, there has been an increasing militancy of the rank-and-file of the PAN, in defiance of its leadership's pragmatism. For instance, in 1994 the national leadership was quick to accept defeat in the municipal elections of Monterrey, the country's second-largest industrial city, but the local panistas took over city hall. After three weeks the government was forced to recount the votes and it turned out that the PAN had actually won. Its candidate was then allowed to take office.

Then there is the Partido de la Revolución Democrática (PRD), which emerged out of the fusion of several leftist parties and a splinter from the PRI that had formed a coalition to propose Cuauhtemoc Cárdenas for president in
1988. Soon after these elections the coalition became a formal political party and it fielded the same presidential candidate in 1994. Considered a centre-left party, the PRD includes former communists as well as Trotskyists and nationalists. It was the most critical of the past two presidential elections, arguing that there had been massive electoral fraud. While in the aftermath of the 1988 elections its policy was to not negotiate with the government—a position it maintained during all of the Salinas administration—recently the PRD has been more willing to do so.

Given that political parties other than the PRI have not played a crucial role in the Mexican system, aside from legitimating the electoral process, one must look elsewhere for its distinctiveness. There are six features of the Mexican political system that distinguish it from totalitarian or other authoritarian systems. The first and most pervasive is the virtual fusion of the state and the ruling party, similarly to the case of the former Soviet Union except that in Mexico there have also existed opposition political parties. Such fusion makes it extremely difficult for any opposing political formation to have a significant chance of winning the electoral game. When one adds to the picture the notoriously corrupt structures of the state, it becomes clear that the PRI has a large number of financial and political advantages over its competitors. Even symbolic elements, such as the fact that the colours of the PRI’s emblem are the same as those of the national flag (green, white and red), contribute to the image of the PRI-state as a single entity. For example, the major social expenditures of the government are usually accompanied by colourful propaganda that evokes the PRI’s emblem, just as it might evoke the national banner. Therefore, increased government social expenditures during electoral periods clearly favour PRI candidates.

The issue of PRI-state fusion has become so prominent in Mexican politics that Ernesto Zedillo promised to do away with it when he was the PRI’s presidential candidate in 1994. While there was some rhetoric to this effect in the first few weeks of his administration, which started on December 1, 1994, by March of 1995 it was clear that the PRI-state alliance was in business as usual.

Related to this is statism, the second feature of Mexico’s political system. The state plays a paramount role in the economy and society: “State institutions have generally had far more prestige, resources, and influence than private, independent, or non-profit organizations have had” (Camp, 1993: 12). The clearest example of the state’s power in Mexico is the fact that it was able to follow the ISI strategy and policies for decades, and then to completely shift the course of economic development to an export-oriented industrialization (EOI) model, along neoliberal lines, in less than a decade. That outcome, however, did not only come from within the state; it was partly determined by the increasingly restless and militant role of the private sector, which had become disenchanted with government populism and corruption during the 1970s (Valdés Ugalde, N.d.).
“Presidentialism” is the third feature of Mexico’s regime: both the institution of the presidency in particular, and the executive branch in general, far outweigh the legislative and judicial branches of government, making them and any other autonomous authority ineffectual. Lorenzo Meyer (1993) has gone so far as to suggest that presidentialism is the greatest single obstacle to democratization in Mexico. The presidency is so powerful that it is beyond the law (Garrido, 1989). During the administration of Carlos Salinas de Gortari (1988–1994), for instance, many of his decisions were “not [...] legally implemented, whether they involved criminal matters, such as arresting a drug dealer, or were purely political, like his removals of state governors” (Camp, 1993: 177).

Fourth, groups in society relate to the state through “corporatist structures.” These provide for the mechanisms by which interest groups channel their demands, and by which the state responds. However, as in all corporatist relations found in Latin America and elsewhere, the state always has the upper hand: it acknowledges or not, promotes or hinders, the formation of corporatist organizations. Thus, while corporatism does entail reciprocity and a certain capacity for subordinate groups to shape policy, it places social organizations in a dependent relationship with the state. As Camp puts it, corporatism “facilitates the State’s ability to manipulate various groups in the State’s own interest” (1993: 12). The result is that corporatist relations grant the state an enormous capacity for cooptation of autonomous or challenging groups. Jonathan Fox and Luis Hernández have aptly phrased the dilemma for grassroots movements trying to change the political system while remaining autonomous: “What kinds of new styles and institutions make it possible to change the system even more than one is changed by it?” (1992: 193).

Corporatism has been based on the mass organizations affiliated with the ruling PRI since the foundation of its ancestor, the PNR (National Revolutionary Party) in 1929. The three key organizations from the outset have been the CTM (Confederación de Trabajadores de México, or Confederation of Mexican Workers), the CNC (Confederación Nacional Campesina/National Peasant Confederation), and the CNOP (Confederación Nacional de Organizaciones Populares/National Confederation of Popular Organizations) whose name was changed in 1993 to FNOC (Federación Nacional de Organizaciones y Ciudadanos/National Federation of Organizations and Citizens). These three organizations have played a critical role of social control and have secured an electorate for the PRI. One of the practices that has been widely criticized is that members of these organizations are collectively affiliated to the PRI and are expected to vote for the party during elections. If they do not, they may confront severe penalties from the bosses of their organizations.

Fifth, while authoritarian, the Mexican regime does allow greater access to decision-making processes than totalitarian systems. Furthermore, decision makers change frequently, with the presidency limited to a six-year term. In the words of a reporter for the conservative British weekly The Economist, “Mexico is a benign dictatorship which is moderated, as in any system of benign absolutism, by the regular assassination of its dictator. The system has
survived only because no individual is allowed to hold power for more than six years" (Grimond, 1993: 22).

Finally, the sixth feature of the Mexican regime is that there is a self-selecting political and technocratic bureaucracy in the State's power structure. An enormous problem for democracy created by this self-designated group is that it lacks constituent responsibilities. Because of this, Mexican politicians "have generally been pragmatic, doing whatever is necessary to remain in office rather than pursuing a committed, ideological platform" (Camp, 1993: 13). Among the factions within the PRI-state, the "dinosaurs" are the most resistant to political opening and modernization. Between dinosaurs and technocrats are the so-called políticos—experienced career politicians who have held various offices by popular election or within the corporatist mass organizations. Technocrats are those politicians who move up the ladder merely through positions in government. While Carlos Salinas was usually identified as a technocrat, and initially viewed as a political modernizer, his administration clearly favoured economic restructuring over democratic transition.

If anything, what the PRI-state technocrats have been trying to do since the first electoral reforms of 1978 is "modernize" the authoritarian political system to stay in control. Emerging forces in civil society, however, want to democratize the political system (Bartra, 1993). It is between these two pressures that current political developments are evolving in Mexico. Thus, the main question is whether the system will be reformed from above or transformed from below. Some political reforms have begun to take place merely by the impetus of economic reform, yet their implication is to modernize authoritarianism rather than transform it.

For instance, the old corporatist structures of the CNC and the CTM have been among the most important casualties of economic restructuring in the past decade (Middlebrook, 1991; Méndez and Quiroz, 1992; Bartra, 1993). If it is true that these organizations continue to be crucial to the PRI and the State, they are a far cry from what they were in the period 1940–1980 (Teichman, N.d.). The role they used to play in social control and recruitment of voters for the PRI was broken down during the 1980s. This was demonstrated in the greatly contested (and severely tainted) presidential elections of 1988, when the PRI officially won with merely a plurality of the total votes cast: 48.7% (Cornelius and Craig, 1991: 1), and then again in 1994.

The Salinas administration vigorously moved the terrain of politics from a form of corporatism based on mass social organizations, such as the CNC and the CTM, to a new form of political relationship based on Pronasol (Programa Nacional de Solidaridad, or National Solidarity Programme). Pronasol has involved the creation of a large multiplicity of organizations that make up a new electoral constituency for the PRI (Dresser, 1991; Cornelius, Craig and Fox, 1994).
Mexico's Political Future(s) in a Globalizing World Economy

Pronasol was announced by Carlos Salinas de Gortari on December 1, 1988—the day he assumed the presidency of Mexico. Apart from featuring a generally neoliberal economic programme, Pronasol was supposed to address the most severe problems of poverty in cities and the countryside with increased social spending approved and administered by the executive branch of government. Recent statistics showed the gravity of the problem in 1991: 41.3 million Mexicans lived in poverty, which represented about 50% of the total population (81.2 million); a total of 17.3 million lived in extreme poverty (Peón Escalante, 1992: 14).

The key change instrumented through Pronasol is that the relationship between the state and the corporatist organizations that used to mediate the relationship of the state with the masses is now being replaced by direct links between the state and a large number of "solidarity committees" in civil society. What makes this new is that Pronasol bypasses the old corporatist structures and links the President directly with thousands of local-level organizations. In fact, Pronasol has been credited with having organized or acknowledged a total of 150,000 "solidarity committees" by early 1994; they all receive funds directly from the executive branch for rural or urban projects (such as production, road construction, education, running water, health, electricity, etc.). The condition for people who wish to access such funding is that they be organized and constitute a solidarity committee. This is why so many "organizations" have proliferated in the past few years. This neo-corporatist structure has several implications for the state and electoral politics.

First, the state is able to control the financing of new or pre-existing organized groups, while securing their loyalty to the PRI-state:

Solidarity's funds tend to be spent where the PRI feels most threatened electorally. For example, $135 M was spent [in 1992] in the state of Michoacán, where the PRD is strong. This amounts to 6% of Solidarity's estimated annual budget of 6.8 billion pesos ($2.2 billion). On the whole, spending tends to be concentrated in the countryside, where it is easier to garner political support in return for material benefits (and admittedly, because that is where most of the poor live) (Wood, 1993: 12).

Second, since most Pronasol financing is channelled through municipal presidencies, the old power structures are being marginalized from the new system, or at least they are left with diminished and more conditioned power. In Roger Bartra's view, Pronasol buys political intermediaries, which make up and organize the system's "popular base" (1993: 114).

Thus, in organizing the new solidarity committees, the Salinas administration attained two goals: on the one hand, it competed with the traditional leftist organizations for their social constituency; on the other, it has evaded traditional corporatist structures while generating parallel structures, independent from traditional PRI organizations, such as CNC (Moguel, 1992: 44). The fact is that Salinas tried to accomplish not only an economic restructuring of Mexico, but a political modernization as well, which also involved his own
party (Harvey, 1993). Such “modernization of authoritarianism” (Cornelius et al., 1989a) though, might not necessarily signify a greater representation for subordinate groups and classes, but merely a greater electoral efficiency for the PRI-state. This is an important difference between old corporatism and neorporatism: that social constituencies used to be in a better position to press for their demands.

Pronasol’s performance has led some observers, including a reporter for The Economist, to comment on the mismatch between political and economic reforms under the Salinas administration, in that it has in fact strengthened presidentialism: “The result is to perpetuate the Mexican tradition of rule by a strong man. This is the reverse of modernization. The contrasts with the reforms in the economic sphere are obvious and troubling, and sow the seeds for future conflict” (Wood, 1993: 12). These words proved to be prophetic: less than a year after the publication of the article, the Indian-peasant rebellion in Chiapas broke out and as of today remains unresolved by the Mexican state (Harvey, N.d.).

Furthermore, the electoral results of 1994 continue to reflect the formidable problems for a democratic transition in Mexico: 1) the state pours its enormous resources to the electoral advantage of the PRI; 2) the outgoing president, as chief of the PRI, hand-picks his successor; and 3) the corporatist organizations of the PRI exert multiple pressures for their members to attend PRI rallies and ultimately to vote for its candidates. All of this has been profusely documented before and after the elections in the Mexican dailies with national circulation (e.g., La Jornada, El Financiero), and in various political weeklies (e.g., Proceso). Thus, if we were to take to heart the suggestion of the Economist reporter quoted above, we would conclude that neoliberal economic reform must involve political “modernization,” which he apparently equates with “democracy.” The question is whether neoliberalism must indeed be accompanied by some form of political democracy.

**Future Scenarios**

What follows is an attempt to theorize the key parameters according to which future economic and political scenarios might evolve. It is inspired by an earlier formulation by Wayne Cornelius, Judith Gentelman and Peter Smith (1989a). They derived four alternative political scenarios (immobilism or political closure, modernization of authoritarianism, partial democratization, or full democratization from below) by exploring the interaction of two political variables: modernization of the regime and consolidation of the opposition:

Regime “modernization,” in this context, refers to salinista plans for reforming the PRI and the instruments of state control. Opposition “consolidation” refers to the process of institutionalization of the opposition, especially the cardenista opposition, as an effective and durable electoral force. For the sake of simplicity we score each variable on a dichotomous Yes/No basis, and the result is a fourfold set of combinations: . . . (37).
Looking back at the Salinas years (1988–1994) one might say that there have been elements of both modernization of authoritarianism and partial democratization. On the former, Pronasol has been the prime attempt to renew, and in a way substitute, the old corporatist structures of the PRI, based on the CNC, the CTM and the FNOC. Elements of partial democratization, which Cornelius et al. liken to the Indian Congress Party model, are already present. Several gubernatorial posts have now gone to the opposition in various states, an event that was unknown before 1989: up to that date and since 1929 all state governors had been PRI members. Apart from the states of Baja California and Chihuahua, where the PAN candidates were recognized as the winners from the outset, authoritarianism prevailed in two other cases, however: it was the President who made the extralegal decision to remove the governors of his own party, after widespread protest, but only in the state of Guanajuato did he appoint an opposition replacement.

In order to properly take into account recent events and the main concerns of this article, it is necessary to formulate a new set of variables to develop future scenarios. Unlike the undertaking by Cornelius, Gentelman and Smith, the following attempt to sketch Mexico’s futures is based not only on political variables, but also on the type of economic model that is pursued: market-led, state-led, or social-economy. Also in contrast with the previous theorization, the question of “consolidation of the opposition” is no longer invoked; this has already happened before and during the Salinas de Gortari era and it is thus taken for granted here: both the PAN and the PRD have been significantly consolidated during the past few years.

The political variable, which depends mostly on the internal factors, is now defined in two steps. First, is there a political transition, yes or no? Of three major outcomes, the “No” answer provides the first alternative, representing a continuation of authoritarianism (“no political opening”). If the first answer is “Yes,” then the main question for the second step becomes whether political opening will be initiated by the state itself (“modernization of authoritarianism”) or whether it will be gained or imposed by civil society (“democratization from below”).

With regard to the economic variable, which is increasingly determined by global processes, the question is whether a wholesale neoliberal model will be pursued, in continuation of the trend of the past decade, or whether a new form of state interventionism might be obtained. The first row in Chart 1, below, depicts the continuation of neoliberalism, and this outcome is labelled a “market-led” economy. As far as state interventionism is concerned, two possible outcomes are suggested: state-led economy, as during the time of ISI; or social economy, as in Canada and Northern European states. The “state-led” variant would be merely a return to the old ISI model, where the state virtually substitutes for the market in key sectors of the economy, both directly through parastate firms and through subsidies to guide production into certain branches. This model would tend toward reversion to a closed economy, and would thus be incompatible with the globalizing trends of the world economy.
## Chart 1

**Mexico’s Future Scenarios**

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<tr>
<th>ECONOMIC MODEL</th>
<th>POLITICAL REGIME</th>
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<tr>
<td></td>
<td><strong>No Political Opening</strong></td>
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<tr>
<td>Market-Led</td>
<td>Savage capitalism</td>
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<td>social control; technocrats and</td>
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<td>military are key in ruling alliance, lacking legitimacy</td>
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<tr>
<td>State-Led</td>
<td>Statist nationalism unviable</td>
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<tr>
<td>Social-Economy</td>
<td>Social reformism greater state role in social programmes, key alliance of technocrats, social reformers, official labour unions, and international firms, but lack of accountability makes social unrest unavoidable</td>
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In contrast, the “social economy” variant assigns a central place to market forces, but the state is an important player in establishing protective corrections to the market, particularly in the form of a social charter. The state also assumes an important role in designing an industrial policy in alliance with the private sector (and possibly with the labour unions as well, depending on the political outcome), so that they jointly define a long-term plan to target certain world-market niches. This economic alternative would be compatible with the current trend toward North American integration and the globalization of the world economy, introducing selective protection in strategic sectors of the national economy, but it would require a modification of trends in U.S. capitalism in favour of the social-economy model. This begins to highlight the increasingly interdependent social and political interests of the various and fragmented civil societies of the North American nation-states.
In what follows, a brief characterization is provided for each possible or desirable outcome, after which the feasibility of each is discussed. Because they are antagonistic to global trends, all those scenarios involving a state-led economic model are deemed historically unfeasible and are thus not discussed. The forces in favour of globalization are simply too strong to tolerate a return to any form of nationalism in the foreseeable future. They are presented in Chart 1 merely to highlight the differences with other possible scenarios.

_Savage Capitalism_

The first cell would be a mere continuation of the Salinas policies into the Zedillo administration (1994–2000), with no significant political opening or economic policy changes. In terms of the social group controlling the state, this scenario would involve an alliance between government technocrats and the military, for it would take increased repression to maintain political stability. Given the strong reactions that this variant has produced not only in Mexican civil society but in the international community, it is unlikely that this scenario would be historically sustainable for very long. Therefore, some change must take place, even though this is what is immediately materializing as of 1995.

_Social Reformism_

One possible means for the ruling political group to remain in power without a major transformation in the regime is to introduce a greater role for the state in social programmes. This would be achieved with a stronger presence of social reformers within the PRI. The key political alliance in this scenario would be technocrats and social reformers within the PRI and the government, in coalition with official labour unions, entrepreneurs, transnational corporations (TNCs) and international finance capital. From the point of view of large sectors of civil society, the problem with this outcome would be the continued lack of government accountability in general, and the lack of an adequate representation of citizens' interests in an unmodified authoritarian regime. Therefore, social restlessness and discontent would probably continue until a greater opening ensued. Because the opposition forces have been sufficiently strengthened, it is hard to see how this scenario could be obtained without the continuation of significant conflict. For instance, the rebellion in Chiapas could become extended to other states unless there is some further political opening.

_Social Liberalism_

This is the alternative that the Salinas administration had vowed to implement since 1988, but it always remained on the back burner; economic reform took precedence over political reform, and social goals remained largely unfulfilled. This is what the political discourse of PRI presidential candidate Luis Donaldo Colosio had acknowledged before his assassination on March 23,
1994. If this kind of programme were to be adopted by the Zedillo administration, it would likely involve an alliance with the right-of-centre PAN, backed by the technocratic elements of the PRI. The PAN would gain increased access to power in the state and municipal governments, but mostly thanks to previous negotiations with the PRI-state, and not necessarily through clear electorate choice. The PRI would retain a firm hold on national-level politics and the federal structure of government, and there would be continuity in the neoliberal economic policies of the previous decade. A key condition for this outcome to become feasible is that the increased access of the PAN to political power offset popular discontent. This would be a likely outcome in the northern and western regions of Mexico, which show an inclination to favour PAN candidates (although in Chihuahua and Baja California, both with PAN governors, the PRI won by a landslide in 1994). However, to the extent that popular discontent prevails, particularly in the south and southeast, it is likely that it would be translated into increased support for a left-of-centre alternative such as the PRD, or for a new political formation with a centrist platform. The PRI and the PAN by themselves are unlikely to be able to satisfactorily address the social problems of the poorest regions of Mexico, since they would be inclined to simply throw money into patchwork-type social programmes rather than espouse structural social reformism.

Social Economy

In contrast to “social liberalism,” this scenario would involve an alliance between the PRI’s reformers and the PRD, as well as some change of attitude and policies in the United States beyond neoliberalism. The PRD would gain some gubernatorial posts and a larger proportion of seats in Congress. The possibility for the state to engage in land reform would be restored partially, at least to end the most threatening social injustices in southern states such as Chiapas, Guerrero, Oaxaca and regions from Michoacán, Puebla and Veracruz. While the export orientation of development would be maintained, important sectors of the economy would be preserved for domestic capitalists to thrive, according to an industrial-growth, long-term plan. The latter plan would be elaborated in an alliance between “nationalist entrepreneurs” and the state, but there would also be an important place for TNCs and international finance capital. Given the dismal results (whether real or fabricated) of the PRD in 1994, there is no reason to believe that this scenario has much feasibility. On the contrary, a main strategy of the PRI-state in past elections has been to weaken the PRD, by associating it with radicalism and the Chiapas revolt.

Liberal Democracy

In this scenario the right-of-centre PAN would win the national elections by the year 2000, thus inaugurating the first federal administration with a non-PRI party. Economic policies would continue along neoliberal lines. Much of the PRI cabinet would be preserved, particularly the economic cabinet. Given the backlash against the PRI from the economic crisis detonated in December
of 1994, several gubernatorial posts are going to the PAN during 1995, and this could be the prelude to making this particular scenario the most likely for the year 2000. From the point of view of TNCs and transnational finance capital, as well as from that of medium and large domestic entrepreneurs, this would be the most desirable outcome, as it might insure greater political stability while keeping neoliberal economic policies intact. The greatest political problem to contend with would be located in the southern and southeastern states, where social polarization and marginalization ran deeper during the “lost decade” and have become aggravated during the 1990s. Such pressure would make it viable for the PRD or some other centrist political formation to become strengthened as an eventually viable opposition, at least in some poor states. A reformed and more populist PRI could also become an important contender in these regions of Mexico with the grossest social inequalities.

Social Democracy

In this scenario some alliance around the PRD or a new centrist party would hold the main posts in the national government, including the presidency and at least a coalition majority in Congress. Gubernatorial posts would be distributed among the three main parties—PRI, PAN and PRD—and all posts would be filled not as the result of negotiations among the parties, but by voters’ choice. While this government would still pursue an export-oriented industrialization, there would be a clear social charter and an industrial policy designed in conjunction with the organizations of the entrepreneurial class, and a strengthened and democratized labour-union movement. The overall logic prevailing in this scenario would be one in which there is a central concern: that all social groups and classes may benefit from economic growth. That is to say, there would be concerted efforts to achieve an equitable distribution of income, so that firms’ profits would be based partly on the expanded consumption of the working masses. With regard to the maquiladora sector, policies would be developed to insure that Mexico would move fast along the path leading from the old model of export-processing to the stages of integration that involve higher technological content and more developed skills in the labour force (Gereffi, N.d.). Training programmes to upgrade the labour force would also be instituted, and environmental sustainability targeted. While TNCs and international finance capital would clearly have an important place in this outcome, it would be indispensable that Canadian and U.S. civil societies steer development away from neoliberalism and toward social democracy with a social-economy approach. From the point of view of all subordinate groups and classes in North America, this would clearly be the most desirable outcome.

Conclusions: Viability and Critical Factors

The first two scenarios are the least feasible or desirable of all, but more so the first one: it would involve heavy-handed repression and this would end up being too costly for the ruling alliance, as Cornelius et al. have pointed out:
Increasing repression would be very costly for the regime’s legitimacy ... both at home and abroad. Indiscriminate use of coercion would divide the ruling political elite even more deeply than neoliberal economic policies have done. The country would become increasingly ungovernable, with the proliferation of bitter, unmediated conflicts. Private investment would be frightened away by the prospect of destabilization. For all of these reasons, it seems likely that any endurecimiento (hardening) of the regime would stop well short of overt repression (1989: 40).

Furthermore, the three scenarios without political opening would be the least compatible with raising standards of living in Mexico, to the extent that the wages of Mexican workers could be maintained artificially low, by recourse to repression. Assuming that the NAFTA were to continue in either of these scenarios, the prime form of integration would be through the continued growth of the maquiladora sector, and then via low wages and unskilled labour (Gereffi, N.d.; Adamache and Otero, 1995). This would be primarily the case for the scenario labelled “savage capitalism.”

In different ways, each of the vertical-middle scenarios involves a modernization of authoritarianism, with the PRI sharing some power with other major parties while maintaining overall political control. Therefore, neither case may be conceived of without the current ruling PRI. Zedillo’s administration could develop a regional combination of “social liberalism” and “social economy”; the former could prevail in the capitalistically more developed northern and western states, while the latter might be tried in southern and southeastern states. Such a combination assumes, however, that the past trend of applying homogeneous neoliberal policy across a very heterogeneous social structure will be abandoned. Instead, regional specificities would be acknowledged and corresponding policies applied. While such an approach may be, politically, the most enlightened for the regime, the local ruling classes in the most socially polarized states of the south and southeast would strongly oppose it. And even if predominantly due to ideological reasons, TNCs and international finance capital might also oppose a reformist approach to social problems. This would partly depend on the type of policies promoted by the U.S., which would not be very promising as long as the Republican Party is in control of the U.S. Congress or presidency.

The last three scenarios each presume different relations of class forces in Mexican society. Liberal democracy would be premised on an increased cultural hegemony of middle class values. Conversely, nationalist democracy would presuppose a much greater and autonomous strength of the working class and other subordinate groups/classes. Finally, the social democratic scenario assumes a complex society in which the government represents the multiplicity of social interests with no clear domination by any sector. This would be a truly pluralistic society, with a “societal democracy” (Semo, N.d.), which may lie far ahead in Mexico’s future.

Nevertheless, the social-democratic scenario would have the greatest capabilities for long-term stability, growth, and environmental sustainability. Similarly, it would be the most compatible with the possibility that North
American integration will result in higher standards of living for the majority of the population in the three countries currently a part of the NAFTA, rather than in a downward pressure on the standards of living of the United States and Canada toward Mexican levels. One critical variable that could help this scenario to come about would be the adoption in the United States of a type of capitalism more similar to that of the Northern European and Japanese variants. If this happened, it would mean that workers and social democratic entrepreneurs would have a greater influence in U.S. policymaking. A strong and vigilant presence of NGOs and other organizations of civil societies around the world would also be critical in order for Mexico to achieve and retain such a democratic political regime with a social-economy orientation.

The dilemma for North American civil societies is that, while they now share a single global economy, they remain divided into different polities. One response to this dilemma has been the emergence of cross-border coalitions, which could constitute the seeds of a future transnational civil society. Examples of this are the organizations created during the struggle against the NAFTA, and the recently formed National Commission for Democracy in Mexico, based in the United States. The odds against the effectiveness of such organizations, however, are formidable, for they include not only national governments, but also supra-state organizations, which are not subjected to the same kind of accountability mechanisms as democratic national states. Thus, while modifying the course of neoliberalism cannot be limited to acting on national governments, there is still much to be done in the national sphere of advanced capitalist countries. In the case of the United States, for instance, its government exercises a critical influence on organizations such as the IMF and the World Bank, which are key instruments pushing the neoliberal agenda. These organizations function as true “organic intellectuals” (in the Gramscian sense) of transnational finance capital. Therefore, democratic organizations in the United States should also focus their efforts on democratizing the way those organizations operate. The extent to which they exert an influence of social polarization in countries like Mexico will ultimately have an impact on U.S. social and economic life.

Thus, labour and civic organizations in the United States and Canada with an international and democratic vocation may also influence the course of politics in Mexico. To the extent that the economic destinies of these three North American peoples are now closely bound together, those organizations have a key interest in the development and consolidation of democracy and the respect for human rights in Mexico. It is only through the strengthening of these aspects that there may be any guarantee that the workers and other subordinate groups and classes from the three countries will not be merely pitted against each other, to the benefit of an already wealthy and small ruling minority. Thus, the struggle for democracy and a social economy in North America should be fought with the greatest intensity in its weakest link, Mexico, and support and solidarity from people with similar interests in the rest of North America is central to this struggle.
References


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