The New Face of Mexico

A Survey of Recent Articles

Just over a decade ago, Mexico suddenly confronted economic ruin. A decline in world oil prices left it in default on its huge (nearly $100-billion) foreign debt, and it found itself unable to take out new loans. It became the first developing nation in the 1980s to require major debt-rescheduling. Today, however, after seven years of dramatic and successful reforms, Mexico is a changed nation. Its economy is no longer government-dominated; the telephone company, the banks, and agriculture have been privatized. The door has been opened to foreign competition. Since joining the General Agreement on Tariffs and Trade (GATT) in 1987, Mexico has slashed the average tariff on imports from 45 percent to 9 percent. Inflation has dropped dramatically—from a peak of 159 percent in 1987 to 12 percent last year—as has the government deficit. Real wages, which fell by as much as 50 percent between 1983 and '88, are on the rebound. The economy has begun to grow again.

So successful have the reforms been that the *Economist* (Feb. 13, 1993) declares that President Carlos Salinas de Gortari, who took office in 1988, "has a claim to be hailed as one of the great men of the 20th century." It is a tribute to how far Salinas has taken Mexico that the 24-member Organization for Economic Cooperation and Development (OECD) is taking seriously the application from his Third World nation (with a gross domestic product per person of only $3,400 in 1991) for membership in that exclusive "rich countries' club."

Perhaps Salinas's greatest achievement, in the eyes of the *Economist* and other observers, has been overcoming Mexico's traditional fear of gringo domination. The North American Free Trade Agreement (NAFTA), initialed by trade negotiators from Mexico, the United States, and Canada last October and now awaiting ratification, was his idea. Under Salinas's leadership, Mexico seems to have shed much of the debilitating ideological baggage of the past. "After decades of ambivalence toward the United States, Mexico is opening its economy and society to American business culture and values," economist Peter Morici, director of the University of Maine's Canadian-American Center, writes in *Current History* (Feb. 1993).

Economic reform—launched during the 1980s by Salinas's predecessor, President Miguel de la Madrid Hurtado—led to the closer relationship with the United States. Mexico's economy did not grow at all between 1982 and 1988. Turning that around required getting away from the strong anti-American nationalism that, before de la Madrid and Salinas, had been all but obligatory for Mexican governments. The "Colossus to the North" is Mexico's main commercial partner (buying 60–70 percent of its exports) and main source of capital, notes Jorge Chabat, a professor at the Universidad Iberoamericana in Mexico City, in *Current History*.

That does not mean that antigringoism is dead in this country of 85 million people. But politicians from the ruling Institutional Revolutionary Party (PRI) "no longer run on the rhetoric of gringo bashing," Sidney Weintraub, of the University of Texas's Lyndon B. Johnson School of Public Affairs, and M. Delal Baer, of the Center for Strategic and International Studies' Mexico Project, observe in the *Washington Quarterly* (Spring 1992). Incidents that once would have set Mexico aflame with nationalistic fervor—such as the U.S. kidnapping in 1990 of a Mexican doctor implicated in the murder of a U.S. official—"are now dealt with calmly as aberrations amenable to correction in an otherwise friendly relationship."

"Mexico is ceasing to be 'Mexico,'" Mark Falcoff, a resident scholar at the American Enterprise Institute, writes in the *American Enterprise* (Jan.-Feb. 1993). "That is, Mexico has begun to discard an entire set of civic values and practices that for more than 70 years defined its national identity and made it one of the ideological lodestars of Latin America." One-party rule and economic nationalism, once seen as obvious responses to the Yankee threat, now seem antiquated to many Mexicans.

So far, however, all the change has meant only modest reform of Mexico's political institutions. Salinas, as one pundit put it, has pursued "*perestroika* without *glasnost*." And so Mexico remains, in Peruvian novelist Mario Vargas Llosa's phrase, a "perfect dictatorship," having all the characteristics of a dictatorship except the appearance of one. Its sys-

tem of presidential absolutism (*presidencialismo*) is hidden behind a veil of constitutional democracy. The PRI, which has ruled Mexico since 1929, has never officially lost a presidential election. "[Salinas's] reforms may be widely lauded," notes the *Economist*, "but they have still been imposed from above."

Jorge G. Castañeda, a professor of international affairs at the National Autonomous University of Mexico, argues in *Current History* that Salinas was forced to undertake his bold program of economic reforms for *political* reasons. "The leitmotif of the Salinas term has been to win in office the elections he stole at the polls, at least in the eyes of a majority of the Mexican people. In a sense, Carlos Salinas has never stopped campaigning."

His near-defeat in 1988, Susan Kaufman Purcell, vice president for Latin American affairs at the Americas Society, writes in *Current History* (Feb. 1992), was due to the unpopularity of the austerity measures undertaken by de la Madrid at the outset of the debt crisis. Many former PRI supporters, including government bureaucrats and members of PRI-affiliated labor unions, defected from de la Madrid's hand-picked successor, Salinas, to vote for left-wing candidate Cuauhtémoc Cárdenas, who promised a return to the status quo ante.

Such a return was not really possible. The protectionist development strategy that Mexico had been following before de la Madrid took office in 1982, which required ever-larger state subsidies to its industries, "was no longer viable," Purcell notes. "Deprived of foreign lending the country had to find other ways to finance itself. The two obvious alternatives were increased exports and foreign investment." But Mexico's protected industries could not hope to compete abroad. Its anti-Americanism, and the government's view that foreign investment was a form of imperialism, did not encourage foreign investors. De la Madrid was forced to make a radical break with the past—and Salinas greatly accelerated the process.

By doing so, Salinas has won credibility, but in the absence of genuine democracy he still lacks legitimacy. His strategy, the *Economist* observes, "has been to open up the political process just enough to prevent the sort of violent protests that would attract international attention and so put NAFTA at risk, while at the same time not diluting the powers of the presidency that have enabled him to rule so effectively." The result has been *some* real political change. Before 1988, it would have been unthinkable for any state governments to be in the hands of the opposition to the PRI. But the conservative Party of National Action (PAN) now governs the border states of Baja California and Chihuahua, and also holds the interim governorship of Guanajuato in central Mexico.

"By mid-1991," writes Emory University political scientist Robert A. Pastor in the *Brookings Review* (Winter 1993), "Salinas and the PRI had regained substantial popular support because of the economic recovery and because of a program aimed at helping poor communities. The PRI won an overwhelming victory in the August midterm elections, leaving the opposition demoralized. Again, there were charges of fraud—exaggerated, but not without foundation. By permitting exit polls and replacing three PRI governors who were accused of election irregularities, Salinas sent a signal to the PRI cadre that such 'alchemy' was no longer acceptable. But he also let them know that the 'system' was still being managed."

NAFTA—if ratified by the United States, where it has run into opposition from labor unions and environmentalists—may accelerate Mexico's movement toward democracy. Hector Aguilar Camin, an editor who is close to Salinas, is quoted by Pastor as noting that the "institutional logic" of opening Mexico's economy and linking it with the United States is that ultimately it demands opening "the political marketplace," too.

What is happening in Mexico, say Sidney

Weintraub and M. Delal Baer, is similar to what has been happening in Taiwan and South Korea and to what happened in Chile under General Augusto Pinochet Ugarte. "Mexican presidents are not dictators in the same mold as Pinochet. But the pattern is a familiar one. Electoral democracy eventually came back to Chile, and it is making inroads in South Korea and Taiwan; and it is also coming, in fits and starts, to Mexico."

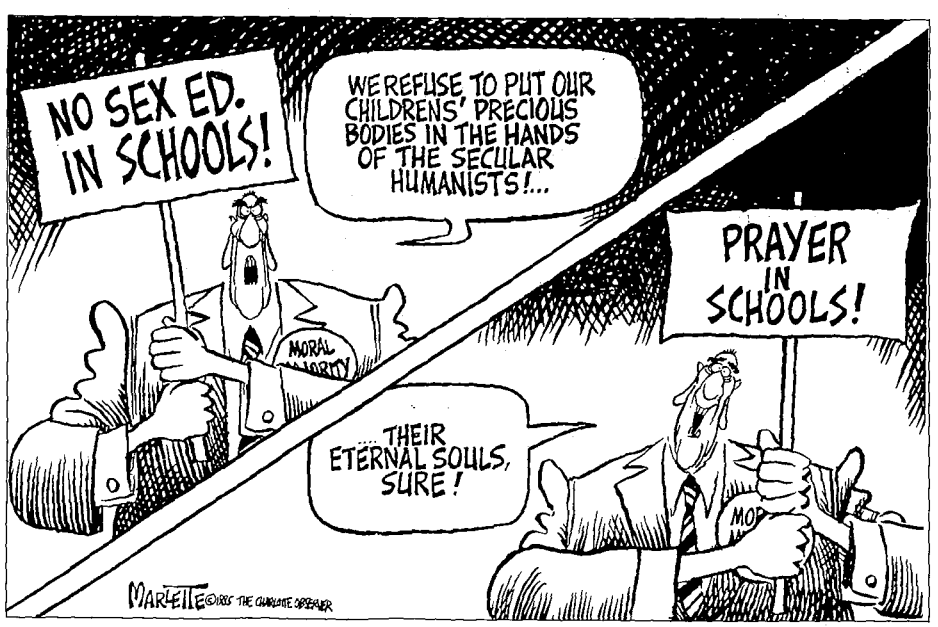
Salinas's six-year term expires in 1994. Under the present system of the *dedazo* ("pointing of the finger"), the incumbent will choose his PRI successor. But today, Andrew Reding, a Senior Fellow at the World Policy Institute, writes in *World Policy Journal* (Spring 1991), "the culture of *presidencialismo* appears more naked than at any time since the ill-fated reign of Porfirio Díaz," the dictator overthrown in 1911. The PRI, says the *Economist*, "cannot afford to maintain its reforming ways without securing real legitimacy for its continued rule. This means winning a presidential election which is seen to be fair." Many observers, both inside and outside Mexico, will be watching next year to see if that happens.

POLITICS & GOVERNMENT

The Politics Of Privacy

"Whose Body Politic?" by Alan Wolfe, in *The American Prospect* (Winter 1993), P.O. Box 383080, Cambridge, Mass. 02138.

Without Ronald Reagan and the Cold War to unite them, conservatives today are badly divided over abortion and other moral issues. Before liberals congratulate themselves too loudly, warns Wolfe, a dean at the New School for Social Research, they had better recognize that similar dilemmas confront them. Should they, for example, stand by the principle of free speech or back various liberal groups' demands for university "speech codes," antipornography laws, and sexual-harassment regulations?



What is public, what is private? That sometimes perplexing question has long divided conservatives from liberals on such issues as sex education in the schools. More recently, it has divided conservatives from conservatives—and liberals from liberals.